OncoSil MEDICAL Ltd

Annual Report 2016

FOCUSED ON DELIVERING

OncoSil™ is an implantable radiotherapy medical device for treating pancreatic and liver cancer

OncoPac-1 Study underway
FDA granted IDE

Tumour response rate of
*81.25%**

Single dose injected directly into tumour

~3 months local radiation inside tumour

Median overall survival
10 months*

CE Mark
filed and under review

ON TARGET

Target Markets – Annual incidence

UK (Launch market)[1]
Pancreatic cancer 8,747
Liver cancer 4,186

European Union[1]
Pancreatic cancer 79,331
Liver cancer 51,785

United States[1]
Pancreatic cancer 42,885
Liver cancer 30,449

Australia/NZ[1]
Pancreatic cancer 3,350
Liver cancer 1,954

Global opportunity[2]

Pancreatic cancer	US$1.0bn
Chemo regime	US$60,000
External radiation	€9,000
Liver cancer	US$1.4bn

Contents

* Ross PJ et al, 2008,"Novel delivery via endoscopic ultrasound of a 32P brachytherapy device in addition to gemcitabine (G) in advanced pancreatic cancer", ASCO, Chicago,Illinois.

[1] GLOBOCAN 2012: Estimated Cancer Incidence Worldwide in 2012 (IARC/WHO). Accessed 22 Apr 2016, from http://globocan.iarc.fr/Pages/fact_sheets_population.aspx
[2] DatamonitorHealthcare 2013

CHAIRMAN'S LETTER

"OncoSil Medical has had a transformational year – we have lodged and been granted an IDE from the FDA and made significant progress on our CE Mark application"

On behalf of the Board of OncoSil Medical, I am pleased to present this 2016 Annual Report to shareholders.

Today, doctors and health authorities around the world, continue to be faced with an ever growing number of people afflicted by pancreatic cancer. However, the fact remains that there are still limited treatment options for these people and their survival prospects are poor.

We believe that the OncoSil™ device offers a new and highly targeted treatment paradigm for these patients, designed to effectively reduce pancreatic tumours by radiation from within the tumour itself.

This past year, our goal has been to advance the two key regulatory pathways needed to enable us to bring our breakthrough OncoSil™ treatment to these pancreatic cancer patients in need.

I am proud to say that during the year we initiated filings for both our CE Mark application in the European Union and an Investigational Device Exemption from the U.S. FDA.

These two filings, together with various follow up meetings and responses to numerous questions from each regulatory body, were a significant undertaking and are a testament to the Company's leadership team we have assembled over the last 12 to 18 months.

It brings me great pleasure to report that post year end, we received IDE approval from the U.S. FDA for our Global, Pivotal, OncoPac-1 clinical study. This will be the largest study undertaken with our technology and is intended to allow us to seek a U.S. approval to sell the device.

Looking ahead, our key strategy is to commence the OncoPac-1 study to increase our knowledge and understanding of treating pancreatic cancer patients with OncoSil™ and to build the body of clinical data from a randomised study to support broad market adoption. Our planned commercial efforts following an expected CE Mark approval will include hospitals involved in the OncoPac-1 study.

As we move into our next phase of development, the Company has commenced a Board regeneration process to support our future growth plans. I am delighted to welcome as a director, Dr Chris Roberts who brings a wealth of commercial and scientific skills.

I would like to thank my fellow Board members, our Chief Executive Officer, Daniel Kenny and the entire OncoSil Medical team for their hard work and dedication this year. I would also like to thank our shareholders for your continuous support.

We are excited to begin our next phase of clinical and commercial development as we strive to provide our OncoSil™ therapy to those pancreatic patients in need. We look forward to updating you on our progress and results in the coming year.

Yours sincerely

Roger Aston
Non-Executive Chairman
OncoSil Medical Ltd

FOUR PILLARS COMMERCIAL STRATEGY

Targeted non-US market entry

- Dedicated Clinical Training team
- Direct+Contract Sales
- Outlicensing/JV where appropriate

Leverage Clinical Study Programme

- Trained IDE study sites expand into commercial centres
- Investigator sponsored studies
- Patient registry

US Market Entry

- IDE Study
- PMA pathway
- US commercial launch

Drive Clinical Adoption

- Publications & presentations
- Reimbursement approval

FY16 ACHIEVEMENTS DELIVERED

September 2015

- Submission of CE Mark application for OncoSil™

October 2015

- OncoSil™ CE Mark application granted Fast Track review status

December 2015

- Investigational Device Exemption (IDE) submitted to the U.S. FDA for OncoPac-1 clinical study

January 2016

- Chris Roberts appointed Independent Non-Executive Director

February 2016

- $10 million private placement to Regal Funds Management

March – April 2016

- Q-Submissions meeting with FDA
- Responses to CE Mark and FDA questions

May 2016

- OncoSil Medical completes hiring of senior management for the Leadership team

June 2016

- IDE Amendment submitted to the FDA for the OncoPac-1 clinical study*

*29 July 2016 – IDE granted by FDA enabling commencement of OncoPac-1 clinical study

CEO'S REPORT

"With our operational and regulatory platform now substantially complete, we are focussed on delivering our breakthrough OncoSil™ treatment in a clinical and commercial setting in the coming year"

The 2016 financial year has been a year of tremendous progress for OncoSil Medical as we focused on putting the infrastructure in place to enable and support our plans to treat commercial and clinical patients with pancreatic cancer in the coming year.

In the first full year since I joined OncoSil Medical I am proud to say that we now have in place a new executive team that are all highly professional and experienced medical device executives covering all of our key disciplines. Together, the team and I have been able to focus on our core strategies of gaining regulatory approval from the U.S. FDA to undertake an expansive, human clinical trial which allows us to generate additional data and gain a better understanding of our product and a CE Mark which enables us to commence commercial sales.

While there is more work to be done, I am pleased to report on the progress made throughout the year and on our future plans and outlook.

Brachytherapy and our product – OncoSil™

OncoSil™ provides a more targeted radiation treatment to reduce the tumour size and volume for the patient rather than radiation delivered externally which has the risk of damage to healthy tissue and other side effects.

Of the three marketed brachytherapy devices, all are currently targeting liver cancers, known as hepatocellular carcinoma or HCC and are delivered into the blood flow rather than directly into the tumour itself.

OncoSil™ is a brachytherapy device that emits beta radiation and is implanted directly inside the cancerous tumour. The beta particles emitted travel a short distance within the tissue, causing damage to cancer cells, which renders them incapable of further division and proliferation. Through this mechanism, OncoSil™ is able to stop cancer cells from multiplying and shrink the tumour mass as the cells die. One goal is to reduce the tumour size and disease progression.

Currently, patients with or suspected to have pancreatic cancer will undergo a biopsy procedure, where an endoscope is passed through the patient's mouth and into the intestines before a needle is extended inside the pancreas to select tissue samples which are later tested for cancerous cells. In this same way, OncoSil™ is designed to be implanted directly into the tumour via endoscopic ultrasonography. A single injection under anaesthesia takes approximately 30 minutes and the local radiation in the tumour lasts around 3 months.

The placement of OncoSil™ directly into the tumour is a key differentiator, as is our treatment of pancreatic cancer as well as HCC.

We have previously completed four clinical studies, two in relation to patients with pancreatic cancer and two in relation to patients with primary liver cancer. These four studies have demonstrated tumour regression and disease control with OncoSil™. In pancreatic cancer study DB201, data showed clinically significant improvements in disease control (82%), pain reduction (35%), median progression free survival (121 days), and median overall survival (over 10 months).

US market entry

The United States has the second largest occurrence of pancreatic cancer in the world and represents the largest market by value. In order to gain market entry into the U.S., OncoSil™ will need to obtain Premarket Approval (PMA) as a Class III Medical Device from the Food and Drug Administration (FDA). In the first instance, we have focused our efforts on obtaining a PMA for the pancreatic cancer indication with the potential for future other indications including primary liver cancer and other solid tumour cancers.

CEO'S REPORT

Continued

We therefore propose to conduct a global, pivotal, human clinical study using U.S. and international centres and patients with pancreatic cancer, known as the OncoPac-1 Study, to gather the data to support our application for a PMA. Before our OncoPac-1 Study can be initiated we require an Investigational Device Exemption from the FDA setting out the key parameters or protocol for the study.

We commenced a Pre-IDE process with the FDA in early 2015 and we lodged an application for an IDE with the FDA in December 2015 which included our proposed trial protocol and voluminous supporting material related to safety, data efficacy, manufacturing, quality and other related matters.

We then submitted an additional data package in February 2016 and we met with the relevant Medical, Branch, and Divisional Directors of the FDA in a face-to-face Q-Submissions meeting in March 2016. Throughout April to June 2016 our senior management and regulatory advisers had ongoing interactions with the FDA and we submitted an IDE Amendment with the FDA in June 2016.

Post year end, I am very pleased to report that the Company obtained an IDE approval from the FDA to begin the OncoPac-1 Study in the U.S.

The study will be undertaken on a staged approach with Stage 1 consisting 20 patients across up to 5 centres in the U.S. Following the successful completion of Stage 1, eligible subjects will be randomised to either OncoSil™ + standard chemotherapy treatment or standard chemotherapy treatment of gemcitabine or gemcitabine + nab-paclitaxel alone.

The Company obtained an IDE approval from the FDA to begin the **OncoPac-1 Study.**

OncoPac-1 Study

Patients enrolled	**300 subjects** treated at **~30 Centres**
Stage 1:	**20 patient safety assessment** at up to 5 centres in the U.S. – safety assessment occurs at 8 weeks post implantation
Randomisation	After Stage 1 subjects will be randomised with: • Standard chemotherapy (gemcitabine or gemcitabine + nab-paclitaxel); or • OncoSil™ together with standard chemotherapy
Treatment cycle	OncoSil™ will be administered intratumourally via Endoscopic ultrasonography delivering 100Gy of radiation to the tumour. OncoSil™ implantation occurs **during the fourth week of the first chemotherapy cycle.**
Primary Efficacy Endpoint	**Local Progression Free Survival** (LPFS) within the pancreas involving improvement in median LPFS **from 6 months to 8.5 months** and powered with significance level set at 0.05
Secondary Efficacy Endpoints	Progression Free Survival (all sites), Overall Survival, Body weight, Safety and Tolerability, Pain Scores and Quality of Life

Upon the successful completion of the study, we will have sufficient safety and efficacy data to support our PMA submission to the FDA.

We are targeting to commence enrolment of patients in early

2017

Key Dates and Timing

In the coming year, we will focus on the commencement of the OncoPac-1 Study and we are currently in advanced stages of discussion with leading Principal Investigators, key hospitals and centres in the United States, Europe, and Australia. We are targeting to commence enrolment of patients in early 2017.

The Study is a significant endeavour and will require commitment from our team and advisers. Our estimated timetable, which may change, is as follows:

IDE Approval
July 2016

Trial preparation
securing sites, and IRB approvals – ongoing

Enrolment of subjects
2017 – 2018

Follow up and data collection
2019

PMA submission to FDA
~2020

FDA approval and U.S. launch

CEO'S REPORT

Continued

We remain confident of obtaining CE Mark in the near term.

Commercial pathway

In order to begin commercial sales in the European Union and other key geographies, it is necessary to obtain a Conformity Européene or CE Mark for OncoSil™. This also provides a pathway to obtaining regulatory approval for commercial sales in other regions, including Australia and Asia.

In September 2015, we submitted a CE Mark application for OncoSil™ to BSI, the Company's selected Notified Body and we were granted EU Fast Track review status. The Fast Track review was undertaken by BSI and included a four day face-to-face review completed in October 2015, which went positively.

Following this review, as is customary, there were some follow up matters we were asked to clarify in our CE Mark submission. As part of this process, we received four memos of questions from BSI and we have has responded to all matters requested. Our most recent submission on this application was made in May 2016 and since then, no additional follow up questions have been received.

I appreciate the CE Mark process has taken longer than we may have anticipated and indicated to shareholders, however, we remain confident of obtaining a CE Mark in the near term. This is based on feedback and dialogue received and the input of our regulatory advisers.

Looking ahead to the 2017 financial year, one of our key focuses as a Company is to obtain the CE Mark and to commence the commercial sales of OncoSil™ in the European Union.

Engaging with patients and clinicians

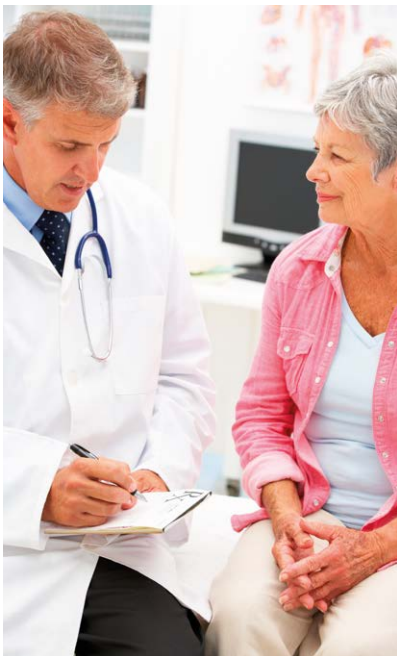
The target market we are aiming to treat are patients with pancreatic cancer, usually 60 years and older, spread between males and females. These patients are referred to a medical oncologist or radiation oncologist and unfortunately their current treatment options are limited to surgery, chemotherapy or external radiation therapy. The prognosis is also poor with median survival of 8 months and after 5 years survival rate drops to less than 5%.

OncoSil™ is targeted specifically at patients with locally advanced unresectable adenocarcinoma of the pancreas. These are patients with a pancreatic tumour which has grown into important local structures and as such is inoperable, but the cancer has not yet metastasised. A significant proportion of deaths in this disease are attributable to the local destructive complications of the primary cancer.

The current standard of care for the treatment of locally advanced pancreatic cancer is a combination of chemotherapy given with radiation treatments to the tumour. We intend to position OncoSil™ and collect data through the OncoPac-1 Study to validate the improved patient prognosis and therefore become the standard of care for the treatment locally advanced pancreatic cancer.

It is also integral that we introduce OncoSil™ early to build awareness amongst clinicians and key opinion leaders, particularly pancreatic cancer specialists. During this year, we have begun to engage with pancreatic cancer specialists and well-known pancreatic cancer centres and hospitals in the U.S., Europe, and Australia.

In May 2016, Michael Warrener, our newly appointed Sales Director, and Dr Ash Soman our Chief Medical Officer attended the 48th Pancreatic Club meeting in Liverpool with over 80 speakers focused entirely on pancreatic diseases and pancreatic cancer. The team met with a number of key opinion leaders as well as intended commercial and clinical sites for OncoSil™ and we will continue to build on this work in the coming year.



Our cash as at 30 June 2016 was

$13.4 million

Building the infrastructure

OncoSil™ is made from ultra-pure polysilicon which is combined with Phosphorous-31. This combination is then irradiated, which converts Phosphorous-31 into the beta emitting Phosphorous-32. These microparticles are then suspended in the OncoSil Medical proprietary Diluent to allow direct injection into the tumour.

Our manufacturing process is ISO certified using outsourced GMP manufacturers and we have 3 nuclear reactors validated to irradiate the microparticles in accordance with our standard operating procedures.

As progress is made with our regulatory filings, we have taken steps during the year to improve the manufacturing and supply chain processes under the leadership of newly appointed Head of Manufacturing, David James. This has included restarting de-novo manufacturing of OncoSil™ in January 2016, with the manufacture of the polysilicon microparticles from new materials. We have also taken this opportunity to build sufficient inventory of OncoSil™ to support our requirements for the OncoPac-1 Study and the planned commercial launch of OncoSil™.

In the coming year, the team will continue to work towards refining the manufacturing and supply chain processes in order to prepare for commercial and clinical needs. This includes running hot calibration runs with key trial centres and hospitals.

The hot calibration run encompasses the final hospital training and validation on delivery, handling and mixing OncoSil™ to be ready for use in an operating theatre. Post year end, we successfully completed our first hot calibration run with the Department of Nuclear Medicine, Royal North Shore Hospital.

Leadership team

Throughout the year, we completed several key appointments to support the continued growth and development of OncoSil Medical. These appointments include David James and Michael Warrener, as well as our new Chief Financial Officer, Tom Milicevic who has 20 years of financial, and management experience in listed and medical device companies and Charles Rowland as the President of U.S. Operations. Charles is a highly credentialed healthcare executive including four years' service as President of Sirtex Medical U.S.

As the Company expands and develops its future strategies, a process of Board regeneration commenced with Dr Chris Roberts joining the Board as an Independent Non-Executive Director in January 2016. Dr Roberts has forged a highly successful career in the medical device sector which spans over 40 years, including 11 years as Chief Executive Officer of Cochlear Limited where he was responsible for a growth in sales from $350 million to circa $1 billion.

Financial position

In February 2016, we completed a $10 million placement with institutional investor, Regal Funds Management. This fund raising has improved the Company's cash position as we look to expand both our commercial efforts in the EU and commence our OncoPac-1 Study in the coming year.

The Company also raised an additional $2.4 million through the exercise of options during the year.

The Company's net cash inflow for the year was $7.3 million and cash outflow from operations was $4.6 million. The increase in expenses was due to the increase in cost to advance the regulatory and product development program. Our cash and financial asset position as at 30 June 2016 was $13.4 million.

Looking ahead, we are dedicated to continuing the momentum of 2016 and we expect 2017 to be an exciting year for OncoSil Medical with the commencement of the OncoPac-1 Study and CE Mark approval on the horizon.

Yours sincerely

D. Kenny

Daniel Kenny
CEO
OncoSil Medical Ltd

OncoSil Medical Ltd
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of OncoSil Medical Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons were directors of OncoSil Medical Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Roger Aston	Non-Executive Chairman
Mr Daniel Kenny	Chief Executive Officer and Managing Director
Mr Martin Rogers	Non-Executive Director
Dr Chris Roberts (appointed 21 January 2016)	Non-Executive Director

Information on directors

Name:	Dr Roger Aston
Title:	Non-Executive Chairman
Qualifications:	B.Sc (Hons) and Ph.D. (Manchester)
Experience and expertise:	Dr Aston is a scientist and seasoned biotechnology entrepreneur. He has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include US Food and Drug ('FDA') and European Union ('EU') product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors. Dr Aston has also held Directorships/Chairmanships with Clinuvel Ltd, HalcyGen Ltd, and Ascent Pharma Ltd, was a member of the AusIndustry Biological Committee advising the Industry Research and Development Brand. More recently, Dr Aston was Executive Chairman of Mayne Pharma Group from 2009 to 2011 and later, CEO of Mayne Pharma Group.
Other current directorships:	Regeneus Ltd (ASX: RGS), Immuron Ltd (ASX: IMC), ResApp Health Ltd (ASX: RAP). PharmAust Ltd (ASX: PAA) and Pitney Pharmaceuticals Pty Ltd.
Former directorships (last 3 years):	IDT Australia Limited (ASX: IDT) (resigned on 20 November 2013) and Polynovo Limited (ASX: PNV) (resigned on 10 September 2014).
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and member of Audit and Risk Committee.
Interests in shares:	13,516,547 ordinary shares

Name:	Mr Daniel Kenny
Title:	Chief Executive Officer and Managing Director
Qualifications:	B.Sc Physics (UNSW), MAICD, completed Executive business studies at both INSEAD and London Business School, graduate of the Australian Institute of Physics.
Experience and expertise:	Mr Kenny has over 30 years' experience in the Global Pharmaceutical and Medical Device Industry. He commenced his career undertaking clinical research in the fields of ophthalmology and HIV/AIDS prior to joining the pharmaceutical industry. Mr Kenny's industry career experience extends to FDA and EU product and device registration, clinical development, marketing and sales, in-licensing and business development. Prior to working with OncoSil Medical Ltd, he held senior executive appointments with ABIVAX, Baxter International and Roche.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	26,000,000 ordinary shares

OncoSil Medical Ltd
Directors' report
30 June 2016

Name:	Mr Martin Rogers
Title:	Non-Executive Director
Qualifications:	B.Eng(Chem), B.Sc
Experience and expertise:	Mr Rogers is a successful start-up investor and company director. He has a depth of experience in incubating companies and publicly listed organisations. Mr Rogers has experience in all aspects of financial, strategic and operational management and has helped raise over $100 million cash equity. Mr Rogers has been both an investor and senior executive in a private funded advisory business in the science and biotechnology sectors, where he was instrumental in significantly increasing the value of those investments. Mr Rogers also holds a number of not-for-profit roles.
Other current directorships:	Actinogen Medical Ltd (ASX: ACW).
Former directorships (last 3 years):	Cellmid Limited (ASX: CYD) (resigned on 30 June 2015) and Rhinomed Ltd (ASX: RNO) (resigned on 5 December 2015).
Special responsibilities:	Chairman of Audit and Risk Committee and member of the Nomination and Remuneration Committee.
Interests in shares:	10,312,532 ordinary shares
Interests in options:	19,000,000 options

Name:	Dr Chris Roberts
Title:	Non-Executive Director
Qualifications:	BE(Hons), MBA, PhD, Hon DSc(Macq), Hon DSc(UNSW), FTSE, FAICD, Hon FIEAust
Experience and expertise:	Dr Roberts is a highly experienced director and senior executive with 40 years' experience in the medical innovation space. He was CEO of Cochlear Limited (ASX: COH) from February 2004 to August 2015. Dr Roberts was also previously Chairman of Sirtex Medical Ltd (ASX: SRX), from March 2000 to December 2002, and was Executive Vice-President of global sleep disorder treatment company ResMed Inc (NYSE: RMD, ASX: RMD) from 1992 to 2004. Dr Roberts is a PLuS Alliance Professor appointed across 3 universities: UNSW, King's College London and Arizona State University. Dr Roberts also sits on the boards of a number of other entities and groups including; Innovation Australia, Biomedical Translation Fund, Jobs for NSW, and the NHMRC's Health Innovation Advisory Committee.
Other current directorships:	ResMed Inc. (NYSE: RMD, ASX: RMD).
Former directorships (last 3 years):	Cochlear Limited (ASX: COH) (resigned on 31 August 2015).
Special responsibilities:	Member of the Nomination and Remuneration and Audit and Risk Committees.
Interests in shares:	10,000,000 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Tom Milicevic is the Company Secretary and Peter Casey is the Alternate Company Secretary.

Mr Milicevic (B.Comm (Western Sydney), FCPA), is an experienced commercial, financial and management accountant with more than 20 years' experience in a career which includes a number of major Australian and international public companies. Prior to joining OncoSil Medical Ltd, he was chief executive officer ('CEO') and chief financial officer ('CFO') of orthopaedic medical device company, Allegra Orthopaedics Limited (ASX: AMT) and successfully led that company through its Initial Public Offering ('IPO') and ASX listing. Mr Milicevic was also CFO for Babcock & Brown Residential Land Partners, an ASX listed fund, where he was the financial lead on the stapled security's $175,000,000 IPO. His previous roles also includes CFO and Company Secretary with an ASX listed oncology biotech, and senior finance and accounting roles with ASX 100 Australian companies.

Mr Casey (B.A majoring in Accounting (Macquarie), CA, MAICD) is a highly successful senior finance executive and has significant financial expertise and experience, including extensive company secretarial knowledge. Mr Casey has worked for a private investment group as a senior finance executive with a wide range of duties, for more than 20 years. His responsibilities over this time have included financial reporting, governance compliance, in addition to serving as a Company Secretary throughout that period.

OncoSil Medical Ltd
Directors' report
30 June 2016

Principal activities

The principal activities of the Group during the financial year focused on the development of its lead product candidate, the OncoSil™ localised radiation therapy for the treatment of pancreatic cancer.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $4,768,598 (30 June 2015: $2,879,031).

OncoSil Medical Limited is an Australian based and ASX listed, late stage medical device company focused on localised treatments for patients with pancreatic and liver cancer. OncoSil's lead product, OncoSil™ is a silicon and phosphorus (p32) beta emitter, able to be implanted intra-tumourally via endoscopic ultrasonography in localised solid tumours of patients with pancreatic cancer. This treatment, known as brachytherapy, is intended to deliver more concentrated and localised radiation.

The company's main focus during the year has been to progress its two key regulatory submissions - an application for CE Mark to enable commercial sales of OncoSil™ in the European Union - and an application for an Investigational Device Exemption ('IDE') from the United States Food and Drug Administration ('FDA') to enable commencement of a U.S. pivotal clinical study, known as OncoPac-1. The key developments in these applications and other highlights for 2016 are as follows.

Operational
The company was granted EU Fast Track Review status for its CE Mark application for OncoSil™ in September 2015 and in October 2015 this Fast Track Review was undertaken with BSI, the Company's selected Notified Body. Following the review, the company received four memos of questions and has responded to all matters requested, with the most recent submission made in May 2016. Since then, no additional follow up questions have been received by the company.

The company has also increased efforts to build early awareness of OncoSil™ with clinicians. The company's newly appointed Sales & Marketing Director, Michael Warrener and Chief Medical Officer, Dr Ashish Soman attended the 48th European Pancreatic Club meeting in Liverpool, UK, where the team met with a number of potential key opinion leaders and intended commercial and clinical sites.

The company has also undertaken a number of steps during the year to improve manufacturing and supply chain processes for OncoSil™ under the leadership of newly appointed Head of Manufacturing & Operations, David James. These efforts have also been used to validate both the applications for CE Mark and IDE and ensure the company has sufficient inventory to support the OncoPac-1 study and also the planned commercial launch.

The company also completed the key hires for the leadership team which in addition to David James and Michael Warrener, included our new Chief Financial Officer, Tom Milicevic who has 20 years of financial, and management experience in listed and medical device companies and Charles Rowland as the President of US Operations. Charles is a highly credentialed healthcare executive including four years service as President of Sirtex Medical US.

During the year, the company also completed and presented dosimetry simulation research on OncoSil™ microparticles at the Inaugural Australian Institute for Nanoscale Science and Technology Research Showcase, developed in collaboration with The University of Sydney, School of Physics.

Clinical
In December 2015, the company lodged its application for an IDE with the FDA following a lengthy pre-IDE process, including endorsement of the proposed clinical endpoints for the OncoPac-1 study treating subjects with pancreatic cancer.

In March 2016, a face to face Q-Submissions meeting was held with the relevant divisional directors and advisers at the FDA. Following this meeting, additional data was filed in response to FDA questions. In June 2016, the Company submitted an IDE Amendment addressing these matters.

Post year end, the company has obtained IDE approval from the FDA to begin the OncoPac-1 global clinical study treating up to 300 patients in centres in the United States and internationally. Looking ahead in 2017, efforts are underway to engage with clinicians and trial sites and prepare for enrolment of patients in the OncoPac-1 study commencing in 2017.

OncoSil Medical Ltd
Directors' report
30 June 2016

Corporate
As the company expands and develops its future strategies, a process of Board regeneration commenced during the year. In January 2016, Dr Chris Roberts joined the board as an Independent Non-Executive Director following his highly successful career in the medical device sector including 11 years as Chief Executive Officer of Cochlear Limited where he was responsible for a growth in sales from $350 million to circa $1 billion.

The company also moved offices to Berry St, North Sydney to accommodate for future growth.

In February 2016, the company completed a $10,000,000 Placement with institutional investor, Regal Funds Management. This fund raising has improved the company's cash position as we look to expand both our commercial efforts in the EU and commence our OncoPac-1 study in the coming year. The cash and financial asset position at 30 June 2016 was $13,039,113 (2015: $6,120,301) and the Board will monitor future requirements as required.

Events after the reporting date
On 2 August 2016, the company announced that it had received notification from the U.S. Food and Drug Administration (FDA) that the Investigational Device Exemption (IDE) had been approved. The company will now initiate a pivotal clinical investigation for OncoSil™ for the treatment of eligible subjects with pancreatic cancer.

Future developments and results
The Board of OncoSil Medical continues to review and invest in its current assets and continues to monitor expenditure very closely.

Significant changes in the state of affairs
On 10 February 2016, the Company successfully raised $10,000,000 before transaction costs through a placement of 45,454,546 ordinary shares.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On 2 August 2016, the company announced that it had received notification from the U.S. Food and Drug Administration ('FDA') that the Investigational Device Exemption ('IDE') had been approved. The company will now initiate a pivotal clinical investigation for OncoSil™ for the treatment of eligible subjects with pancreatic cancer.

On 11 August 2016, the company issued 4,000,000 ordinary shares at $0.22 per share under the approved employee share scheme (Employee Loan Funded Shares).

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Our continued progress towards achieving a CE Mark for our OncoSil™ device to enable future commercial sales in the European Union as well as the initiation of our Global Pivotal OncPac-1 Clinical Study, aimed at supporting a Pre Marketing application in the United States in future years. There can be no guarantees that in the future we will achieve these regulatory approvals, or on the basis sought by the Company, and there are no guarantees of the rate of enrolment of the OncPac-1 Clinical Study or the outcome of clinical results including for the first 20 patient run-in in the Study. Manufacturing capabilities, supply chain and sales and marketing infrastructure will continue to be progressed to support both planned commercial and clinical activities.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

OncoSil Medical Ltd
Directors' report
30 June 2016

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Roger Aston	7	7	2	2	2	2
Mr Daniel Kenny	7	7	2	2	2	2
Mr Martin Rogers	7	7	2	2	2	2
Dr Chris Roberts	4	4	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure the remuneration package properly reflects each person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee ('NRC') is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The NRC has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board have considered that the reward framework is designed to align to shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

OncoSil Medical Ltd
Directors' report
30 June 2016

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the NRC. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Non-executive directors are also entitled to government statutory superannuation guarantee contribution. They may also be granted shares, aligning their interests with those of the shareholders.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 26 November 2015, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Structure
Executive directors are contracted to the Group either on a consultancy basis with remuneration and terms stipulated in individual consultancy arrangements or pursuant to an employment contract with remuneration and terms stipulated in individual employment agreements.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the NRC based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's. In particular, all directors and other KMP may be entitled to annual bonuses payable upon the achievement of annual corporate or profitability measures. The Group seeks to emphasise payment for results through providing various cash bonus reward schemes, specifically the incorporation of incentive payments based on achievement of approved targets.

The long-term incentives ('LTI') include long service leave and share-based payments. Limited recourse loans are awarded to executives in order for the executive to subscribe for ordinary shares in the Company under the OncoSil Employee Share Plan. These share will vest upon satisfaction of the vesting of long-term conditions as agreed with the executive, with terms varying from three to five years. These include but are not limited to increase in shareholders' value or regulatory and clinical measures. The NRC reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2016.

OncoSil Medical Ltd
Directors' report
30 June 2016

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the NRC. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
During the financial year ended 30 June 2016, the Group did not engage the use of remuneration consultants.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM')
At the 2015 AGM, less than 1% voted against the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
The KMP of the Group consisted of the directors of OncoSil Medical Ltd and the following persons:
- Mr Tom Milicevic - Chief Financial Officer and Company Secretary (appointed KMP on 22 October 2015)

Details of the remuneration of KMP of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits		Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Other post-employment $	Long service leave $	Equity-settled shares $	Total $
Non-Executive Directors:								
Dr Roger Aston (chairman)	102,740	-	-	9,760	-	-	33,332	145,832
Mr Martin Rogers **	79,992	-	-	7,392	-	-	153,126	240,510
Dr Chris Roberts **	35,191	-	-	-	-	-	29,063	64,254
Executive Directors:								
Mr Daniel Kenny	319,078	75,000	-	30,312	-	-	228,688	653,078
Other Key Management Personnel:								
Mr Tom Milicevic *	170,125	30,170	-	16,162	-	-	96,667	313,124
	707,126	105,170	-	63,626	-	-	540,876	1,416,798

* Appointed KMP during the financial year.
** The remuneration payments to Mr Martin Rogers was made to his director-related entity Structure Investments Pty Ltd. The remuneration payments to Dr Chris Roberts was made to his director-related entity Robertsplan Pty Ltd.

OncoSil Medical Ltd
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30 June 2016

2015	Short-term benefits			Post-employment benefits		Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Other post-employment $	Long service leave $	Equity-settled shares $	Total $
Non-Executive Directors:								
Dr Roger Aston (chairman)	110,069	-	-	10,457	-	-	18,699	139,225
Mr Martin Rogers **	79,992	-	-	7,392	-	-	153,126	240,510
Mr Lawrence Gozlan * **	60,027	-	-	-	-	-	186,390	246,417
Executive Directors:								
Mr Daniel Kenny	118,182	-	-	11,227	-	-	112,193	241,602
Dr Neil Frazer * ***	120,000	-	-	15,064	57,723	-	(327,651)	(134,864)
	488,270	-	-	44,140	57,723	-	142,757	732,890

* Resigned as KMP during the financial year.
** The remuneration payments to Mr Lawrence Gozlan and Mr Martin Rogers were made to their director-related entities Montoya Pty Ltd and Structure Investments Pty Ltd, respectively.
*** Equity shares were effectively cancelled resulting in a share-based payment expense reversal.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk - STI 2016	At risk - STI 2015	At risk - LTI 2016	At risk - LTI 2015
Non-Executive Directors:						
Dr Roger Aston	77%	87%	-	-	23%	13%
Mr Martin Rogers	36%	-	-	-	64%	-
Dr Chris Roberts	55%	-	-	-	45%	-
Mr Lawrence Gozlan	-	24%	-	-	-	76%
Executive Directors:						
Mr Daniel Kenny	54%	54%	11%	-	35%	46%
Dr Neil Frazer	-	100%	-	-	-	-
Other Key Management Personnel:						
Mr Tom Milicevic	59%	-	10%	-	31%	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2016	Cash bonus paid/payable 2015	Cash bonus forfeited 2016	Cash bonus forfeited 2015
Executive Directors:				
Mr Daniel Kenny	75%	-	25%	-
Other Key Management Personnel:				
Mr Tom Milicevic	70%	-	30%	-

OncoSil Medical Ltd
Directors' report
30 June 2016

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Daniel Kenny
Title:	Chief Executive Officer and Managing Director
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2016 of $410,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee, six month termination notice by either party, cash bonus up to 50% of salary subject to achievement of Key Performance Indicators as set by the Board. There is a restraint period of six month ending on the date of termination of employment and is eligible to participate to the long term incentive plan as approved by shareholders.
Name:	Tom Milicevic
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	22 October 2015
Term of agreement:	No fixed term
Details:	Base salary for the year ending 30 June 2016 of $250,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee, three month termination notice by either party, cash bonus up to 25% of salary subject to achievement of Key Performance Indicators as set by the Board. There is a restraint period of six month ending on the date of termination of employment and is eligible to participate to the long term incentive plan as approved by shareholders.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	Shares	Issue price	Loan amount $
Mr Daniel Kenny	10 May 2016	14,000,000	$0.22	3,080,000
Dr Chris Roberts	10 May 2016	10,000,000	$0.22	2,200,000
Mr Tom Milicevic	13 January 2016	5,000,000	$0.13	650,000

The shares granted during the year were under the Group's Employee Share Option Plan ('ESOP') and the value above represents the Non-Recourse Loan for each KMP. The remuneration detailed in "Details of Remuneration" represents the value of the shares amortised during the year.

Options
Except for options issued on 3 June 2013 to Mr Martin Rogers, as detailed in 'Additional disclosures relating to KMP' section below, there were no other options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 30 June 2016.

There were no options over ordinary shares granted to or vested by directors and other KMP as part of compensation during the year ended 30 June 2016.

Additional information
The earnings of the Group for the four years to 30 June 2016 are summarised below:

	2013 $	2014 $	2015 $	2016 $
Revenue/income	87,711	619,848	3,028,014	4,107,121
Loss after income tax	(879,168)	(6,864,829)	(2,879,031)	(4,768,598)

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The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2013	2014	2015	2016
Share price at financial year end ($)	0.04	0.10	0.10	0.14
Basic earnings per share (cents per share)	(0.70)	(1.40)	(0.81)	(1.23)

Additional disclosures relating to KMP

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr Roger Aston	13,516,547	-	-	-	13,516,547
Mr Daniel Kenny	12,000,000	14,000,000	-	-	26,000,000
Mr Martin Rogers	10,312,532	-	-	-	10,312,532
Dr Chris Roberts	-	10,000,000	-	-	10,000,000
Mr Tom Milicevic	-	5,000,000	-	-	5,000,000
	35,829,079	29,000,000	-	-	64,829,079

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr Martin Rogers	19,000,000	-	-	-	19,000,000
	19,000,000	-	-	-	19,000,000

The 19,000,000 options above have various vesting conditions as follows:
- 10,000,000 options vested immediately on grant date;
- 3,000,000 options vest if the Company's shares trade at or above 10 cents for 10 consecutive days;
- 3,000,000 options vest if the Company's shares trade at or above 15 cents for 10 consecutive days; and
- 3,000,000 options vest if the Company's shares trade at or above 20 cents for 10 consecutive days.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of OncoSil Medical Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
5 June 2013	3 June 2017	$0.05	19,000,000

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

OncoSil Medical Ltd
Directors' report
30 June 2016

Shares issued on the exercise of options

The following ordinary shares of OncoSil Medical Ltd were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted:

Date options exercised	Exercise price	Number of shares issued
8 October 2015	$0.05	1,250,000
21 January 2016	$0.05	500,000
10 February 2016	$0.05	8,000,000
15 April 2016	$0.05	250,000
13 May 2016	$0.05	8,000,000
30 June 2016	$0.05	10,300,000
		28,300,000

Indemnity and insurance of officers

The Company has indemnified the directors and executives for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the 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 part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Crowe Horwath Sydney

There are no officers of the Company who are former partners of Crowe Horwath Sydney.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Crowe Horwath Sydney continues in office in accordance with section 327 of the Corporations Act 2001.

OncoSil Medical Ltd
Directors' report
30 June 2016

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Roger Aston
Non-Executive Chairman

30 August 2016
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Crowe Horwath Sydney
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30 August 2016

The Board of Directors
OncoSil Medical Ltd
Suite 402, Level 4
50 Berry Street
North Sydney NSW 2060

Dear Board Members

OncoSil Medical Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of OncoSil Medical Ltd.

As lead audit partner for the audit of the financial report of OncoSil Medical Ltd for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

CROWE HORWATH SYDNEY

JOHN HAYDON
Partner

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

OncoSil Medical Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue			
Other income	5	4,107,121	3,028,014
Expenses			
Employee benefits expense	6	(3,267,204)	(1,321,840)
Research and development expenses		(3,341,008)	(2,565,608)
Occupancy expenses		(366,259)	(265,521)
Consulting, finance and legal expenses		(778,843)	(748,337)
Net foreign exchange gain/(loss)		34,570	(22,144)
Loss on financial assets at fair value through profit or loss		(26,918)	(226,489)
Loss on disposal of assets		(10,635)	-
Share-based payments		(808,703)	(309,077)
Other administrative expenses		(310,719)	(448,029)
Loss before income tax expense		(4,768,598)	(2,879,031)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of OncoSil Medical Ltd		(4,768,598)	(2,879,031)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(79,148)	-
Other comprehensive income for the year, net of tax		(79,148)	-
Total comprehensive income for the year attributable to the owners of OncoSil Medical Ltd		(4,847,746)	(2,879,031)
		Cents	**Cents**
Basic earnings per share	26	(1.23)	(0.81)
Diluted earnings per share	26	(1.23)	(0.81)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

OncoSil Medical Ltd
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	8	9,780,326	2,522,626
Trade and other receivables	9	2,627,943	75,103
Financial assets at fair value through profit or loss	10	3,258,787	3,597,675
Other	11	138,199	1,156,655
Total current assets		15,805,255	7,352,059
Non-current assets			
Plant and equipment		91,713	55,089
Total non-current assets		91,713	55,089
Total assets		15,896,968	7,407,148
Liabilities			
Current liabilities			
Trade and other payables	12	967,886	380,513
Employee benefits		118,426	65,185
Total current liabilities		1,086,312	445,698
Total liabilities		1,086,312	445,698
Net assets		14,810,656	6,961,450
Equity			
Issued capital	13	35,694,596	23,806,347
Reserves	14	2,596,198	1,866,643
Accumulated losses		(23,480,138)	(18,711,540)
Total equity		14,810,656	6,961,450

The above statement of financial position should be read in conjunction with the accompanying notes

OncoSil Medical Ltd
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2014	23,785,514	1,557,566	(15,830,676)	9,512,404
Loss after income tax expense for the year	-	-	(2,879,031)	(2,879,031)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,879,031)	(2,879,031)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	20,833	-	-	20,833
Share-based payments (note 27)	-	309,077	(1,833)	307,244
Balance at 30 June 2015	23,806,347	1,866,643	(18,711,540)	6,961,450

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	23,806,347	1,866,643	(18,711,540)	6,961,450
Loss after income tax expense for the year	-	-	(4,768,598)	(4,768,598)
Other comprehensive income for the year, net of tax	-	(79,148)	-	(79,148)
Total comprehensive income for the year	-	(79,148)	(4,768,598)	(4,847,746)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	11,888,249	-	-	11,888,249
Share-based payments (note 27)	-	808,703	-	808,703
Balance at 30 June 2016	35,694,596	2,596,198	(23,480,138)	14,810,656

The above statement of changes in equity should be read in conjunction with the accompanying notes

OncoSil Medical Ltd
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(6,378,031)	(3,199,173)
Dividends received		112,012	118,624
Interest received		158,007	152,213
Research and development tax incentive		1,535,444	2,757,177
Net cash used in operating activities	25	(4,572,568)	(171,159)
Cash flows from investing activities			
Payments for property, plant and equipment		(57,981)	(45,212)
Net cash used in investing activities		(57,981)	(45,212)
Cash flows from financing activities			
Proceeds from issue of shares	13	12,390,000	-
Share issue transaction costs	13	(501,751)	-
Net cash from financing activities		11,888,249	-
Net increase/(decrease) in cash and cash equivalents		7,257,700	(216,371)
Cash and cash equivalents at the beginning of the financial year		2,522,626	2,738,997
Cash and cash equivalents at the end of the financial year	8	9,780,326	2,522,626

The above statement of cash flows should be read in conjunction with the accompanying notes

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 1. General information

The financial statements cover OncoSil Medical Ltd as a Group consisting of OncoSil Medical Ltd (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (the 'Group'). The financial statements are presented in Australian dollars, which is OncoSil Medical Ltd's functional and presentation currency.

OncoSil Medical Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 402, Level 4
50 Berry Street
North Sydney NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OncoSil Medical Ltd as at 30 June 2016 and the results of all subsidiaries for the year then ended. OncoSil Medical Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is OncoSil Medical Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

OncoSil Medical Ltd
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Note 2. Significant accounting policies (continued)

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Office equipment	3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Research and development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

OncoSil Medical Ltd
Notes to the financial statements
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Note 2. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives

Comparative information have been reclassified to align with the current year presentation. There has been no change to the net loss for the year or net asset position.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group however is expected to be minimal.

OncoSil Medical Ltd
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Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in one segment being the drug development for new medical treatments. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on at least a monthly basis. The financial information presented in these financial statements are the same as that presented to the CODM.

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Note 5. Other income

	Consolidated 2016 $	Consolidated 2015 $
Research and development tax incentive	3,832,889	2,757,177
Dividends	112,012	118,624
Interest	158,007	152,213
Other income	4,213	-
Other income	4,107,121	3,028,014

Accounting policy for revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Research and development tax incentive
The research and development tax incentive ('RDTI') represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group. The RDTI is considered to be a form of government assistance and the accounting policy adopted is analogous to accounting for government grants.

RDTI are recognised at their fair value where there is a reasonable assurance that the incentive will be received and the Group will comply with all attached conditions.

RDTI relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. The proportion of the incentive that relates to capitalised research and development expenditure is deducted against the carrying amount of the related non-current assets. Any remaining proportion that cannot be recognised on either of the preceding basis is recognised in profit or loss.

Dividends
Dividend revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

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Note 6. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Office equipment	21,357	6,709
Employee benefits (excluding share-based payments)		
Employee benefits	3,072,133	1,229,310
Defined contribution superannuation expense	195,071	92,530
Total employee benefits expense	3,267,204	1,321,840
Rental expense relating to operating leases		
Minimum lease payments	342,547	227,672

Note 7. Income tax

	Consolidated 2016 $	Consolidated 2015 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,768,598)	(2,879,031)
Tax at the statutory tax rate of 30%	(1,430,579)	(863,709)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development - write back	706,965	567,911
Share-based payments	242,611	92,723
Others	107,480	69,711
Future income tax benefit not brought to account	373,523	133,364
Income tax expense	-	-

	Consolidated 2016 $	Consolidated 2015 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	5,297,360	4,052,284
Potential tax benefit @ 30%	1,589,208	1,215,685

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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Note 7. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	9,673,276	2,461,266
Cash on deposit	107,050	61,360
	9,780,326	2,522,626

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities between three and six months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 9. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Other receivables	330,497	75,103
Research and development tax incentive receivable	2,297,446	-
	2,627,943	75,103

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

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Note 10. Current assets - financial assets at fair value through profit or loss

	Consolidated 2016 $	Consolidated 2015 $
Listed shares - designated at fair value through profit or loss	3,258,787	3,597,675

Reconciliation
Reconciliation of the fair values at the beginning and end of the current financial year is set out below:

Opening fair value	3,597,675	4,349,657
Fair value movement	(37,704)	(169,415)
Disposals	(301,184)	(582,567)
Closing fair value	3,258,787	3,597,675

Refer to note 17 for further information on fair value measurement.

Accounting policy for investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Note 11. Current assets - other

	Consolidated 2016 $	Consolidated 2015 $
Prepayments	68,945	1,156,655
Other deposits	69,254	-
	138,199	1,156,655

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Note 12. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	216,698	170,857
Payroll liabilities	662,961	209,656
Other payables	88,227	-
	967,886	380,513

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured, non-interest bearing and are usually paid within 60 days of recognition.

Note 13. Equity - issued capital

	Consolidated 2016 Shares	Consolidated 2015 Shares	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares - fully paid	464,455,468	356,162,460	35,694,596	23,806,347

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	355,148,131		23,785,514
Shares issued	8 December 2014	245,098	$0.08	20,833
Employee loan shares exercised	7 May 2015	769,231	$0.00	-
Balance	30 June 2015	356,162,460		23,806,347
Options exercised	8 October 2015	1,250,000	$0.05	62,500
Employee loan shares issued	8 October 2015	2,307,693	$0.00	-
Employee loan shares exercised		-	$0.00	975,000
Shares buy-back	14 December 2015	(6,000,000)	$0.00	-
Employee loan shares issued	13 January 2016	14,230,769	$0.00	-
Options exercised	21 January 2016	500,000	$0.05	25,000
Placement issue of shares	10 February 2016	45,454,546	$0.22	10,000,000
Options exercised	10 February 2016	8,000,000	$0.05	400,000
Options exercised	15 April 2016	250,000	$0.05	12,500
Employee loan shares issued	10 May 2016	24,000,000	$0.00	-
Options exercised	13 May 2016	8,000,000	$0.05	400,000
Options exercised	30 June 2016	10,300,000	$0.05	515,000
Transaction cost		-	$0.00	(501,751)
Balance	30 June 2016	464,455,468		35,694,596

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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Note 13. Equity - issued capital (continued)

Share buy-back
On 14 December 2015, the Company bought back 6,000,000 employee shares provided to an ex-employee and extinguished the shareholder approved loan of $600,000. Refer to Note 27 for further details.

Capital risk management
The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the state of the Group's development there are no formal targets set for return of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is not subject any financing arrangements covenants or externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 14. Equity - reserves

	Consolidated	
	2016 $	2015 $
Foreign currency reserve	(79,148)	-
Share-based payments reserve	2,675,346	1,866,643
	2,596,198	1,866,643

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to: employees and directors as part of their remuneration under an Employee Share Option Plan ('ESOP'); directors on terms determined by the Board and approved by shareholders; and other parties as part of their compensation for services.

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Note 14. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2014	-	1,557,566	1,557,566
Share-based payments	-	309,077	309,077
Balance at 30 June 2015	-	1,866,643	1,866,643
Foreign currency translation	(79,148)	-	(79,148)
Share-based payments	-	808,703	808,703
Balance at 30 June 2016	(79,148)	2,675,346	2,596,198

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group is not exposed to significant foreign currency risk.

Price risk
The Group is exposed to securities price risk on investments held for trading over the medium to long term. Such risk is managed through diversification of investments across industries and geographical locations.

The fair value of the Group's investments as at the reporting date are detailed in note 10. The effect a 10% (2015: 10%) fair value price change on the investments is detailed below. The percentage change is the expected overall volatility of the investments, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year.

	Price value increase	Price value increase	Price value increase	Price value decrease		
Consolidated - 2016	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Financial assets at fair value through profit or loss	10%	325,879	325,879	10%	(325,879)	(325,879)

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Note 16. Financial instruments (continued)

Consolidated - 2015	Price value increase % change	Price value increase Effect on profit before tax	Price value increase Effect on equity	Price value decrease % change	Price value decrease Effect on profit before tax	Price value decrease Effect on equity
Financial assets at fair value through profit or loss	10%	359,767	359,767	10%	(359,767)	(359,767)

Interest rate risk
The Group's main interest rate risk arises from cash at bank and short term deposits The policy is to maintain a mix of fixed and floating rate deposits.

The carrying value of the Group's cash and cash equivalents at the reporting date, subject to interest rate risk are detailed in note 8. The effect a 100 (2015: 150) basis point interest rate change is detailed below. The method used to arrive at the possible change in basis points was based on the analysis of the average change of the Reserve Bank of Australia ('RBA') monthly issued cash rate over the past five years.

Consolidated - 2016	Basis points increase Basis points change	Basis points increase Effect on profit before tax	Basis points increase Effect on equity	Basis points decrease Basis points change	Basis points decrease Effect on profit before tax	Basis points decrease Effect on equity
Cash and cash equivalents	100	97,803	97,803	(100)	97,803	97,803

Consolidated - 2015	Basis points increase Basis points change	Basis points increase Effect on profit before tax	Basis points increase Effect on equity	Basis points decrease Basis points change	Basis points decrease Effect on profit before tax	Basis points decrease Effect on equity
Cash and cash equivalents	150	37,839	37,839	(150)	(37,839)	(37,839)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The credit risk on liquid funds is limited because the counter party is a bank with high credit rating.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of finance leases and equity funding.

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Note 16. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	216,698	-	-	-	216,698
Other payables	88,227	-	-	-	88,227
Total non-derivatives	304,925	-	-	-	304,925

Consolidated - 2015	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	170,857	-	-	-	170,857
Total non-derivatives	170,857	-	-	-	170,857

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 17. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss - investments	3,258,787	-	-	3,258,787
Total assets	3,258,787	-	-	3,258,787

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss - investments	3,597,675	-	-	3,597,675
Total assets	3,597,675	-	-	3,597,675

There were no transfers between levels during the financial year.

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 17. Fair value measurement (continued)

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 18. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short-term employee benefits	812,296	488,270
Post-employment benefits	63,626	101,863
Share-based payments	540,876	142,757
	1,416,798	732,890

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Crowe Horwath Sydney, the auditor of the Company:

	Consolidated 2016 $	Consolidated 2015 $
Audit services - Crowe Horwath Sydney		
Audit or review of the financial statements	35,500	34,000

The fees for the year ended 30 June 2015 were paid to Crowe Horwath Perth.

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 20. Contingent liabilities

On 16 April 2013, OncoSil Medical Ltd settled the acquisition of OncoSil Medical (UK) Limited (formerly Enigma Therapeutics Limited "OncoSil UK"). OncoSil UK holds a licence to commercialise OncoSil™ (formerly BrachySil™), a targeted brachytherapy product for the treatment of cancer under a licence agreement from pSiMedica.

pSiMedica has granted to OncoSil UK an exclusive world-wide royalty-bearing license for the term of the pSiMedica Transaction (with limited rights to sub-license) under the Licensed Patents solely to make, use, sell, offer to sell and import the Product in the field of therapy in human neoplastic disease (cancer). Key terms of the license agreement have been summarised below:

● OncoSil UK is required to make a payment of up to US$100,000 to pSiMedica annually to support existing patents; and

● OncoSil UK is required to make the following payments for patents and subject to the OncoSil completing positive clinical trials and becoming registered for sale.

During the term of the licence, 8% of future net sales (future sales which cannot be guaranteed) of the Product or any other product protected by the rights arising from the Assigned Patents (if sold by OncoSil UK or its affiliates) and services performed using the Product or such other products, on a product-by-product and country-by-country basis. Only half of this payment must be made whenever approved generic competitor products derived from the Product maintain at least a 20% world-wide market share of sales, on a country-by-country and product-by-product basis.

20% of any form of consideration, payments, royalties, third party net sales income and other payments received from third party licensing deals and various other agreements with third parties in relation to OncoSil™ or any other product protected by the rights arising from the Assigned Patents, for the term of the pSiMedica licence, on a product-by-product and country-by-country basis.

Potential milestone payments based only upon OncoSil™ being a commercial success, which cannot be guaranteed now or in the future (ranging from US$1,000,000 to US$5,000,000) upon:

● OncoSil UK, its affiliates and any of OncoSil UK's third party transferees together potentially achieving US$5,000,000 aggregate net sales for OncoSil™ and any other product protected by the rights arising from the Assigned Patents, for (i) an indication and (ii) a second indication;

● Aggregate net sales of OncoSil™ and any other product protected by the rights arising from the Assigned Patents, paid to OncoSil UK, its affiliates and third party transferees in a calendar year first potentially equals or exceeds US$20,000,000; and

● Aggregate net sales of OncoSil™ and any other product protected by the rights arising from the Assigned Patents, paid to OncoSil UK, its affiliates and third party transferees in a calendar year first potentially equals or exceeds US$100,000,000.

Termination of licence agreement

Unless terminated early for customary reasons such as a material breach, or by pSiMedica due to a patent challenge being brought against pSiMedica in certain circumstances (including by OncoSil UK), the term of the licence for the Licensed Patents and OncoSil UK's rights to exploit the product and any other products arising from the Assigned Patents, remain in effect on a country-by-country and product-by-product basis, until the later to occur of:

● the date on which the product or any other product protected by the rights arising from the Assigned Patents in such country is no longer covered or protected by a potential claim of the Licensed Patents or the Assigned Patents in such country; and

● ten years from the date of first commercial sale of a product or any other product protected by the rights arising from the Assigned Patents in such country.

In addition, if OncoSil UK reasonably forms the view that it is not capable of commercialising OncoSil™, OncoSil UK shall have the right to terminate the license agreement by giving 60 days prior written notice to pSiMedica.

The directors are not aware of any other commitments or contingencies as at 30 June 2016.

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 21. Commitments

	Consolidated 2016 $	Consolidated 2015 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	131,319	172,200
One to five years	481,504	95,100
	612,823	267,300

Operating lease commitments includes contracted amounts for commercial premises under non-cancellable operating leases expiring on 28 February 2021, in some cases, options to extend. The leases payments are increased on an annual basis to reflect market rentals.

Note 22. Related party transactions

Parent entity
OncoSil Medical Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2016 $	Parent 2015 $
Loss after income tax	(4,568,728)	(2,855,072)
Total comprehensive income	(4,568,728)	(2,855,072)

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 23. Parent entity information (continued)

Statement of financial position

	Parent 2016 $	Parent 2015 $
Total current assets	16,130,302	7,400,788
Total assets	16,222,015	7,455,878
Total current liabilities	1,083,641	445,728
Total liabilities	1,083,641	445,728
Equity		
Issued capital	35,694,596	23,806,347
Share-based payments reserve	2,675,346	1,866,643
Accumulated losses	(23,231,568)	(18,662,840)
Total equity	15,138,374	7,010,150

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
OncoSil Medical UK Limited	United Kingdom	100.00%	100.00%
OncoSil Medical Germany GmbH	Germany	100.00%	100.00%
OncoSil Medical US Inc.	United States	100.00%	100.00%
OncoSil Medical NZ Limited	New Zealand	100.00%	-

OncoSil Medical Ltd
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Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax expense for the year	(4,768,598)	(2,879,031)
Adjustments for:		
Depreciation and amortisation	21,357	6,709
Share-based payments	808,703	209,077
Foreign exchange differences	(79,148)	-
Loss on financial assets at fair value through profit or loss	26,918	226,489
Loss on disposal of assets	10,635	-
Change in operating assets and liabilities:		
Decrease/(increase) in other operating assets	(1,222,414)	1,878,319
Increase in trade and other payables	576,738	152,354
Increase in employee benefits	53,241	234,924
Net cash used in operating activities	(4,572,568)	(171,159)

Note 26. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax attributable to the owners of OncoSil Medical Ltd	(4,768,598)	(2,879,031)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	387,676,751	355,399,610
Weighted average number of ordinary shares used in calculating diluted earnings per share	387,676,751	355,399,610
	Cents	**Cents**
Basic earnings per share	(1.23)	(0.81)
Diluted earnings per share	(1.23)	(0.81)

Options have not been included in the diluted earnings per share calculation as they are anti-dilutive.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of OncoSil Medical Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

OncoSil Medical Ltd
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Note 27. Share-based payments

The Group's Employee Share Option Plan ('ESOP') is designed as an incentive for senior managers and above. Under the plan, participants are granted options which only vest if certain performance standards are met. Once granted the options have a vesting period as stated in the below table. There are no cash settlements alternatives.

The following share-based payment transactions were undertaken during the reporting period and are still under recourse loans:

OncoSil Medical Ltd
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Note 27. Share-based payments (continued)

2016	Number	Grant date	Expiry date	Exercise Price $	Fair value at grant date $	Vesting conditions
Granted 8 October 2015 (a)	2,307,683	8/10/2015	8/10/2018	0.13	0.102	3 year Options vesting when the applicant reaches their 3rd anniversary of continuous employment with the company
Granted 13 January 2016 (b)	769,231	13/01/2016	13/01/2019	0.13	0.073	Various milestones to be determined - 3 year loan
Granted 13 January 2016 (b)	14,230,769	13/01/2016	13/01/2019	0.13	0.073	Various milestones to be determined - 3 year loan
Granted 10 May 2016 (c)	24,000,000	10/05/2016	10/05/2021	0.22	0.104	There are 4 tranches on 25% of Loan share each. Tranche 1 shares will vest automatically upon OncoSil total revenue reaching a cumulative total of at least $10m. Tranche 2 shares will vest automatically upon OncoSil total revenue reaching a cumulative total of at least $15m Tranche 3 shares will vest automatically upon OncoSil total revenue reaching a cumulative total of at least $30m Tranche 4 shares will vest automatically upon OncoSil total revenue reaching a cumulative total of at least $50m
2015						
Granted 28 November 2014(a)	3,000,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting if OncoSil total shareholder returns (TSR) in respect of holding ordinary shares equals 175%
Granted 28 November 2014(a)	500,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting if OncoSil total shareholder returns (TSR) in respect of holding ordinary shares equals 175%
Granted 28 November 2014(a)	3,000,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when TSR equals 250%
Granted 28 November 2014(a)	500,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when TSR equals 250%
Granted 28 November 2014(a)	3,000,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when the Company receives US FDA approval
Granted 28 November 2014(a)	500,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when the Company receives US FDA approval
Granted 28 November 2014(a)	3,000,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when the applicant reaches their 3rd anniversary of continuous employment with the company
Granted 28 November 2014(a)	500,000	28/11/2014	28/11/2017	0.13	0.047	Options vesting when the applicant reaches their 2nd anniversary of continuous employment with the company
Granted 11 May 2015 (b)	769,231	07/05/2015	12/01/2018	0.13	0.047	Options vesting when the applicant reaches their 3rd anniversary of continuous employment with the company
Granted 29 October 2013 (c)	5,000,000	29/10/2013	28/10/2016	0.10	0.919	Options vesting when the Company receives US FDA approval
Granted 19 May 2014 (d)	8,730,770	19/05/2014	18/05/2019	0.11	0.088	Options vesting when the applicant reaches their 3rd anniversary of continuous employment with the company

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 27. Share-based payments (continued)

2016
(a) Three employees were issued 769,231 shares respectively as per the existing employee loan share plan approved by shareholders on 29 April 2014.

(b) Tom Milicevic (CFO and Company Secretary) was issued an additional 4,230,769 options under existing employee loan share plan approved by shareholders on 29 April 2014. An additional 10,000,000 shares (5,000,000 each) were issued to two senior executives of the Company as per the existing employee loan share plan approved by shareholders on 29 April 2014.

(c) Daniel Kenny (CEO and Managing Director) and Dr Chris Roberts (Director) were issued 14,000,000 and 10,000,000 shares respectively as per the existing employee loan share plan approved by shareholders 29 April 2014.

2015
(a) Daniel Kenny (CEO and Managing Director) and Roger Aston (Director) were issued 12,000,000 and 2,000,000 shares respectively as per the existing employee loan share plan approved by shareholders on 29 April 2014.

(b) Aoifa Brogan was issued 769,231 options each in accordance with the Group's employee loan share plan on 11 May 2015. On cessation of employment these shares were subsequently transferred to Tom Milicevic on 13 January 2016 under the existing employee loan share plan approved by shareholders on 29 April 2014.

(c) Neil Frazer and Martin Rogers were issued 20,000,000 and 5,000,000 options respectively as per the existing employee share option plan approved by shareholders on 24 September 2013. 14,000,000 of Neil Frazer's options were transferred to Daniel Kenny and Roger Aston and 6,000,000 options cancelled through share buy back on 10 December 2015.

(d) Peter Casey, Natalie Ruffles and Lawrence Gozlan were issued 461,539, 769,231 and 7,500.000 options respectively in accordance with the Group's employee share option plan. During the year ended 30 June 2016, 7,500,000 were exercised by a previous director and capital contributed to the company. Remaining balance is 1,230,770.

Set out below are summaries of options granted under the plan:

2016

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
04/06/2013	03/06/2017	$0.05	19,000,000	-	-	-	19,000,000
			19,000,000	-	-	-	19,000,000

The 19,000,000 options above have various vesting conditions as follows:
- 10,000,000 options vested immediately on grant date;
- 3,000,000 options vest if the Company's shares trade at or above 10 cents for 10 consecutive days;
- 3,000,000 options vest if the Company's shares trade at or above 15 cents for 10 consecutive days; and
- 3,000,000 options vest if the Company's shares trade at or above 20 cents for 10 consecutive days.

The weighted average share price during the financial year was $0.1675 (2015: $0.1019).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1 year (2015: 2 years).

OncoSil Medical Ltd
Notes to the financial statements
30 June 2016

Note 27. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/05/2016	10/05/2021	$0.15	$0.22	99.00%	-	2.50%	$0.104
13/01/2016	13/01/2019	$0.23	$0.13	99.00%	-	1.95%	$0.073
08/10/2015	08/10/2018	$0.15	$0.13	99.00%	-	2.50%	$0.102

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 28. Events after the reporting period

On 2 August 2016, the company announced that it had received notification from the U.S. Food and Drug Administration ('FDA') that the Investigational Device Exemption ('IDE') had been approved. The company will now initiate a pivotal clinical investigation for OncoSil™ for the treatment of eligible subjects with pancreatic cancer.

On 11 August 2016, the company issued 4,000,000 ordinary shares at $0.22 per share under the approved employee share scheme (Employee Loan Funded Shares).

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

OncoSil Medical Ltd
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dr Roger Aston
Non-Executive Chairman

30 August 2016
Sydney

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Independent Auditor's Report to the Members of OncoSil Medical Ltd

Report on the Financial Report

We have audited the accompanying financial report of OncoSil Medical Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 and 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 and for 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

Crowe Horwath Sydney is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

INDEPENDENT AUDITOR'S REPORT

Continued

Crowe Horwath

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 OncoSil Medical Ltd 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 2016 and of its performance of the year ended on that date; and
   (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 Note 2.

Report on Remuneration Report

We have audited the Remuneration Report included in pages 6 to 12 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of OncoSil Medical Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

JHaydon

JOHN HAYDON
Partner

Dated this 30 August 2016

Oncosil Medical Ltd

The shareholder information set out below was applicable as at 5 September 2016

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holdings Ranges	# of Holders	
	Ordinary shares	Options over ordinary shares
1-1,000	91	0
1,001-5,000	264	0
5,001-10,000	424	0
10,001-100,000	1,543	0
100,001-9,999,999,999	500	1
Totals	**2,822**	**1**
Holding less than a marketable parcel	199	0

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Holder Name	Ordinary shares	
	# held	% of total shares issued
UBS NOMINEES PTY LTD	36,654,587	7.82%
WEBINVEST PTY LTD <OLSB UNIT A/C>	30,000,000	6.40%
MR DANIEL KENNY	26,000,000	5.55%
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	20,278,090	4.33%
CITICORP NOMINEES PTY LIMITED	14,211,828	3.03%
DENLIN NOMINEES PTY LTD	13,763,070	2.94%
NEWTONMORE BIOSCIENCES PTY LTD	11,016,547	2.35%
STRUCTURE INVESTMENTS PTY LTD <ROGERS FAMILY A/C>	10,000,000	2.13%
MR CHRISTOPHER GRAHAM ROBERTS	10,000,000	2.13%
ROJO NERO CAPITAL PTY LTD	7,762,556	1.66%
MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	6,733,573	1.44%
WESTCAP PTY LTD	6,157,687	1.31%
OAKTONE NOMINEES PTY LTD <GRIST INVESTMENT A/C>	5,736,929	1.22%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	5,670,768	1.21%
MR TOM MILICEVIC	5,000,000	1.07%
MR ASHISH SOMAN	5,000,000	1.07%
MR DAVID JAMES	5,000,000	1.07%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	4,469,313	0.95%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,076,384	0.87%
MR MICHAEL WARRENER	4,000,000	0.85%
	231,531,332	49.42%
Total of all Securities	**468,455,468**	**100.00%**

Unquoted equity securities

Options over ordinary shares issued	Options	
	# of Options	# of holders
STRUCTURE INVESTMENTS PTY LTD <ROGERS FAMILY A/C>	19,000,000	1

Substantial holders

Substantial holders in the Company are set out below:

REGAL FUNDS MANAGEMENT PTY LIMITED	45,454,546	9.703%
WEBINVEST PTY LTD <OLSB UNIT A/C>	30,000,000	6.404%
MR DANIEL KENNY	26,000,000	5.550%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

OncoSil Medical Limited ABN 89 113 824 141
www.oncosil.com.au

Directors

Dr Roger Aston Non-Executive Chairman
Mr Daniel Kenny CEO and Managing Director
Dr Chris Roberts Non-Executive Director
Mr Martin Rogers Non-Executive Director

Company Secretary

Tom Milicevic CFO and Company Secretary
Peter Casey Company Secretary

Registered Office

Suite 402, Level 4, 50 Berry St
North Sydney NSW 2060
T: +61 2 9223 3344

Bankers

Westpac Banking Corporation
341 George St
Sydney NSW 2000

Auditors

Crowe Horwath Sydney
Level 15, 1 O'Connell St
Sydney NSW 2000
T: +61 2 9262 2155

Legal Counsel

K&L Gates
Level 25, South Tower, 525 Collins St
Melbourne VIC 3000
T: +61 3 9205 2000

Davies Collison Cave
Level 14, 255 Elizabeth St
Sydney NSW 2000
T: +61 2 9293 1000

Stock Exchange

OncoSil Medical Limited shares are listed on the Australian Securities Exchange
ASX code: OSL

Share Registry

Boardroom Pty Ltd
Level 12, 225 George St
Sydney NSW 2000
T: 1300 737 760

Annual General Meeting

The **2016 AGM of OncoSil Medical Limited will be at 11.00am (AEST)** on Tuesday, **18 October 2016** at the offices of K&L Gates **Level 31, 1 O'Connell Street, Sydney,** NSW, 2000

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OncoSil Medical Limited
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F: +61 2 9252 3988