ONCOSEC MEDICAL Inc
Form 10-K/A
October 25, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

AMENDMENT NO. 1

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended July 31, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 000-54318

ONCOSEC MEDICAL INCORPORATED

(Exact name of registrant as specified in its charter)

Nevada	**98-0573252**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

4690 Executive Drive, Suite 250

San Diego, CA 92121

(Address of Principal Executive Offices)(Zip Code)

(855) 662-6732

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.0001 per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

There was no market for the registrant s common stock on January 31, 2011, the last day of the registrant s second fiscal quarter. The last reported transaction prior to January 31, 2011 as reported on the OTC Bulletin Board took place at $0.0022 per share. Based on that price, the aggregate market value of the registrant s common stock held by non-affiliates on January 31, 2011 was approximately $1,400. For purposes of this calculation, it has been assumed that all shares of the registrant s common stock held by directors, executive officers and shareholders beneficially owning ten percent or more of the registrant s common stock are held by affiliates. The treatment of these persons as affiliates for purposes of this calculation is not conclusive as to whether such persons are, in fact, affiliates of the registrant.

56,856,000 shares of the registrant s common stock were issued and outstanding as of October 17, 2011

EXPLANATORY NOTE

OncoSec Medical Incorporated is filing this Amendment No. 1 (the Amendment No. 1) to its Annual Report on Form 10-K for the fiscal year ended July 31, 2011, which was originally filed on October 19, 2011 (the Original Filing) for the sole purpose of adding the report issuance date to the audit report of Silberstein Unger, PLLC, our independent registered public accounting firm, which was inadvertently omitted from the Report of Independent Registered Public Accounting Firm contained in Item 8 of Part II and Item 15 of Part IV of the Form 10-K.

No other changes have been made to the Original Filing. This Amendment No.1 does not reflect events that may have occurred subsequent to the Original Filing date, and does not modify or update in any way disclosures made in the Original Filing, except with respect to the change described above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are set forth at the end of this Report beginning on page 42 and are incorporated herein by reference. We are not required to provide the supplementary data required by this item as we are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report.

1. The following consolidated financial statements of OncoSec Medical Incorporated and Subsidiary are filed as part of this report under Item 8 Financial Statements and Supplementary Data:

Reports of Independent Registered Public Accounting Firms	42
Consolidated Balance Sheets at July 31, 2011 and 2010	44
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2. Financial Statement Schedules

These schedules are omitted because they are not required, or are not applicable, or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

The exhibit index attached to this report is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 25th day of October 2011.

ONCOSEC MEDICAL INCORPORATED

By: /s/ Punit Dhillon
Punit Dhillon
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Veronica Vallejo
Veronica Vallejo
Vice President, Finance and Controller
(Principal Financial Officer)

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To the Board of Directors

OncoSec Medical Incorporated

(formerly Netventory Solutions, Inc.)

Reno, Nevada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheets of OncoSec Medical Incorporated, a Nevada Corporation, as of July 31, 2010 and 2009 and the related statements of operations, stockholders equity (deficit), and cash flows for the period from February 8, 2008 (date of inception) through July 31, 2010. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OncoSec Medical Incorporated, as of July 31, 2010 and 2009 and the results of its operations and cash flows for the periods then ended and from February 8, 2008 (date of inception) through July 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that OncoSec Medical Incorporated will continue as a going concern. As discussed in Note 8 to the financial statements, the Company has incurred losses from operations, has negative working capital, and is in need of additional capital to grow its operations so that it can become profitable. These factors raise substantial doubt about the Company s ability to

continue as a going concern. Management s plans with regard to these matters are described in Note 8. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Silberstein Ungar, PLLC
Bingham Farms, Michigan
November 15, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

OncoSec Medical Incorporated and Subsidiary

We have audited the accompanying consolidated balance sheet of **OncoSec Medical Incorporated and Subsidiary** (a development stage company) as of July 31, 2011, and the related consolidated statements of operations, stockholders equity (deficit), and cash flows for the year then ended and for the period from inception (February 8, 2008) through July 31, 2011. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the consolidated financial statements of OncoSec Medical Incorporated and Subsidiary for the period from inception to July 31, 2010. Such statements are included in the cumulative inception to July 31, 2011 totals of the consolidated statements of operations and cash flows and reflect total expenses and net loss of 2 percent of the related cumulative totals. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to amounts for the period from inception to July 31, 2010, included in the cumulative totals, is based solely upon the report of the other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **OncoSec Medical Incorporated and Subsidiary** as of July 31, 2011, and the results of their operations and their cash flows for the year then ended, and for the period from inception to July 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has incurred recurring operating losses and negative cash flows from operations and is dependent on additional financing to fund operations. These conditions raise substantial doubt about the Company s ability to continue as a going concern. Management s plans in regard to these matters are described in Note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ Mayer Hoffman McCann P.C.
San Diego, California

October 19, 2011

OncoSec Medical Incorporated

(formerly Netventory Solutions Inc.)

(A Development Stage Company)

Consolidated Balance Sheets

As of July 31, 2011 and July 31, 2010

		July 31, 2011		July 31, 2010
Assets				
Current assets				
Cash and cash equivalents	$	2,457,693	$	237
Prepaid expenses		427,961		
Other current assets		15,939		
Total Current Assets		2,901,593		237
Property and equipment, net		57,298		
Intangible assets, net		2,715,167		
Total Assets	$	5,674,058	$	237
Liabilities and Stockholders Deficit				
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	369,175	$	15,929
Accrued compensation		67,774		
Due to stockholder				14,367
Accrued income taxes		1,600		
Derivative liabilities		4,850,385		
Acquisition obligation, current		1,250,000		
Total Current Liabilities		6,538,934		30,296
Acquisition obligation, net of current portion		1,500,000		
Total Liabilities		8,038,934		30,296
Stockholders Deficit				
Common stock authorized 3,200,000,000 common shares with a par value of $0.0001				
Common stock issued and outstanding 56,856,000 and 68,480,000 common shares as of July 31, 2011 and July 31, 2010, respectively		5,686		6,848
Additional paid-in capital		1,033,333		40,152
Warrants issued and outstanding 13,696,000 units as of July 31, 2011		431,981		
Deficit accumulated during the development stage		(3,835,876)		(77,059)
Total Stockholders Deficit		(2,364,876)		(30,059)
Total Liabilities and Stockholders Deficit	$	5,674,058	$	237

The accompanying notes are an integral part of these consolidated financial statements

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OncoSec Medical Incorporated

(formerly Netventory Solutions Inc.)

(A Development Stage Company)

Consolidated Statements of Operations

	Fiscal Year Ended July 31, 2011	Fiscal Year Ended July 31, 2010	Period from Inception (February 8, 2008) to July 31, 2011
Revenue	$	$	$
Expenses:			
Research and development	648,314		648,314
General and administrative	1,047,161	27,158	1,115,220
Loss from operations	(1,695,475)	(27,158)	(1,763,534)
Other expenses:			
Fair value of derivative liabilities in excess of proceeds	808,590		808,590
Adjustments to fair value of derivative liabilities	1,041,795		1,041,795
Financing transaction costs	210,000		210,000
Interest expense	1,357		1,357
Impairment charges		9,000	9,000
Net loss before income taxes	(3,757,217)	(36,158)	(3,834,276)
Provision for income taxes	1,600		1,600
Net loss	$ (3,758,817)	$ (36,158)	$ (3,835,876)
Basic and diluted net loss per common share	$ (0.06)	$ (0.00)	
Weighted average shares used in computing basic and diluted net loss per common share	63,300,493	68,480,000	

The accompanying notes are an integral part of these consolidated financial statements

OncoSec Medical Incorporated

(formerly Netventory Solutions Inc.)

(A Development Stage Company)

Consolidated Statement of Stockholders Equity (Deficit)

For the period from Inception (February 8, 2008) to July 31, 2011

	Common Stock (1)		Additional Paid In Capital	Warrants		Deficit Accumulated during the Development Stage	Total Stockholders Equity (Deficit)
	Shares	Amount		Shares	Amount		
Balance, February 8, 2008		$	$		$	$	$
Shares issued to founder on Feb 8, 2008	48,000,000	4,800	10,200				15,000
Private placement on June 30, 2008	20,480,000	2,048	29,952				32,000
Net loss						(7,187)	(7,187)
Balance, July 31, 2008	68,480,000	6,848	40,152			(7,187)	39,813
Net loss						(33,714)	(33,714)
Balance, July 31, 2009	68,480,000	6,848	40,152			(40,901)	6,099
Net loss						(36,158)	(36,158)
Balance, July 31, 2010	68,480,000	6,848	40,152			(77,059)	(30,059)
Common stock cancelled	(17,280,000)	(1,728)	1,728				
Private placement on March 18, 2011	1,456,000	146	659,873	1,456,000	431,981		1,092,000
Common stock issued for services	200,000	20	331,980				332,000
Private placement on June 24, 2011	4,000,000	400	(400)	4,000,000			
Net loss						(3,758,817)	(3,758,817)
Balance, July 31, 2011	56,856,000	$ 5,686	$ 1,033,333	5,456,000	$ 431,981	$ (3,835,876)	$ (2,364,876)

(1) Adjusted to reflect the forward stock split of 32-for-1 effective March 1, 2011.

The accompanying notes are an integral part of these consolidated financial statements

OncoSec Medical Incorporated

(formerly Netventory Solutions Inc.)

(A Development Stage Company)

Consolidated Statements of Cash Flows

	Fiscal Year Ended July 31, 2011	Fiscal Year Ended July 31, 2010	Period from Inception (Feb 8, 2008) to July 31, 2011
Operating activities			
Net loss	$ (3,758,817)	$ (36,158)	$ (3,835,876)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	250,821		250,821
Write-down of supplies inventory	38,000		38,000
Write-down of web development costs		9,000	9,000
Fair value of derivative liabilities in excess of proceeds	808,590		808,590
Loss on adjustment to fair value of derivative liabilities	1,041,795		1,041,795
Amortization of common stock issued for services	83,000		83,000
Changes in operating assets and liabilities:			
(Increase) Decrease in prepaid expenses	(178,961)	5,610	(178,961)
Increase in other current assets	(15,939)		(15,939)
Increase in accounts payable and accrued liabilities	353,246	9,696	369,175
Increase in accrued compensation	67,774		67,774
Increase in accrued income taxes	1,600		1,600
Net cash used in operating activities	(1,308,891)	(11,852)	(1,361,021)
Investing activities			
Purchases of property and equipment	(61,286)		(70,286)
Investment in intangible assets	(250,000)		(250,000)
Net cash used in investing activities	(311,286)		(320,286)
Financing activities			
Proceeds from issuance of common stock and warrants	4,092,000		4,139,000
Proceeds from amounts due to stockholder	139,500	2,333	153,867
Repayment of amounts due to stockholder	(153,867)		(153,867)
Net cash provided from financing activities	4,077,633	2,333	4,139,000
Net increase (decrease) in cash	2,457,456	(9,519)	2,457,693
Cash, at beginning of period	237	9,756	
Cash, at end of period	$ 2,457,693	$ 237	$ 2,457,693
Supplemental disclosure for cash flow information:			
Cash paid during the period for:			
Interest	$ 1,357		$ 1,357
Noncash investing and financing transaction:			
Acquisition obligation of asset purchase agreement	$ 2,750,000		$ 2,750,000

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations and Basis of Presentation

OncoSec Medical Incorporated (the Company) was incorporated under the name of Netventory Solutions Inc., in the state of Nevada on February 8, 2008 to pursue the business of inventory management solutions. On March 1, 2011, Netventory Solutions Inc. completed a merger with its subsidiary OncoSec Medical Incorporated and, as a result, changed its name to OncoSec Medical Incorporated. On March 24, 2011, the Company completed the acquisition of certain technology and related assets from Inovio Pharmaceuticals, Inc. (Inovio) pursuant to an Asset Purchase Agreement (the Asset Purchase Agreement) dated March 14, 2011. The acquired technology and related assets relate to the use of drug-medical device combination products for the treatment of different cancers. With this acquisition, the Company is now focusing its efforts in the biomedical industry and abandoning its efforts in the online inventory services industry. Prior to the acquisition of the assets from Inovio, the Company had been inactive since March 2010 and had no continuing operations other than those of a company seeking a business opportunity. The Company has not produced any revenues from its newly acquired assets and is considered a development stage company.

The accompanying consolidated financial statements include the accounts of OncoSec Medical Incorporated and its wholly-owned inactive subsidiary, OncoSec Medical Therapeutics Incorporated (OncoSec Medical Therapeutics), which was acquired on June 3, 2011. We acquired all of the outstanding common stock as of the acquisition date for a total purchase price of $1,000. OncoSec Medical Therapeutics was incorporated in Delaware in July 2, 2010. There have been no significant transactions related to this subsidiary since its inception. All significant intercompany transactions and balances have been eliminated at consolidation.

Certain reclassifications have been made to the prior year consolidated financial statements, including the aggregation of certain operating expenses into the classification of general and administrative expenses to conform to the presentation used for the annual period ended July 31, 2011. The reclassifications had no effect on previously reported net losses.

Note 2 Significant Accounting Policies

Financial Instruments

The carrying amounts for cash, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature, generally less than three months. The carrying amounts of our short-term and long-term acquisition obligation outstanding approximate their fair value based upon current rates and terms available to us for similar activity. It is management s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and disclosures made in the accompanying notes to the consolidated financial statements. Actual results could differ materially from the estimates.

Property and Equipment

The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets. The useful lives of property and equipment for the purpose of computing depreciation are:

Computers and Equipment	3 to 5 years
Computer Software	1 to 3 years
Leasehold Improvements	1 year

Total depreciation expense recorded for the years ended July 31, 2011 and 2010 was $3,989 and $0, respectively.

Loss Per Share

The Company computes basic net loss per common share by dividing the applicable net loss by the weighted average number of common shares outstanding during the respective period. Diluted per share amounts assume the conversion, exercise or issuance of all potential common stock equivalents. The Company did not include shares underlying warrants outstanding of 13,696,000 in the computation of net loss per share for year ended July 31, 2011, as the effect would have been anti-dilutive.

Comprehensive Income

Comprehensive income or loss includes all changes in equity except those resulting from investments by owners and distributions to owners. The Company did not have any items of comprehensive income or loss other than net loss from operations for the years ended July 31, 2011 and 2010, or for the period from inception through July 31, 2011.

Derivative Liabilities

The Company accounts for its warrants and other derivative financial instruments as either equity or liabilities based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded as additional paid-in capital on our consolidated balance sheet and no further adjustments to their valuation are made. During the year ended July 31, 2011, some of the Company s warrants that were issued in conjunction with the June 2011 Private Placement were determined to be ineligible for equity classification because of anti-dilution provisions that may result in an adjustment to their exercise price. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company s consolidated balance sheet at their fair value on the date of issuance and will be revalued on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield, and risk-free interest rate.

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB), issued authoritative guidance for the consolidation of variable interest entities, to require an issuer to perform an analysis to determine whether the issuer s variable interest or interests give it a controlling financial interest in a variable interest entity, if any. This analysis identifies the primary beneficiary of a variable interest entity as one with the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and the obligation to absorb losses of the entity that could potentially be significant to the variable interest. The guidance became effective for us on August 1, 2010, however it did not have a material impact on the Company s consolidated financial statements.

In October 2009, the FASB issued authoritative guidance that amends existing revenue recognition accounting pronouncements related to multiple-deliverable revenue arrangements. The new guidance provides accounting principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and how the consideration should be allocated. This guidance eliminates the requirement to establish the fair value of undelivered products and services and instead provides for separate revenue recognition based upon management s estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. The guidance became effective for us on August 1, 2010, however it did not have a material impact on the Company s consolidated financial statements.

In January 2010, the FASB issued authoritative guidance that requires new disclosures and clarifies certain existing disclosure requirements about fair value measurements. The new guidance requires a reporting entity to disclose significant transfers in and out of Level 1 and Level 2 fair value measurements, to describe the reasons for the transfers and to present separately information about purchases, sales, issuances and settlements for fair value measurements using significant unobservable inputs. We adopted the guidance in the third quarter of Fiscal 2010, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements, which is effective for interim and annual reporting periods beginning after December 15, 2010 (the Company s fiscal quarter ending April 30, 2011).

In April 2010, the FASB issued guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. The guidance became effective for us on a prospective basis for milestones achieved beginning with the Company s first quarter of Fiscal 2011; however it did not have a material impact on the Company s consolidated financial statements.

In May 2011, the FASB issued authoritative guidance regarding common fair value measurements and disclosure requirements in U.S. GAAP and IFRS. This newly issued accounting standard clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable inputs. This guidance is effective on a prospective basis for annual and interim reporting periods beginning after December 15, 2011. The Company does not expect that adoption of this standard will have a material impact on its financial position or results of operations.

In June 2011, the FASB issued authoritative guidance regarding comprehensive income. This newly issued accounting standard (1) eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity; (2) requires the consecutive presentation of the statement of net income and other comprehensive income; and (3) requires an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income. The amendments do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income nor do the amendments affect how earnings per share is calculated or presented. This guidance is required to be applied retrospectively and is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this standard is not expected tohave an impact on the Company s financial position or results of operations.

Note 3 Cash and Liquidity

The Company considers all liquid investments with maturities of ninety days or less when purchased to be cash equivalents.

The Company s activities to date have been supported by equity and debt financing. It has sustained losses in all previous reporting periods with an inception to date loss of $3,835,876 as of July 31, 2011.

The Company does not currently believe that its existing cash resources are sufficient to meet its anticipated needs during the next twelve months. The Company will require additional financing to fund its planned operations, including commercializing of the intellectual property acquired from Inovio pursuant to the Asset Purchase Agreement (as further described in Note 5), making of scheduled payments to Inovio under the acquisition obligation (as further described in Note 6), seeking to license or acquire new assets, researching and developing any potential patents and the related compounds, and any further intellectual property that we may acquire. Additional financing may not be available to the Company when needed or, if available, it may not be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, if and when it is needed, the Company will be forced to delay or scale down some or all of its development activities or perhaps even cease the operation of its business. Since inception the Company has funded its operations primarily through equity and debt financings and it expects that it will continue to fund its operations through equity and debt financing. If the Company raises additional financing by issuing equity securities, its existing stockholders ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, will increase the Company s liabilities and future cash commitments.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a history of recurring losses from operations, an accumulated deficit of $3,835,876 as of July 31, 2011, and no sources of revenue. These factors

raise substantial doubt about the Company s ability to continue as a going concern as the continuation of our business is dependent upon additional financing sources and the continued support of our stockholders to aid in financing operations. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

Note 4 Fair Value of Financial Instruments

Financial assets and liabilities are measured at fair value, which is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.

- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of July 31, 2011 and 2010, cash and cash equivalents were comprised of cash in checking accounts.

In conjunction with the June 2011 Private Placement, the Company issued warrants with derivative features. These instruments are accounted for as derivative liabilities (see Note 7).

The Company used Level 3 inputs for its valuation methodology for the warrant derivative liabilities. The estimated fair values were determined using a Monte Carlo option pricing model based on various assumptions (see Note 7). The Company s derivative liabilities are adjusted to reflect estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded in other income or expense accordingly, as adjustments to fair value of derivative liabilities.

At July 31, 2011, the estimated fair values of the liabilities measured on a recurring basis are as follows:

Fair Value Measurements at July 31, 2011

	Balance at July, 31, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Warrant derivative liability Series A and Series C Warrants	$ 4,850,385			$ 4,850,385

The following table presents the activity for liabilities measured at estimated fair value using unobservable inputs for the year ended July 31, 2011:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Warrant Derivative Liability
Beginning balance at July 31, 2010	$
Issuances	3,808,590
Adjustments to estimated fair value	1,041,795
Ending balance at July 31, 2011	$ 4,850,385

At the closing of the 2011 June Private Placement, the amount by which the fair value of the 2011 derivative liability issuances exceeded the proceeds from the June 2011 Private Placement of $3,000,000 was recorded to other expense. During the year ended July 31, 2011, the estimated fair value of derivative liabilities increased by $1,041,795, which was recorded as other expense, resulting in net other expense of $1,850,385 for the year ended July 31, 2011.

Note 5 Intangible Asset Acquisition and Cross License Agreement

On March 14, 2011, the Company entered the Asset Purchase Agreement with Inovio, whereby the Company agreed to purchase certain assets of Inovio related to certain non-DNA vaccine and selective electrochemical tumor ablation (SECTA) technology, including, among other things: (a) certain patents, including patent applications, and trademarks related to the SECTA technology; (b) certain equipment, machinery, inventory and other tangible assets related to the technology; (c) certain engineering and quality documentation related to the technology; and (d) the assignment of certain contracts related to the technology. In return, the Company is obligated to pay Inovio $3,000,000 in scheduled payments over the period of two years from the closing date of the Asset Purchase Agreement and a royalty on commercial product sales related to the SECTA technology. The transaction closed on March 24, 2011.

In connection with the closing of the Asset Purchase Agreement, the Company entered into a cross-license agreement with Inovio. Under the terms of the agreement, the Company granted Inovio a fully paid-up, exclusive, worldwide license to certain of the acquired SECTA technology patents in the field of use of electroporation. No consideration was received by the Company, nor will Inovio be liable for future royalty fees related to this arrangement. Inovio also granted the Company a non-exclusive, worldwide license to certain non-SECTA technology patents held by it in consideration for the following: (a) a fee for any sublicense of the Inovio technology, not to exceed 10%; (b) a royalty on net sales of any business the Company develops with the Inovio technology, not to exceed 10%; and (c) payment to Inovio of any amount Inovio pays to one licensor of the Inovio technology that is a direct result of the license. In addition, the Company agreed not to transfer this non-exclusive license apart from the assigned intellectual property.

ASC 805, *Business Combinations*, provides guidance on determining whether an acquired set of assets meets the definition of a business for accounting purposes. Under the framework, the acquired set of activities and assets have to be capable of being operated as a business, from the viewpoint of a market participant as defined in ASC 820, *Fair Value Measurements*. Two essential elements required for an integrated set of activities are inputs and outputs. The Company evaluated the Asset Purchase Agreement and in accordance with the guidance, determined it did not meet the definition of a business acquisition as the acquisition consisted solely of the SECTA technology and certain other tangible assets. The Company did not acquire the right to any employees previously involved with the technology, or research processes previously in place at Inovio. The Company has therefore accounted for the transaction as an asset acquisition.

The following table summarizes the purchase price allocation for the assets acquired and recorded as of March 24, 2011:

Intangible assets - patents	$	2,962,000
Tangible assets machinery, property and inventory	$	38,000

The purchase price was allocated to the identified tangible and intangible assets acquired based on their relative fair values, which were derived from their individual estimated fair values of $38,000 and $3,000,000, respectively. Included in the estimated fair value of the intangible assets is the value associated with the engineering and quality documentation acquired, which was determined to have no stand-alone value apart from the patents. The relative fair value of the tangible assets was expensed to research and development as of the acquisition date.

Patents are stated net of accumulated amortization of $246,833 as of July 31, 2011. The patents are amortized on a straight-line basis over the estimated remaining useful lives of the patents, determined as four years from the date of acquisition. At July 31, 2011, the weighted average remaining amortization period for all patents was approximately 3.67 years. Amortization expense for the year ended July 31, 2011 was $246,833.

Estimated amortization expense over each of the next four years is as follows:

Year End July 31	**Estimated amortization**
2012	740,500
2013	740,500
2014	740,500
2015	493,667

In accordance with the provisions of the applicable authoritative guidance, the Company s long-lived assets and amortizable intangible assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The Company assesses the recoverability of such assets by determining whether their carrying value can be recovered through undiscounted future operating cash flows, including its estimates of revenue driven by assumed market segment share and estimated costs. If impairment is indicated, the Company measures the amount of such impairment by comparing the fair value to the carrying value. During the year ended July 31, 2011, no impairment was recorded.

Note 6 Acquisition Obligation

On March 24, 2011, the Company recorded an acquisition obligation for amounts due to Inovio in accordance with the Asset Purchase Agreement (see Note 5). On September 28, 2011, the Company entered into a First Amendment to Asset Purchase Agreement (the Amendment). The Amendment amended and modified certain payment terms of the Asset Purchase Agreement (see Note 12). The obligation recorded is based on the total purchase price of $3,000,000. The scheduled payments under this arrangement, as amended, are as follows:

- $ 250,000 - Upon the closing of the Asset Purchase Agreement

•$ 100,000 September 30, 2011

•$ 650,000 - Earlier of: i) 30 days following the receipt by the Company of aggregate net proceeds of more than $5,000,000 from one of more financings occurring on or after September 30, 2011, or

ii) March 31, 2011

•$ 500,000 - March 24, 2012

•$ 500,000 - September 24, 2012

•$1,000,000 - March 24, 2013

On March 24, 2011, the Company made a payment of $250,000 to Inovio. As of July 31, 2011, the Company has classified $1,250,000 as the current portion of the obligation, and $1,500,000 as a long-term obligation.

Note 7 Private Placements

March 2011 Private Placement

On March 18, 2011, the Company closed a private placement whereby it issued 1,456,000 units at a purchase price of $0.75 per unit for gross proceeds of $1,092,000. Each unit consists of one share of common stock and one share purchase warrant entitling the holder to acquire one share of common stock at a price of $1.00 per share for a period of five years from the closing of the private placement. The fair value of the warrants, based on their fair value relative to the common stock issued, was $431,981 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 89.68%, and a risk-free interest rate of 2.11%). The warrants were exercisable as of March 18, 2011 and any unexercised warrants will expire on March 18, 2016. The Company completed an evaluation of the warrants issued in connection with this private placement and determined the warrants should be classified as equity within the consolidated balance sheet.

June 2011 Private Placement

On June 24, 2011 (the Closing Date), the Company closed a private placement whereby it issued an aggregate of 4,000,000 shares of the Company s Common Stock at a purchase price of $0.75 per share, (the Common Shares) and three series of warrants, the Series A Warrants, the Series B

Warrants and the Series C Warrants, (the Warrants), to purchase an aggregate of 12,000,000 shares of the Company s Common Stock, for proceeds to the Company of $3.0 million. After deducting for fees and expenses, the aggregate net proceeds from the sale of the Common Shares and the Warrants were approximately $2.79 million.

Pursuant to the terms of the Securities Purchase Agreement, each Purchaser has been issued a Series A Warrant, a Series B Warrant and a Series C Warrant, each to purchase up to a number of shares of the Company s Common Stock equal to 100% of the shares issued to such Purchaser pursuant to the Securities Purchase Agreement. The Series A Warrants have an exercise price of $1.20 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years. The Series B Warrants have an exercise price of $0.75 per share, are exercisable immediately upon issuance and have a term of exercise between eight and nineteen months, as further described therein. The Series C Warrants have an exercise price of $1.20 per share, vest and are exercisable ratably commencing on the exercise of the Series B Warrants held by each Purchaser (or its assigns) and have a term of exercise equal to five years.

On June 24, 2011, in connection with the closing of the private placement, the Company and the Purchasers entered into a Registration Rights Agreement (the Registration Rights Agreement). Under the Registration Rights Agreement, the Company is required to file a registration statement within 30 days following such closing to register the resale of the Common Shares and the Warrant Shares. The failure on the part of the Company to meet the filing deadlines and other requirements set forth in the Registration Rights Agreement may subject the Company to payment of certain monetary penalties, up to a maximum of 9% of the aggregate proceeds of the June Private Placement. As of July 31, 2011 we were in compliance with the requirements set forth in the Registration Rights Agreement.

In addition, pursuant to the terms of a placement agent agreement entered into with the lead placement agent on June 1, 2011 and amended on June 21, 2011, the Company agreed to pay the lead placement agent and the co-placement agent fees equal to 6% of the aggregate gross proceeds raised in the private placement of $180,000 and reimbursement to our lead placement agent for certain expenses in the amount of $30,000. The total cash fees of $210,000 paid to the placement agents were recorded as a period expense as of the Closing Date of the private placement. In connection with the agreement, the Company also issued to the placement agents Series A Warrants equal to 6% of the aggregate Common Shares issued with the private placement, or 240,000 warrants.

Allocation of Proceeds

At the Closing Date, the estimated fair value of the Series A and Series C Warrants exceeded the proceeds from the June 2011 Private Placement of $3,000,000 (see the valuations of these derivative liabilities under the heading, Derivative Liabilities below). As a result, all of the proceeds were allocated to these derivative liabilities and no proceeds remained for allocation to the Common Stock and Series B Warrants issued in the financing.

Common Stock

At the Closing Date, the Company issued 4,000,000 shares of Common Stock and recorded the par value of the shares issued of $400 (at par value of $0.0001 per share) with a corresponding reduction to paid-in capital, given that there was no allocated value from the proceeds to the Common Stock. As of July 31, 2011, the Common Stock is unregistered.

Derivative Liabilities

The Company accounted for the Series A and C Warrants in accordance with accounting guidance for derivatives. The accounting guidance provides a two-step model to be applied in determining whether a financial instrument is indexed to an entity s own stock that would qualify such financial instruments for a scope exception. This scope exception specifies that a contract that would otherwise meet the definition of a derivative financial instrument would not be considered as such if the contract is both (i) indexed to the entity s own stock and (ii) classified in the stockholders equity section of the balance sheet. The Company determined that its Series A and Series C Warrants are ineligible for equity classification as a result of the anti-dilution provisions in the Series A and Series C Warrants that may result in an adjustment to the warrant exercise price.

The estimated fair values of the derivative liabilities at the Closing Date of the private placement and at July 31, 2011 are $3,808,590 and $4,850,385, respectively.

On the Closing Date, the derivative liabilities were recorded at an estimated fair value of $3,808,590. Given that the fair value of the derivative liabilities exceeded the total proceeds of the private placement of $3,000,000, no net amounts were allocated to the common stock. The $808,590 amount by which the recorded liabilities exceeded the proceeds was charged to other expense at the closing date. The Company has revalued the derivative liability as of July 31, 2011, and will continue to do so on each subsequent balance sheet date until the securities to which to derivative liabilities relate are exercised or expire, with any changes in the fair value

between reporting periods recorded as other income or expense. On July 31, 2011, the total value of the derivative liabilities was $4,850,385. The increase in the estimated fair value of the derivative liabilities for the year ended July 31, 2011 resulted in other expense of $1,041,795. Such increase in the estimated fair value was primarily due to the decrease in the Company s common stock price and updates to the assumptions used in the option pricing models.

The derivative liabilities were valued at the Closing Date of the private placement and at July 31, 2011 using a Monte Carlo valuation model with the following assumptions:

		June 24, 2011		July 31, 2011
Closing price per share of common stock	$	0.77	$	0.93
Exercise price per share	$	1.20	$	1.20
Expected volatility		90.9%		91.6%
Risk-free interest rate		1.40%		1.35%
Dividend yield				
Floor price	$	0.50	$	0.50
Remaining expected term of underlying securities (years)		5		4.90

In addition, as of the valuation dates, management assessed the probabilities of future financings assumptions in the Monte Carlo valuation models. Management also applied a discount for lack of marketability to the valuation of the derivative liabilities based on such trading restrictions due to the shares not being registered.

Note 8 Equity and Common Stock Transactions

March 1, 2011 the Company affected a 32 for one forward stock split of its authorized, issued and outstanding common stock. As a result, its authorized capital increased from 100,000,000 shares of common stock at $0.001 par value to 3,200,000,000 shares of common stock at $0.0001 par value, and its outstanding common stock has increased from 2,140,000 shares of common stock to 68,480,000 shares of common stock as of that date. The accompanying consolidated financial statements for the annual prior periods presented have been retroactively adjusted to reflect the effects of the forward stock split.

On March 22, 2011, 17,280,000 shares of common stock held by previous majority stockholders were returned to the Company for no consideration. The shares were not retired and are available for future issuance.

On May 9, 2011, the Board of Directors authorized the issuance of 200,000 fully vested shares of the Company s common stock to a consultant in exchange for advisory services, pursuant to an exemption from registration under Section 4(2) of the Securities Act. The shares were valued at $332,000, based on the closing price of the Company s common stock on the date of grant, and are amortized over the service period of twelve months. As of July 31, 2011, $83,000 of consulting expense was recorded for these shares.

In May 2011, the Company s Board of Directors adopted the 2011 Stock Incentive Plan (the 2011 Plan), subject to stockholder approval. The 2011 Plan authorized the Board of Directors to grant incentive stock options and non-statutory stock options to employees, directors, and

consultants for up to 5,200,000 shares of common stock. Under the Plan, incentive stock options and nonqualified stock options can be granted. Incentive stock options are to be granted at a price that is no less than 100% of the fair value of the stock at the date of grant. Options vest over a period according to the Option Agreement, and are exercisable for a maximum period of ten years after the date of grant. Options granted to stockholders who own more than 10% of the outstanding stock of OncoSec at the time of grant must be issued at an exercise price no less than 110% of the fair value of the stock on the date of grant. No options were issued under the plan during the fiscal year ended July 31, 2011.

At July 31, 2011 we had outstanding warrants to purchase 13,696,000 shares of our common stock, with exercise prices ranging from $0.75 to $1.20. These warrants expire at various times between February 2012 and June 2016. At July 31, 2011, 5,456,000 of these warrants were classified as equity instruments. The remaining warrants in the amount of 8,240,000 were recorded as derivative liabilities.

The Company has not adopted any policy regarding payment of dividends. No dividends have been paid during the periods presented.

Note 9 Income Taxes

The FASB Topic on Income Taxes prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company has had no unrecognized tax benefits.

The Company s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on the Company s consolidated balance sheets at July 31, 2011 or December 31, 2010, and has not recognized interest and/or penalties in the consolidated statements of operations for the years ended July 31, 2011 and 2010.

The Company is subject to taxation in the United States and California. The Company s tax years for 2008 and forward are subject to examination by the United States and California tax authorities due to the carry forward of unutilized net operating losses and research and development credits.

At July 31, 2011, the Company had federal and California income tax net operating loss carryforwards of approximately $1,300,000 and $1,300,000, respectively. In addition, the Company has federal and California research and development tax credit carryforwards of approximately $42,000 and $44,000, respectively. The federal net operating loss, research tax credit carryforwards and California net operating loss carryforwards will begin to expire in 2030 unless previously utilized. The California research and development credit carryforwards will carry forward indefinitely until utilized. The Company has not completed a study to assess whether an ownership change has occurred, as defined by IRC Section 382/383 or whether there have been multiple ownership changes since the Company s formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future. Based on a preliminary assessment, the Company believes that an ownership change occurred in 2011. The Company estimates that if such a change did occur, the federal and state net operating loss carry-forwards and research and development credits that can be utilized in the future will be significantly limited. There can be no assurance that the Company will ever be able to realize the benefit of some or all of the federal and state loss carryforwards or the credit carryforwards, either due to ongoing operating losses or due to ownership changes, which limit the usefulness of the loss carryforwards.

Significant components of the Company s deferred tax assets as of July 31, 2011 and 2010 are listed below (in thousands):

	2011	2010
Net operating loss carryforwards	207,000	17,000
Start-up costs	74,000	
Accumulated Depreciation	71,000	
Other	42,000	
Net deferred tax assets	394,000	17,000
Valuation allowance for deferred tax assets	(394,000)	(17,000)
Net deferred taxes	$	$

A valuation allowance of $394,000 and $17,000 at July 31, 2011 and 2010, respectively, has been recognized to offset the net deferred tax assets as realization of such assets is uncertain.

A reconciliation of incomes taxes using the statutory income tax rate, compared to the effective rate, is as follows:

	2011		2010
Federal tax benefit a the expected statutory rate	34.0%	$	22%
State income tax, net of federal tax benefit	(3.08)%		
Non-deductible expenses	(19.09)%		
Change in valuation allowance	(9.93)%		(22)%
Other	(1.92)%		
Income tax benefit effective rate	0.02%	$	0.0%

Note 10 Commitments and Contingencies

On May 12, 2011, the Company entered into a one year lease agreement for office space. The lease runs through May 30, 2012, with a base annual rent of $42,000.

On May 18, 2011, we entered into Employment Agreements with a term of five years with our President and Chief Executive Officer, our Chief Business Officer and our VP Finance and Controller (the Officers Under the terms of the agreements, if any of the Officers are terminated other than for cause, death or disability, or if the case of terminationof employment with the Company for good reason, the Officers are entitled to receive (i) severance payments equal to between six and twenty four months of base salary, (ii) a pro rata percentage of the annual bonus received the prior fiscal year and (iii) payment of health benefits for a period between six and twenty four months, conditioned on the execution of a release. In addition, in the event of a change in control of the Company, the agreements provide for the acceleration of vesting of any unvested stock options outstanding.

Note 11 Related Party Transactions

On February 11, 2011, the Company entered into a promissory note arrangement with a stockholder in the amount of $120,000. The note bore interest at a rate of 10% annually. Full payment on this note was made on March 18, 2011 with proceeds received from the March 2011 private placement (see Note 7). Total interest expense recorded during the year ended July 31, 2011 was approximately $1,400 related to this note.

On March 18, 2011, the Company made full payment on a stockholder loan in the amount of $33,867 with proceeds received from the March 2011 private placement (see Note 7). The note was non-interest bearing. The outstanding balance of this loan as of July 31, 2010 was $14,367.

The Company s Chairman of the Board of Directors is also a Director and the Executive Chairman of Inovio. The Company s Chairman abstained from all discussions and voting related to negotiations of the Asset Purchase Agreement disclosed in Note 5, while performing his duties as Executive Chairman of Inovio.

Note 12 Subsequent Events

On September 27, 2011, the Company granted options to purchase 455,000 shares of the Company s common stock to employees and a Director. The employee options have a ten year term, vest annually in equal increments over three years and have an exercise price of $0.40. The Director options have a ten year term, vest quarterly in equal increments over one year and have an exercise price of $0.40. The options were granted under the 2011 Stock Incentive Plan.

On September 28, 2011, the Company entered into a First Amendment to Asset Purchase Agreement with Inovio (the Amendment). The Amendment amended and modified the payment terms of the Asset Purchase Agreement dated March 14, 2011. Prior to the Amendment, the Asset Purchase Agreement required the Company to make a payment of $750,000 to Inovio by September 24, 2011. Under the Amendment, the Company must make a payment of $100,000 to Inovio on September 30, 2011, with the remaining $650,000 to be paid to Inovio at the earlier of (a) 30 days following the receipt by the Company of aggregate net proceeds of more than $5,000,000 from one or more financings occurring on or after September 30, 2011, or (b) March 31, 2012. In consideration for the Amendment, the Company issued to Inovio a warrant to purchase 1,000,000 shares of the Company s common stock. The warrant has an exercise price of $1.20 per share, is exercisable immediately upon issuance and has an exercise term of five years. The warrants also contain a mandatory exercise provision allowing the Company to request the exercise of the warrant in whole provided that the Company s Daily Market Price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days.