ONCOSEC MEDICAL Inc
Form 424B3
March 21, 2013

PROSPECTUS SUPPLEMENT
(To Prospectus Dated November 9, 2012)

FILED PURSUANT TO RULE 424(B)(3)

REGISTRATION STATEMENT NO. 333-175779

ONCOSEC MEDICAL INCORPORATED

PROSPECTUS

Up to 8,440,000 Shares of Common Stock

This Prospectus Supplement No. 2 supplements our Prospectus dated November 9, 2012 (which was contained in our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-175559)) with the following attached documents:

A Quarterly Report on Form 10-Q dated March 15, 2013

The attached information amends and supplements certain information contained in the Prospectus. This Prospectus Supplement No. 2 should be read in conjunction with the Prospectus, which is required to be delivered with this Prospectus Supplement.

Our common stock is quoted on the OTC Bulletin Board under the symbol ONCS. On March 19, 2013 the last reported sale price of our common stock on the OTC Bulletin Board was $0.22 per share.

Investing in our common stock involves risks. You should carefully consider the risk factors for our common stock, which are listed in the prospectus, as supplemented.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 2 is March 21, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2013

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)	(IRS Employer Identification No.)

4690 Executive Drive, Suite 250, San Diego, CA 92121

(Address of principal executive offices) (zip code)

858.210.7333

(Registrant s telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 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	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

117,859,000 shares of the registrant s common stock were issued and outstanding as of March 15, 2013.

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OncoSec Medical Incorporated

Form 10-Q

for the Quarterly Period Ended January 31, 2013

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Balance Sheets

As of January 31, 2013 and July 31, 2012

	(unaudited) January 31, 2013	July 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 8,982,142	$ 5,141,509
Prepaid expenses	143,400	343,180
Other current assets	7,969	8,367
Total Current Assets	9,133,511	5,493,056
Property and equipment, net	61,633	76,911
Intangible assets, net	1,510,251	1,858,770
Total Assets	$ 10,705,395	$ 7,428,737
Liabilities and Stockholders Equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 681,023	$ 384,321
Accrued compensation	56,302	218,849
Accrued income taxes	4,400	3,200
Acquisition obligation, current	1,947,696	1,416,786
Total Current Liabilities	2,689,421	2,023,156
Acquisition obligation, net of current portion		979,316
Total Liabilities	2,689,421	3,002,472
Stockholders Equity		
Common stock authorized - 3,200,000,000 common shares with a par value of $0.0001, common stock issued and outstanding - 117,859,000 and 87,856,000 common shares as of January 31, 2013 and July 31, 2012, respectively	11,786	8,786
Additional paid-in capital	11,229,263	5,593,567
Warrants issued and outstanding-57,783,000 and 42,246,000 warrants as of January 31, 2013 and July 31, 2012, respectively	6,624,566	5,024,640
Deficit accumulated during the development stage	(9,849,641)	(6,200,728)
Total Stockholders Equity	8,015,974	4,426,265
Total Liabilities and Stockholders Equity	$ 10,705,395	$ 7,428,737

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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Operations (unaudited)

	Three Months Ended January 31, 2013	Three Months Ended January 31, 2012	Six Months Ended January 31, 2013	Six Months Ended January 31, 2012	Period from Inception (February 8, 2008) to January 31, 2013
Revenue	$	$	$	$	$
Expenses:					
Research and development	614,221	508,406	1,655,212	1,023,993	4,708,361
General and administrative	983,622	671,923	1,940,107	1,350,574	6,177,665
Loss from operations	(1,597,843)	(1,180,329)	(3,595,319)	(2,374,567)	(10,886,026)
Other income (expense):					
Fair value of derivative liabilities in excess of proceeds					(808,590)
Adjustments to fair value of derivative liabilities		(1,397,967)		2,579,451	3,150,985
Loss on extinguishment of debt					(761,492)
Financing transaction costs					(210,000)
Non-cash interest expense	(24,145)	(93,168)	(51,594)	(162,302)	(318,161)
Interest expense					(1,357)
Impairment charges					(9,000)
Net income (loss) before income taxes	(1,621,988)	(2,671,464)	(3,646,913)	42,582	(9,843,641)
Provision for income taxes		400	2,000	2,400	6,000
Net income (loss)	$ (1,621,988)	$ (2,671,864)	$ (3,648,913)	$ 40,182	$ (9,849,641)
Basic net income (loss) per common share	$ (0.02)	$ (0.05)	$ (0.04)	$ 0.00	
Diluted net income (loss) per common share	$ (0.02)	$ (0.05)	$ (0.04)	$ 0.00	
Weighted average shares used in computing basic net income (loss) per common share	102,895,957	56,856,000	95,394,076	56,856,000	
Weighted average shares used in computing diluted net income (loss) per common share	102,895,957	56,856,000	95,394,076	57,020,251	

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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Stockholders Equity (Deficit) (unaudited)

For the period from Inception (February 8, 2008) to January 31, 2013

	Common Stock (1)		Additional Paid-In Capital (1)	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)
Issuance of warrants Inovio				4,000,000	958,111		958,111
Expiration of Series B Warrants				(4,000,000)			
Re-classification of Series A Warrants				4,240,000	657,604		657,604
Public offering on March 28, 2012,	31,000,000	3,100	4,227,456	32,550,000	2,976,944		7,207,500

net of issuance costs of $542,500							
Share-based compensation expense			332,778				332,778
Net loss						(2,364,852)	(2,364,852)
Balance, July 31, 2012	87,856,000	8,786	5,593,567	42,246,000	5,024,640	(6,200,728)	4,426,265
Exercise of stock options	750,000	75	134,925				135,000
Issuance of common stock upon exercise of warrants	303,000	30	132,410	(303,000)	(26,390)		106,050
Common stock issued in connection with license agreement	150,000	15	34,485				34,500
Public offering on December 17, 2012, net of issuance costs of $504,000	28,800,000	2,880	5,066,804	15,840,000	1,626,316		6,696,000
Share-based compensation expense			267,072				267,072
Net loss						(3,648,913)	(3,648,913)
Balance, January 31, 2013	117,859,000	$ 11,786	$ 11,229,263	57,783,000	$ 6,624,566	$ (9,849,641)	$ 8,015,974

(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

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OncoSec Medical Incorporated

(A Development Stage Company)

Consolidated Statements of Cash Flows (unaudited)

	Six Months Ended January 31, 2013	Six Months Ended January 31, 2012	Period from Inception (February 8, 2008) to January 31, 2013
Operating activities			
Net income (loss)	$ (3,648,913)	$ 40,182	$ (9,849,641)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	366,965	350,151	1,335,238
Write-down of supplies inventory			38,000
Write-down of web development costs			9,000
Fair value of derivative liabilities in excess of proceeds			808,590
Loss on extinguishment of debt			761,492
(Gain) loss on adjustment to fair value of derivative liabilities		(2,579,451)	(3,150,985)
Non-cash interest expense	51,594	162,302	318,161
Share-based compensation	267,072	56,693	599,850
Common stock issued for services	34,500	166,000	366,500
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses	199,781	20,628	(143,401)
(Increase) decrease in other current assets	398	(2,794)	(7,971)
(Decrease) increase in accounts payable and accrued liabilities	296,702	(67,871)	681,023
(Decrease) increase in accrued compensation	(162,547)	(28,692)	56,302
(Decrease) Increase in accrued income taxes	1,200	1,600	4,400
Net cash (used in) provided by operating activities	(2,593,248)	(1,881,252)	(8,173,442)
Investing activities			
Purchases of property and equipment	(3,169)	(20,199)	(127,966)
Investment in intangible assets			(250,000)
Net cash (used in) provided by investing activities	(3,169)	(20,199)	(377,966)
Financing activities			
Proceeds from issuance of common stock and warrants	7,200,000		19,089,000
Payment of financing and offering costs	(504,000)		(1,046,500)
Payment of amounts due under acquisition obligation	(500,000)	(100,000)	(750,000)
Proceeds from exercise of warrants and stock options	241,050		241,050
Proceeds from amounts due to stockholder			153,867
Repayment of amounts due to stockholder			(153,867)
Net cash (used in) provided by financing activities	6,437,050	(100,000)	17,533,550
Net increase (decrease) in cash	3,840,633	(2,001,451)	8,982,142
Cash and cash equivalents, at beginning of period	5,141,509	2,457,693	
Cash and cash equivalents, at end of period	$ 8,982,142	$ 456,242	$ 8,982,142
Supplemental disclosure for cash flow information:			
Cash paid during the period for:			
Interest	$	$	$ 1,357

Income taxes	$ 800	$ 800	$ 1,600
Noncash investing and financing transaction:			
Fair value of placement agent warrants issued in the public offering	$ 228,240	$	$ 505,220
Acquisition obligation of asset purchase agreement	$	$	$ 2,750,000
Acquisition obligation discounts - imputed interest and fair value of warrants	$	$ 402,355	$ 402,355

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

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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 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 various cancers. With this acquisition, the Company re-focused its efforts in the biomedical industry and abandoned 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 for a total purchase price of $1,000. OncoSec Medical Therapeutics was incorporated in Delaware on 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.

Note 2 Significant Accounting Policies

Financial Instruments

The carrying amounts for cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses approximate fair value due to their short-term nature, generally less than three months. The carrying amount of the Company s short-term acquisition obligation outstanding approximates 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.

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 at fair value as of the date of issuance on the Company s consolidated balance sheets and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company s consolidated balance sheets 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.

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

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Total depreciation expense recorded for the three and six months ended January 31, 2013 was approximately $9,000 and $18,000 respectively. Total depreciation expense for the three and six months ended January 31, 2012 was approximately $8,000 and $16,000, respectively.

Net Income (Loss) Per Share

The Company computes basic net income (loss) per common share by dividing the applicable net income (loss) by the weighted average number of common shares outstanding during the respective period. Diluted earnings per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock options and other potentially dilutive securities using the treasury stock method. In calculating diluted earnings per share, the dilutive effect of stock options is computed using the average market price for the respective period. In addition, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the assumed buyback of additional shares, thereby reducing the dilutive impact of stock options. The Company determined 865,000 shares underlying stock options issued and outstanding during the six months ended January 31, 2012 were dilutive. The Company did not include shares underlying stock options issued and outstanding, nor warrants outstanding during any of the other periods presented in the computation of net income (loss) per share, as the effect would have been anti-dilutive.

Stock Options to Non-Employees

Expense for stock options granted to non-employees has been determined using the estimated fair value of the stock options issued, based on the Black-Scholes Option Pricing Model. Such options are revalued quarterly until fully vested, with any change in fair value expensed. During the three and six months ended January 31, 2013, the Company recorded $400 and $6,000 in research and development expense, respectively, and $51,000 and $174,000 in general and administrative expense, respectively, for stock options granted to non-employees. During the three and six months ended January 31, 2012, the Company recorded $12,000 in research and development expense, and $25,000 in general and administrative expense for stock options granted to non-employees.

Comprehensive Income (Loss)

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 income (loss) from operations for the three and six months ended January 31, 2013 and 2012, or for the period from inception (February 8, 2008) through January 31, 2013.

Note 3 Cash and Cash equivalents and Liquidity

The Company considers all liquid investments with maturities of ninety days or less when purchased to be cash equivalents. As of January 31, 2013 and July 31, 2012, cash and cash equivalents were comprised of cash in checking accounts.

The Company s activities to date have been supported by equity and debt financing. It has sustained losses in previous reporting periods with an inception to date loss of $9,849,641 as of January 31, 2013.

The Company believes 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 in periods beyond the next twelve months, including research and development, clinical trials and commercialization of the intellectual property acquired from Inovio pursuant to the Asset Purchase Agreement (as further described in Note 5). In addition, the Company will require additional financing in order to seek to license or acquire new assets, research and develop any potential patents and the related compounds, and obtain any further intellectual property that the Company may seek to 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 necessary additional financing on a timely basis, 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 Company also expects to pursue non-dilutive financing sources. However, obtaining such financing would require significant efforts by the Company s management team, and such financing may not be available, and if available, could take a long period of time to obtain.

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

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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.

In conjunction with the June 2011 Private Placement, the Company issued warrants with derivative features. These instruments, the Series A and Series C Warrants, were 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.

On February 21, 2012, Series C Warrants to purchase an aggregate of 4,000,000 shares of the Company s stock expired unexercised. On March 28, 2012, the Series A Warrants were reclassified to equity, following the reset of the exercise price to the base floor price of $0.50 per warrant share and an evaluation of the instrument s settlement provisions which were determined to be fixed-for-fixed (see Note 7).

During the three months ended January 31, 2012, the estimated fair value of derivative liabilities increased by $1,397,967 and was recorded as other expense during the period. During the six months ended January 31, 2012, the estimated fair value of derivative liabilities decreased by $2,579,451 and was recorded as other income during the period.

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 (which we now refer to as the OncoSec Medical System, or OMS), 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.

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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 intangible assets of $2,962,000 was reduced by a discount of approximately $174,000 recorded for the acquisition obligation (see Note 6). The relative fair value of the tangible assets of $38,000 was expensed to research and development as of the acquisition date.

The following table summarizes the purchase price allocation for the assets acquired:

Intangible assets - patents	$	2,788,154
Tangible assets - machinery, property and inventory	$	38,000

Patents are stated net of accumulated amortization of approximately $1,278,000 and $929,000 as of January 31, 2013 and July 31, 2012, respectively. The patents are amortized on a straight-line basis over the estimated remaining useful lives of the assets, determined as four years from the date of acquisition. Amortization expense for the three and six months ended January 31, 2013 was approximately $174,000 and $349,000, respectively.

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 three and six months ended January 31, 2013, 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 First Amendment). The First Amendment modified the payment of $750,000 due to Inovio by September 24, 2011, requiring the Company to 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. On March 24, 2012, the Company entered into a Second Amendment to Asset Purchase Agreement (the Second Amendment). The Second Amendment further modified the payment terms for the $1,150,000 scheduled payments due to Inovio in March 2012 by requiring the Company to make a payment of $150,000 on March 31, 2012, with the remaining $1,000,000 to be paid to Inovio on December 31, 2013. In consideration for the First Amendment, the Company issued to Inovio a warrant to purchase 1,000,000 shares of common stock (see Note 8). In consideration for the Second Amendment, the Company issued to Inovio a warrant to purchase 3,000,000 shares of common stock (see Note 8).

In accordance with ASC 835-30 Interest on Receivables and Payables , the future payments under the acquisition obligation were discounted using the incremental borrowing rate of 5.00%, to arrive at an initial imputed interest discount on the obligation as of the acquisition date of approximately $174,000. The imputed interest discount was recorded as a reduction to the relative fair value of the intangible assets acquired (see Note 5). The discount was revised as of the date of the First and Second Amendments to arrive at a revised imputed interest discount on the obligation of approximately $132,000 as of September 28, 2011 and $145,000 as of March 24, 2012. The increase in imputed interest as of the date of the Second Amendment was primarily due to the extended payment terms. Non-cash interest expense recognized during the three and six months ended January 31, 2013 was approximately $24,000 and $52,000, respectively. Non-cash interest expense recognized during the three and six months ended January 31, 2012 was approximately $34,000 and $86,000, respectively. As of January 31, 2013, the outstanding acquisition obligation was reduced by a short-term imputed interest discount of approximately $52,000.

The Company evaluated both amendments in accordance with ASC 470-50. The Company determined the modification of the terms upon entry into the First Amendment to the Asset Purchase Agreement on September 28, 2011, was not considered substantial as of that date. In accordance with the guidance, the fair value of the warrants issued to Inovio as consideration for the Amendment were recorded as a discount to the acquisition obligation to be amortized to interest expense over the remaining term of the modified obligation payable, starting September 28, 2011. On March 24, 2012, the Company entered into the Second Amendment. In accordance with the guidance, the Company evaluated the cumulative impact of both amendments and determined the modification of the terms of the Asset Purchase Agreement as a result of the Second Amendment was considered substantial. The Company recorded the difference between the re-acquisition price and carrying value of the debt as of the modification date of March 24, 2012 as a loss on debt extinguishment of $761,492. The loss on debt extinguishment recorded resulted in the write-off of the unamortized portion of the discount to the debt obligation initially recorded upon entry into the First Amendment in the amount of approximately $113,000 as of March 24, 2012. As of March 24, 2012, the acquisition obligation s fair value was $2,504,178. During

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the three and six months ended January 31, 2012, approximately $59,000 and $76,000 was recognized as non-cash interest expense for amortization of the discount to the acquisition obligation.

The scheduled payments for the $3,000,000 obligation under this arrangement, as amended, are as follows:

- $ 250,000 - Upon the closing of the Asset Purchase Agreement
- $ 100,000 - September 30, 2011
- $ 150,000 - March 31, 2012
- $ 500,000 - September 24, 2012
- $ 1,000,000 - March 24, 2013
- $ 1,000,000 - December 31, 2013

On March 24, 2011, September 30, 2011, March 30, 2012 and September 24, 2012, the Company made payments of $250,000, $100,000, $150,000 and $500,000, respectively, to Inovio.

Note 7 Private Placements and Public Offerings

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 sheets as the instrument s settlement provisions were fixed-for-fixed.

June 2011 Private Placement

On June 24, 2011, 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, and three series of warrants, the Series A Warrants, the Series B Warrants and the Series C 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 (the June 2011 Private Placement). After deducting for fees and expenses, the aggregate net proceeds from the sale of the common stock and the warrants in the June Private Placement were approximately $2.79 million.

Pursuant to the terms of the Securities Purchase Agreement, each investor was 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 investor. 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 expire on February 21, 2012. 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 investor and have a term of exercise equal to five years. The Series C Warrants also expire if the Series B Warrants expire unexercised. On February 21, 2012, the Series B and Series C Warrants expired unexercised.

On June 24, 2011, in connection with the closing of the June 2011 Private Placement, the Company and the Purchasers entered into a registration rights agreement pursuant to which the Company is required to file a registration statement within 30 days following such closing to register the resale of the common stock and the common stock underlying the warrants issued in the June 2011 Private Placement. 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 2011 Private Placement. As of January 31, 2013 the Company was 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 the 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. In connection with the agreement, the Company also issued to the placement agents Series A Warrants to purchase 6% of the aggregate common stock issued in the June 2011 Private Placement, or 240,000 shares of common stock.

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Allocation of Proceeds

At the closing date of the June 2011 Private Placement, 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 of the June 2011 Private Placement, the Company issued 4,000,000 shares of unregistered 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.

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 were 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.

On the closing date of the June 2011 Private Placement, 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 revalued the derivative liability as of each subsequent balance sheet date, with any changes in the fair value between reporting periods recorded as other income or expense.

On March 28, 2012, the anti-dilution provisions of the Series A Warrants were triggered upon the closing of the Company s March 2012 registered public offering, which resulted in the reset of the exercise price of the Series A Warrants to the base floor price of $0.50. The fair value of the derivative liabilities as of March 28, 2012 was $657,604. The reset of the exercise price to the base floor price caused the anti-dilution provisions to become void as of March 28, 2012 and for future periods. As a result, on March 28, 2012, the Series A Warrants were reclassified as equity within the Company s consolidated financial statements, at a fair value of $657,604.

The estimated fair values of the derivative liabilities at January 31, 2012 were $2,270,934. The change in the estimated fair value of the Series A and C Warrants during the three and six months ended January 31, 2012, resulted in other expense and other income of $1,397,967 and

$2,579,451, respectively. Such change in the estimated fair value was primarily due to the fluctuation in the Company s common stock price and updates to the assumptions used in the option pricing models.

The derivative liabilities were valued as of January 31, 2012, using a Monte Carlo valuation model with the following assumptions:

	January 31, 2012
Closing price per share of common stock	0.76
Exercise price per share	1.20
Expected volatility	100.1%
Risk-free interest rate	0.71%
Dividend yield	
Floor price	0.50
Remaining expected term of underlying securities (years)	4.40

In addition, as of the valuation date, management assessed the probabilities of future financings assumptions in the Monte Carlo valuation models.

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March 2012 Public Offering

On March 28, 2012, the Company closed a registered public offering of an aggregate of 31,000,000 shares of the Company s common stock and warrants to purchase an aggregate of 31,000,000 shares of common stock for gross proceeds to the Company of $7.75 million (the March 2012 Public Offering). On March 23, 2012, the Company entered into a Securities Purchase Agreement (the Securities Purchase Agreement) for the issuance and sale by the Company of the common stock and warrants in the March 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the March 2012 Public Offering were approximately $7.2 million.

Pursuant to the terms of the Securities Purchase Agreement, at the closing each purchaser was issued a warrant to purchase up to a number of shares of the Company s common stock equal to 100% of the shares issued to such purchaser in the offering. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance of the warrants, or March 28, 2017.

Pursuant to a Placement Agent Agreement dated January 23, 2012 by and between the Company and Rodman & Renshaw, LLC (Rodman), as subsequently amended on March 12, 2012 (as amended, the Placement Agent Agreement), Rodman agreed to act as the Company s placement agent in connection with the offering. Under the Placement Agent Agreement, the Company agreed to pay Rodman a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering. In addition, the Company agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or warrants to purchase 1,550,000 shares of the Company s common stock (the Placement Agent Warrants). As permitted under the Placement Agent Agreement, the Company elected to pay 30% of the 5% Placement Agent Warrants directly to Roth Capital Partners, LLC (Roth), who acted as financial advisors in the offering, and as a result issued to Rodman a Placement Agent Warrant to purchase 1,085,000 shares of common stock and issued to Roth a Placement Agent Warrant to purchase 465,000 shares of common stock. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and shall expire on March 23, 2017. The fair value of the Placement Agent Warrants was $276,980 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.05%), and was recorded as an offering cost. The Placement Agent Warrants and the shares of the Company s common stock underlying the Placement Agent Warrants have not been registered under the Securities Act of 1933, as amended (the Securities Act).

The fair value of the warrants issued in connection with the March 2012 Public Offering to the purchasers, based on their fair value relative to the common stock issued, was $3,206,486 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.05%). The Company completed an evaluation of all of the warrants issued in connection with this offering and determined the warrants should be classified as equity within the consolidated balance sheet.

December 2012 Public Offering

On December 17, 2012, the Company closed a registered public offering of an aggregate of 28,800,000 shares of the Company s common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for gross proceeds to the Company of $7.2 million (the December 2012 Public Offering). On December 12, 2012, the Company entered into a Securities Purchase Agreement (the Securities Purchase Agreement) for the issuance and sale by the Company of the common stock and warrants in the December 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the sale of the common stock and the warrants in the December 2012 Public Offering were approximately $6.7 million.

Pursuant to the terms of the Securities Purchase Agreement, at the closing each purchaser was issued a warrant to purchase up to a number of shares of the Company s common stock equal to 50% of the shares issued to such purchaser in the offering. The warrants have an exercise price of $0.26 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance of the warrants, or December 17, 2016.

Pursuant to a Placement Agent Agreement dated November 16, 2012 by and between the Company and Dawson James Securities, Inc. (Dawson), Dawson agreed to act as the Company s placement agent in connection with the offering. Under the Placement Agent Agreement, the Company agreed to pay Dawson a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering. In addition, the Company agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or warrants to purchase 1,440,000 shares of the Company s common stock (the Placement Agent Warrants). As permitted under the Placement Agent Agreement, the Company elected to pay 50% of the 5% Placement Agent Warrants directly to Noble International Investments, Inc. and Burrill LLC (Noble and Burrill , respectively), who acted as financial advisors in the offering, and as a result issued to Dawson a Placement Agent Warrant to purchase 720,000 shares of common stock, and issued to Noble and Burrill Placement Agent Warrants to purchase 360,000 shares of common stock each. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price

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of $0.3125 and shall expire on December 11, 2017. The fair value of the Placement Agent Warrants was $228,240 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 98.09%, and a risk-free interest rate of 0.74%), and was recorded as an offering cost. The Placement Agent Warrants and the shares of the Company s common stock underlying the Placement Agent Warrants have not been registered under the Securities Act.

The fair value of the warrants issued in connection with the December 2012 Public Offering to the purchasers, based on their fair value relative to the common stock issued, was $2,151,360 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 96.66%, and a risk-free interest rate of 0.56%). The Company completed an evaluation of all of the warrants issued in connection with this offering and determined the warrants should be classified as equity within the consolidated balance sheet.

Note 8 Other Equity and Common Stock Transactions

On March 1, 2011 the Company effected 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. The shares were valued at $332,000, based on the closing price of the Company s common stock on the date of issuance, and are amortized over the service period of twelve months. During the three months ended October 31, 2011 $83,000 was recorded as consulting expense for these shares.

On September 28, 2011, in consideration for the First Amendment entered into with Inovio, the Company issued to Inovio a warrant to purchase 1,000,000 shares of the Company s common stock (see Note 6). 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 warrant also contains 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. The Company completed an evaluation of the warrant issued in connection with this private placement and determined the warrants should be classified as equity within the consolidated balance sheet. The fair value of the warrant was $228,509 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 87.62%, and a risk-free interest rate of 0.96%). In accordance with the guidance, the fair value of the warrant will be recorded as a discount to the acquisition obligation and amortized to interest expense over the remaining term of the modified obligation payable (see Note 6).

On March 24, 2012, in consideration for the Second Amendment entered into with Inovio, the Company issued to Inovio a warrant to purchase 3,000,000 shares of the Company s common stock (see Note 6). The warrant has an exercise price of $1.00 per share, is exercisable immediately upon issuance and has an exercise term of five years. The warrant also contains 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. The Company completed an evaluation of the warrant issued in connection with this private placement and determined the warrants should be classified as equity within the consolidated balance sheet. The fair value of the warrant was $729,602 (based on the Black-Scholes Option Pricing Model assuming no dividend yield, volatility of 125.0%, and a risk-free interest rate of 1.04%). In accordance with the applicable guidance, the fair value of the warrant will be recorded as part of the loss on debt extinguishment as of the issuance date (see Note 6).

On December 18, 2012, the Board of Directors authorized the issuance of 150,000 fully vested shares of the Company s common stock to the University of South Florida Research Foundation in connection with an agreement to license certain intellectual property to the Company entered into on August 24, 2012. The shares were valued at $34,500, based on the closing price of the Company s common stock on the date of issuance. The shares have not been registered under the Securities Act and were issued in reliance on an exemption from the registration requirements of the Securities Act afforded by Section 4(2) thereof. The Company is responsible for payments upon the achievement of specified milestones and royalty payments at specified percentages of net sales of licensed products and processes, as defined, upon commercialization of stipulated licensed products or processes. The first payment will be for $50,000 upon the start of a future Phase II clinical trial for specific indications, $100,000 upon the start of a specified future Phase III clinical trial and $250,000 upon FDA approval under certain conditions. The Company also agreed to pay for certain patent prosecution and filing fees.

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At January 31, 2013 the Company had outstanding warrants to purchase 57,783,000 shares of common stock, with exercise prices ranging from $0.26 to $1.20, all of which were classified as equity instruments. These warrants expire at various times between March 2016 and December 2017.

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

Note 9 Stock-Based Compensation

In May 2011, the Company s Board of Directors adopted the OncoSec Medical Incorporated 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 specified in individual option agreements entered into with grantees, 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 the Company 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. The Company obtained stockholder approval of the 2011 Plan at its March 2, 2012 annual meeting of stockholders.

During the quarter ended October 31, 2012, the Company granted options to purchase 155,000 shares of the Company s common stock to employees under the 2011 Plan. The options issued to employees have a ten-year term, vest over two to three years and have exercise prices ranging from $0.20 to $0.42. The Company also granted options to purchase 1,200,000 shares of the Company s common stock to consultants under the 2011 Plan. The options issued to consultants have three year terms, vest in accordance with the term of the consulting agreement, and have an exercise price of $0.18.

During the quarter ended January 31, 2013, the Company granted options to purchase 30,000 shares of the Company s common stock to a consultant under the 2011 Plan. The options issued to the consultant have a term of ten years, vest over one year and have an exercise price of $0.35.

The Company recognizes compensation expense for stock option awards on a straight-line basis over the applicable service period of the award. The service period is generally the vesting period, with the exception of options granted subject to a consulting agreement, whereby the option vesting period and the service period are defined pursuant to the terms of the consulting agreement. Share-based compensation expense for awards granted during the three and six months ended January 31, 2013 and 2012, were based on the grant date fair value estimated using the Black-Scholes Option Pricing Model.

The following assumptions were used to calculate the fair value of share-based compensation during the three and six month periods ended:

	January 31, 2013	**January 31,2012**
Expected volatility	79.25% - 97.85%	85.96 - 91.65%

Risk-free interest rate	0.36% - 1.97%	0.96 - 2.08%
Expected forfeiture rate	0.00%	0.00%
Expected dividend yield		
Expected term	3 - 10 years	5 - 10 years

Expected price volatility is the measure by which the Company s stock price is expected to fluctuate during the expected term of an option. The Company exited shell status on March 24, 2011. In situations where a newly public entity has limited historical data on the price of its publicly traded shares and no other traded financial instruments, authoritative guidance is provided on estimating this assumption by basing its expected volatility on the historical, expected, or implied volatility of similar entities whose share option prices are publicly available. In making the determination as to similarity, the guidance recommends the consideration of industry, stage of life cycle, size and financial leverage of such other entities. The Company s expected volatility is derived from the historical daily change in the market price of its common stock since it exited shell status, as well as the historical daily changes in the market price for the peer group as determined by the Company.

The expected term of the options represents the period that stock-based awards are expected to be outstanding based on the simplified method provided in ASC Topic 718, which averages an award s weighted-average vesting period and contractual term for share options and warrants. The Company will continue to use the simplified method until it has the historical data necessary to provide a reasonable estimate of expected life in accordance with ASC Topic 718, as amended by SAB 110. For the expected term of options issued to employees and directors, the Company used the simplified method. The Company expects to continually evaluate its historical data as a basis for determining the expected terms of options granted under the 2011 Plan.

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The Company s estimation of the expected term for stock options granted to parties other than employees or directors is the contractual term of the option award. For the purposes of estimating the fair value of stock option awards, the risk-free interest rate used in the Black-Scholes calculation is based on the prevailing U.S. Treasury yield. The Company has never paid any dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future.

Stock-based compensation expense recognized in the Company s consolidated statements of operations is based on awards ultimately expected to vest, reduced for estimated forfeitures. Authoritative guidance requires forfeitures to be estimated at the time of grant, and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Due to the Company s minimal stock-based compensation activity, the Company has not had significant forfeitures of stock options granted to employees and directors. Therefore, the Company has estimated the forfeiture rate of its outstanding stock options as zero, but will continually evaluate its historical data as a basis for determining expected forfeitures.

Share-based compensation expense recorded in the Company s consolidated statement of operations resulting from share-based compensation awarded to the Company s employees, directors and consultants was approximately $87,000 and $267,000, for the three and six months ended January 31, 2013. Of this balance, $10,000 and $30,000 was recorded to research and development, and $77,000 and $237,000 was recorded in General and Administrative in the Company s consolidated statement of operations for the three and six months ended January 31, 2013, respectively.

A summary of the stock option activity is as follows:

	Option Shares Outstanding	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value ($000 s)**
Balance at July 31, 2012	3,175,000	$ 0.24	$ 24
Granted	1,385,000	0.19	51
Exercised	(750,000)	0.18	50
Forfeited / Cancelled	(124,500)	0.33	
Balance at January 31, 2013	3,685,500	$ 0.23	$ 69

Range of Exercise Prices	**Number of Shares Outstanding**	**Weighted Average Contractual Life (in years)**	**Weighted Average Exercise Price**	**Number Of Shares Exercisable**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price**
$ 0.18 - 0.42	3,685,500	6.60	$ 0.23	2,063,149	6.94	$ 0.25

The weighted-average grant date fair value of stock options granted during the three and six months ended January 31, 2013 was $0.19 and $0.13, respectively. As of January 31, 2013, there was approximately $166,000 of unrecognized non-cash compensation cost related to unvested options, which will be recognized over a weighted average period of 0.85 years.

Note 10 Income Taxes

The Company uses the asset and liability method of accounting for income taxes, in accordance with ASC 740-10, which requires the recognition of deferred tax liabilities for taxable temporary differences and deferred tax assets for deductible temporary differences and operating loss carryforwards using enacted tax rates in effect in the years the differences are expected to reverse. Deferred income tax benefit or expense is recognized as a result of changes in net deferred tax assets or deferred tax liabilities. A valuation allowance is recorded when it is more likely than not that some or all of any deferred tax assets will not be realized. As of January 31, 2013 and July 31, 2012, the Company recorded a full valuation allowance on its deferred tax assets.

Note 11 Commitments and Contingencies

In the ordinary course of business, the Company may become a party to lawsuits involving various matters. The Company is unaware of any such lawsuits presently pending against it which individually or in the aggregate, are deemed to be material to the Company s financial condition or results of operations.

On May 12, 2011, the Company entered into a one-year lease agreement for office space, with a base annual rent of $42,000. On June 1, 2012, the Company entered into an amendment to its lease agreement. The lease amendment extended the lease term for a period of seven months commencing on June 1, 2012, through December 31, 2012. The amendment also increases the base monthly rent to approximately $10,000. On December 18, 2012, the Company entered into a second amendment to its lease agreement. The second amendment extended the lease term for a period of six months commencing on January 1, 2013 through June 30, 2013, with no changes to remaining terms of the lease.

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On May 18, 2011, the Company entered into Employment Agreements with a term of five years with its President and Chief Executive Officer, its Chief Business Officer and its 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 termination of 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. Effective April 26, 2012, as a result of the termination of employment of the Company s Chief Business Officer and his execution of a release, the Company recorded a severance liability of $220,000 in accordance with the terms of the Employment Agreement and the separation release.

Effective May 15, 2012, the Company adopted a defined contribution savings plan pursuant to Section 401(k) of the Internal Revenue Code. The plan is for the benefit of all qualifying employees and permits voluntary contributions by employees up to 100% of eligible compensation, subject to the Internal Revenue Service (IRS) imposed maximum limits. The terms of the plan allows for discretionary employer matching contributions. No employer matching contributions were made during the three and six months ended January 31, 2013.

Note 12 Related Party Transactions

The Company s Chairman of the Board of Directors is also a Director and the Chairman (formerly 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 and the Amendment (and related warrants) disclosed in Notes 6 and 8, while performing his duties as Executive Chairman of Inovio.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Unaudited Consolidated Financial Statements and the related notes thereto contained in Part I, Item 1 of this Report. The information contained in this Quarterly Report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Report and in our other reports filed with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for the fiscal year ended July 31, 2012, our subsequent quarterly reports on Form 10-Q and our subsequent reports on Form 8-K, which discuss our business in greater detail.

This quarterly report on Form 10-Q contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, our results could differ materially from those expressed or implied by such forward-looking statements and assumptions. In some cases, you can identify forward-looking statements by terminology such as may , should , expects , plans , anticipates , believes , estimates , predicts , potential or continue or the negative of these terms or other comparable terminology. All statements made in this Form 10-Q other than statements of historical fact are statements that could be deemed forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled Risk Factors in Part II, Item IA of this Quarterly Report on Form 10-Q, and similar *discussions in our other SEC filings. Risks that could cause actual results to differ from those contained in the forward-looking statements include but are not limited to risks related to: our ability to continue as a going concern; our need to raise additional capital and our ability to obtain financing; uncertainties inherent in pre-clinical studies and clinical trials; general economic and business conditions; our limited operating history; our ability to recruit and retain qualified personnel; our ability to manage future growth; our ability to develop our planned products; and our ability to protect our intellectual property. These forward-looking statements speak only as of the date of this Form 10-Q, except as required by applicable law, we do not intend to update any of these forward-looking statements.*

As used in this quarterly report on Form 10-Q and unless otherwise indicated, the terms the Company , we , us and our refer to OncoSec Medical Incorporated.

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Company Overview

We were incorporated under the laws of the State of Nevada on February 8, 2008 under the name Netventory Solutions Inc. to pursue the business of inventory management solutions. Effective March 1, 2011, we completed a merger with our subsidiary, OncoSec Medical Incorporated, a Nevada corporation which was incorporated solely to effect a change in our name. As a result, we have changed our name from Netventory Solutions Inc. to OncoSec Medical Incorporated . On March 1, 2011 we effected a 32 for one forward stock split of our authorized, issued and outstanding common stock. As a result, our 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 our outstanding common stock 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 annual prior periods presented have been retroactively adjusted to reflect the effects of the forward stock split.

Asset Purchase Agreement

On March 24, 2011, we completed the acquisition of certain assets of Inovio Pharmaceuticals, Inc. (Inovio) pursuant to an Asset Purchase Agreement dated March 14, 2011 by and between the Company and Inovio (the Asset Purchase Agreement). The acquired assets relate to certain non-DNA vaccine technology and intellectual property relating to selective tumor ablation technologies, which we now refer to as the OncoSec Medical System (OMS), a therapy which uses an electroporation device to facilitate delivery of chemotherapy agents, or nucleic acids encoding cytokines, into tumors and/or surrounding tissue for the treatment and diagnosis of various cancers. The acquired assets included, among other things: certain equipment, machinery, inventory and other tangible assets of Inovio related to the OMS technology; certain engineering and quality documentation related to the OMS technology; the assignment of certain contracts; and certain of Inovio s patents, including patent applications, and trademarks, and all goodwill associated therewith related to the OMS technology.

We did not assume any of the liabilities of Inovio except liabilities under the assigned contracts and assigned intellectual property arising after the closing date of the Asset Purchase Agreement. We are required to pay Inovio $3,000,000 in scheduled payments over a period of two years from the closing date and a royalty on any commercial product sales related to the OMS technology. We made our first payment upon closing of the acquisition under the Asset Purchase Agreement, using proceeds received in the March 2011 Private Placement described below. On September 28, 2011, we entered into a First Amendment to Asset Purchase Agreement (the First Amendment). The First Amendment modified the payment terms of the $750,000 due to Inovio by September 24, 2011, instead requiring us to 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 us 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. On March 24, 2012, we entered into a Second Amendment to Asset Purchase Agreement (the Second Amendment). The Second Amendment further modified the payment terms for the $1,150,000 scheduled payments due to Inovio in March 2012 by requiring us to make a payment of $150,000 on March 31, 2012, with the remaining $1,000,000 to be paid to Inovio on December 31, 2013.

In consideration for the First Amendment we issued to Inovio a warrant to purchase 1,000,000 shares of common stock with an exercise price of $1.20 per share. In consideration for the Second Amendment, we issued to Inovio a warrant to purchase 3,000,000 shares of our common stock with an exercise price of $1.00 per share. Each of the warrants was exercisable immediately upon issuance and has an exercise term of five years. Each of the warrants also contains a mandatory exercise provision allowing us to request the exercise of the warrant in whole provided that our daily market price (as defined in the warrant) is equal to or greater than $2.40 for twenty consecutive trading days. We completed an evaluation of the warrants issued to Inovio and determined the warrants should be classified as equity within the consolidated balance sheet.

In connection with the Asset Purchase Agreement, on March 24, 2011 we entered into a cross-license agreement with Inovio pursuant to which we granted Inovio a fully paid-up, exclusive, worldwide license to certain of the OMS technology patents in the field of gene or nucleic acids, outside of those encoding cytokines, delivered by electroporation. Inovio also granted us a non-exclusive, worldwide license to certain non-OMS technology patents in the OMS field in exchange for: a fee for any sublicense of the Inovio technology, not to exceed 10%; a royalty on net sales of any business we develop with the Inovio technology, not to exceed 10%; and payment to Inovio of any amount Inovio pays to the licensor of the Inovio technology that is a direct result of the license.

Following the acquisition of the OMS technology assets from Inovio, we relocated our principal office to San Diego, California. Our business is now focused on designing, developing and commercializing innovative and proprietary medical approaches for the treatment of solid tumors that have unmet medical needs or where currently approved therapies are inadequate based on their therapeutic benefit or side-effect profile. Our therapies are based on the use of electroporation to deliver either an approved chemotherapeutic agent (NeoPulse), or a DNA plasmid construct that encodes for a cytokine (ImmunoPulse) to treat solid tumors. NeoPulse and ImmunoPulse specifically target destruction of cancerous cells and not healthy normal tissues. Our goal is to improve the lives of people suffering from the life-altering effects of cancer through the development of our novel treatment approaches. We have initiated three Phase II clinical trials for the use of our therapies to treat metastatic melanoma, Merkel cell carcinoma and cutaneous T-cell lymphoma.

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Private Placements

On March 18, 2011, we closed a private placement of 1,456,000 units at a purchase price of $0.75 per unit for gross proceeds of $1,092,000 (the March 2011 Private Placement). Each unit consists of one share of our 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 March 2011 Private Placement. The warrants were exercisable as of March 18, 2011 and any unexercised warrants will expire on March 18, 2016. We completed an evaluation of the warrants issued with this private placement and determined the warrants should be classified as equity within the consolidated balance sheet. We are not obligated to register any of the shares issued or issuable upon exercise of the warrants issued in the March 2011 Private Placement.

On June 24, 2011, we sold in a private placement an aggregate of 4,000,000 shares of our common stock and three series of warrants to purchase an aggregate of 12,000,000 shares of our common stock at a per unit purchase price of $0.75 per unit, for proceeds to us of $3.0 million (the June 2011 Private Placement). We also issued warrants to purchase 240,000 shares of our common stock to the co-placement agents in the offering. After deducting for fees and expenses, the aggregate net cash proceeds from the June 2011 Private Placement were approximately $2.79 million.

Pursuant to the terms of the Securities Purchase Agreement that we entered into with the purchasers in the June 2011 Private Placement, each purchaser was issued a Series A Warrant, a Series B Warrant and a Series C Warrant, each to purchase up to a number of shares of our common stock equal to 100% of the shares issued to such purchaser pursuant to the Securities Purchase Agreement. The Series A Warrants had an initial exercise price of $1.20 per share, are exercisable immediately upon issuance and have a term of five years. On February 21, 2012, the Series B and Series C Warrants expired unexercised. On March 28, 2012, the exercise price of the Series A Warrants reset to $0.50 upon the closing of the March 2012 Public Offering.

March 2012 Public Offering

On March 28, 2012, we completed a registered public offering of an aggregate of 31,000,000 shares of common stock and warrants to purchase an aggregate of 31,000,000 shares of common stock at an aggregate purchase price of $7.75 million (the March 2012 Public Offering). After deducting for fees and expenses, the aggregate net proceeds to us from the March 2012 Public Offering were approximately $7.2 million. The warrants issued in the offering have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance of the warrants.

Under our placement agent agreement with Rodman & Renshaw, LLC (Rodman), we agreed to pay the placement agent a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds of the offering. In addition, we agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 1,550,000 shares of common stock (the Placement Agent Warrants). As permitted under the agreement, we elected to pay 30% of the 5% Placement Agent Warrants directly to Roth Capital Partner, LLC (Roth), who acted as our financial advisor in the offering, and as a result issued a warrant to purchase 1,085,000 shares of common stock to Rodman and a warrant to purchase 465,000 shares of common stock to Roth. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on March 23, 2017. The Placement Agent Warrants and the shares of common stock underlying the Placement Agent Warrants have not been registered. We completed an evaluation of all of the warrants issued in connection with the March 2012 Public Offering and determined the warrants should be classified as equity within the consolidated balance sheet.

December 2012 Public Offering

On December 17, 2012, the we completed a registered public offering of an aggregate of 28,800,000 shares of the Company s common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for gross proceeds to the Company of $7.2 million (the December 2012 Public Offering). After deducting for fees and expenses, the aggregate net proceeds from the sale of the common stock and the warrants in the December 2012 Public Offering were approximately $6.7 million.

Under the Placement Agent Agreement dated November 16, 2012 by and between the Company and Dawson James Securities, Inc. (Dawson), we agreed to pay Dawson a cash fee equal to 6% of the gross proceeds of the offering, as well as a non-accountable expense allowance equal to 1% of the gross proceeds. In addition, we agreed to issue to the placement agent warrants to purchase up to an aggregate of 5% of the aggregate number of shares of common stock sold in the offering, or 1,440,000 shares of the Company s common stock (the Placement Agent Warrants). As permitted under the agreement, we elected to pay 50% of the 5% Placement Agent Warrants directly to Noble International Investments, Inc. and Burrill LLC (Noble and Burrill , respectively), who acted as our financial advisors in the offering, and as a result issued to Dawson a warrant to purchase 720,000 shares of common stock, and issued to Noble and Burrill warrants to purchase 360,000 shares of common stock each. The Placement Agent Warrants have substantially the same terms as the warrants issued to the purchasers in the offering, except that such warrants have an exercise price of $0.3125 and expire on December 11, 2017. The Placement Agent Warrants and the shares of the Company s common stock underlying the Placement Agent Warrants have not been registered under the Securities Act of 1933, as amended (the Securities Act). We completed an evaluation of all of the warrants issued in connection with this December 2012 Public Offering and determined the warrants should be classified as equity within the consolidated balance sheet.

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As further discussed in Liquidity and Capital Resources below, we will need to raise additional funds in order to continue operating our business beyond the next twelve months.

Critical Accounting Policies

Accounting for Long-Lived Assets / Intangible Assets

We assess the impairment of long-lived assets, consisting of property and equipment, and finite-lived intangible assets, whenever events or circumstances indicate that the carry value may not be recoverable. Examples of such circumstances include: (1) loss of legal ownership or title to an asset; (2) significant changes in our strategic business objectives and utilization of the assets; and (3) the impact of significant negative industry or economic trends.

Recoverability of assets to be held and used in operations is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the assets. The factors used to evaluate the future net cash flows, while reasonable, require a high degree of judgment and the results could vary if the actual results are materially different than the forecasts. In addition, we base useful lives and amortization or depreciation expense on our subjective estimate of the period that the assets will generate revenue or otherwise be used by us. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs.

We also periodically review the lives assigned to our intangible assets to ensure that our initial estimates do not exceed any revised estimated periods from which we expect to realize cash flows from the technologies. If a change were to occur in any of the above-mentioned factors or estimates, the likelihood of a material change in our reported results would increase.

Derivative Liabilities

In conjunction with the June 2011 private placement, we issued warrants that are accounted for as derivative liabilities. These derivative liabilities were determined to be ineligible for equity classification due to certain price protection and anti-dilution provisions.

These derivative liabilities were initially recorded at their estimated fair value on the date of issuance of the common stock and warrants, and are subsequently adjusted to reflect the estimated fair value at each period end, with any decrease or increase in the estimated fair value being recorded as other income or expense. The fair value of these liabilities is estimated using option pricing models that are based on the individual characteristics of the common stock, the derivative liabilities on the valuation date, probabilities related to future financings, as well as assumptions for volatility, remaining expected life, and risk-free interest rate. The option pricing models of our derivative liabilities are estimates and are sensitive to changes to inputs and assumptions used in the option pricing models.

Share-Based Compensation

We grant equity-based awards under our share-based compensation plan. We estimate the fair value of share-based payment awards using the Black-Scholes option valuation model. This fair value is then amortized over the requisite service periods of the awards. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and expected life of the option. Share-based compensation expense is based on awards ultimately expected to vest, and therefore is reduced by expected forfeitures. Changes in assumptions used under the Black-Scholes option valuation model could materially affect our net loss and net loss per share.

Results of Operations for the Six Months Ended January 31, 2013 Compared to the Six Months Ended January 31, 2012

The unaudited consolidated financial data for the six months ended January 31, 2013 and January 31, 2012 is presented in the following table and the results of these two periods are used in the discussion thereafter.

	January 31, 2013 ($)	January 31, 2012 ($)	Increase/ (Decrease) ($)	Increase/ (Decrease) %
Revenue				
Operating expenses				
Research and development	1,655,212	1,023,993	631,219	62
General and administrative	1,940,107	1,350,574	589,533	44
Loss from operations	(3,595,319)	(2,374,567)	1,220,752	51
Other income (expense)				
Interest expense non-cash	(51,594)	(162,302)	(110,708)	(68)
Adjustments to fair value of derivative liabilities		2,579,451	(2,579,451)	(100)
Net income (loss) before income taxes	(3,646,913)	42,582	(3,689,495)	**
Income tax provision	2,000	2,400	(400)	(17)
Net income (loss)	(3,648,913)	40,182	(3,689,095)	**

** Percentage increase/(decrease) is greater than 100%.

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Research and Development Expenses

The $631,000 increase in research and development expenses for the six month period ended January 31, 2013 as compared to the six month period ended January 31, 2012 was mainly the result of increases in salary and associated costs of $52,000, clinical trial expenses of $511,000, share based compensation expense of $10,000 and travel and related costs of $5,000. We expect research and development to account for a significant portion of our total expenses in the future, and to increase substantially over the 2013 fiscal year, as we continue to focus on designing and developing our therapies.

General and Administrative

The $589,000 increase in general and administrative expenses for the six month period ended January 31, 2013 as compared to the six month period ended January 31, 2012 was primarily the result of increases in corporate communications costs of $136,000 consisting primarily of investor relation services, contract labor costs of $63,000, conference registration fess of $83,000, share based compensation expense of $200,000 as well as other general corporate matters and increased travel and associated costs of $79,000.

Other Income (Expense)

The $2,579,000 decrease in other income for the six month period ended January 31, 2013 as compared to the same period ended January 31, 2012 was due to the recording of other income of $2,579,000 as a result of the adjustment to fair value of the derivative liabilities as of January 31, 2012. In connection with the June Private Placement, we issued warrants to purchase 240,000 shares of our common stock to the co-placement agents and warrants to purchase 12,000,000 shares of our common stock to the investors in the private placement. As more fully described in Note 7 to our consolidated financial statements, certain warrants issued in connection with the June Private Placement were determined to be derivative liabilities as a result of the anti-dilution provisions contained in the warrant agreements, which may result in an adjustment to the warrant exercise price. All of these warrants ceased to be classified as derivative liabilities as of March 28, 2012.

Liquidity and Capital Resources

Working Capital

Our working capital as of January 31, 2013 and July 31, 2012 is summarized as follows:

	At January 31, 2013 ($)	At July 31, 2012 ($)
Current assets	9,133,511	5,493,056

Current liabilities	2,689,421	2,023,156
Working capital	6,444,090	3,469,900

Current Assets

The increase in our current assets was primarily due to an increase in cash from $5,142,000 as of July 31, 2012, to $8,982,000 as of January 31, 2013, as a result of approximately $6.7 million received from our December 2012 Public Offering, offset by cash used in operations during the period ended January 31, 2013. As of January 31, 2013, our current assets included cash and cash equivalents of $8,982,141.

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Current Liabilities

Current liabilities at January 31, 2013 increased to $2,689,000 from $2,023,000 as of July 31, 2012. This increase was primarily due to the $1,000,000 reclassification to current liabilities of the December 31, 2013 payment due to Inovio in accordance with the Asset Purchase Agreement as more fully discussed in Note 6 to our consolidated financial statements.

Cash Flow

Cash Used in Operating Activities

Cash used in operating activities for the six month period ended January 31, 2013 was $2,593,000, as compared to $1,881,000 for the six month period ended January 31, 2012. This increase was related to increased costs of operations, such as salary expense and associated costs, clinical trial costs, legal fees and professional fees, primarily related to an increase in our research and development activities.

Cash Used in Investing Activities

Cash used in investing activities for the six month period ended January 31, 2013 was $3,000 as compared to $20,000 for the period ended January 31, 2012 and related to the purchase of property and equipment.

Cash Provided by Financing Activities

Cash provided by financing activities was $6,437,000 for the six month period ended January 31, 2013, and primarily related to cash received from the December 2012 Public Offering and the exercise of stock options and warrants, offset by a scheduled payment to Inovio in connection with the Asset Purchase Agreement. Cash used in financing activities was $100,000 for the six month period ended January 31, 2012 related to the scheduled payment made to Inovio in connection with the Asset Purchase Agreement.

Recent Financings

As described above, on March 18, 2011 we issued 1,456,000 units at a price of $0.75 per unit for gross proceeds of $1,092,000. Each unit consisted of one share of our common stock and one share purchase warrant entitling the warrant holder to purchase an additional share of our common stock at a price of $1.00 per share for a period of five years from closing. We issued the units to three subscribers. We used $250,000 of the proceeds as the first payment to Inovio pursuant to the Asset Purchase Agreement and used the remaining funds for general working capital purposes.

On June 24, 2011, in the June 2011 Private Placement, we sold an aggregate of 4,000,000 shares of our common stock and issued three series of warrants, the Series A Warrants, the Series B Warrants and the Series C Warrants, to purchase an aggregate of 12,000,000 shares of the our common stock at a per unit purchase price of $0.75 per unit, for proceeds to us of $3.0 million. We paid fees and expenses of $210,000 to the co-placement agents and issued the co-placement agents warrants to purchase 240,000 shares of our common stock on terms substantially similar to the Series A Warrants. After deducting for fees and expenses, the aggregate net cash proceeds from the June 2011 Private Placement were approximately $2,790,000. The Series A Warrants currently have an exercise price of $0.50 per share, were exercisable immediately upon issuance and have a term of exercise equal to five years. On February 21, 2012, the Series B and Series C Warrants expired unexercised.

On March 28, 2012, in the March 2012 Public Offering, we sold an aggregate of 31,000,000 shares of common stock and warrants to purchase 31,000,000 shares of common stock for an aggregate purchase price of $7.75 million. The warrants have an exercise price of $0.35 per share, are exercisable immediately upon issuance and have a term of exercise equal to five years from the date of issuance. We paid fees and expenses of $542,500 and issued warrants to purchase 1,550,000 shares of our common stock on terms substantially similar to the purchaser warrants to the placement agent and a financial advisor in the March 2012 Public Offering. After deducting for fees and expenses, our aggregate net proceeds from the offering were approximately $7.2 million.

On December 17, 2012, in the December 2012 Public Offering, we sold an aggregate of 28,800,000 shares of the Company s common stock and warrants to purchase an aggregate of 14,400,000 shares of common stock for an aggregate purchase price of $7.2 million. The warrants have an exercise price of $0.26 per share, are exercisable immediately upon issuance and have a term of exercise equal to four years from the date of issuance. We paid fees and expenses of $504,000 and issued warrants to purchase 1,440,000 shares of our common stock on terms substantially similar to the purchaser warrants to the placement agent and our financial advisors in the December 2012 Public Offering. After deducting for fees and expenses, the aggregate net proceeds from the offering were approximately $6.7 million.

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Cash Requirements

Our primary objectives are to develop and pursue the commercialization of our planned products and to identify additional products for acquisition and development. We continuously search for industry experts to expand our management team and better position our company. In addition, we expect to pursue raising sufficient capital to fund our operations and to acquire and develop additional assets and technology consistent with our business objectives.

We estimate our operating expenses and working capital requirements for the fiscal year ending July 31, 2013 to be as follows:

Expense		**Amount**
Product development	$	2,700,000
Employee compensation		2,000,000
General and administration		1,300,000
Professional services fees		400,000
Total	$	6,400,000

As of January 31, 2013, we had cash and cash equivalents of approximately $8,982,000. We expect these funds to be sufficient to continue to operate our business for the next 12 months, including through the remainder of our fiscal period ended July 31, 2013. We are obligated to make payments to Inovio of $1,000,000 on March 24, 2013 and $1,000,000 on December 31, 2013. In addition to the funds raised in the December 2012 Public Offering we will require additional financing to fund our planned operations beyond the next twelve months, including the continuation of our ongoing clinical trials, commercializing any assets obtained under the Asset Purchase Agreement, seeking to license or acquire new assets, and researching and developing any potential patents, the related compounds and any further intellectual property that we may acquire.

If the investors and placement agents in the June 2011 Private Placement, March 2012 Public Offering and December 2012 Public Offering choose to exercise their remaining outstanding warrants in full on a cash basis, we would receive approximately $2 million, $11 million and $4 million, respectively. However, the warrant holders may choose not to exercise any of the warrants they hold, may choose to net exercise their warrants as provided in such warrants under certain limited circumstances, or may choose to exercise only a portion of the warrants issued. The exercise prices of the outstanding warrants currently exceed the current market price of our common stock on the OTC Bulletin Board. As a result, we may never receive proceeds from the exercise of such warrants.

We currently do not have committed sources of financing and may not be able to obtain a financing, particularly if the volatile conditions in the capital and financial markets, and more particularly the market for early development stage biomedical company stocks persist. Additional financing may not be available to us when needed or, if available, may not be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we may be forced to delay or scale down some or all of our development activities or cease the operation of our business.

Since inception we have funded our operations primarily through equity and debt financings and we expect to continue to do so in the future. If we obtain additional financing by issuing equity securities, our existing stockholders ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. We may be unable to maintain operations at a level sufficient for investors to obtain a return on their investments in our common stock. Further, we may continue to be unprofitable.

Going Concern

As of January 31, 2013, we have incurred a net loss of $9,849,641 since our inception. In their report on the annual consolidated financial statements for the fiscal year ended July 31, 2012, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. As further discussed in Note 3 to the financial statements for the fiscal year ended July 31, 2012, during that fiscal year we incurred losses from operations, had negative working capital, and were in need of additional capital to grow our operations to become profitable. Management s plans are to continue to seek funding from our stockholders and other qualified investors in order to pursue our business plan.

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Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, or SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our VP Finance and Controller, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As required by Rule 13a-15(b) under the Exchange Act, our management conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer (being our principal executive officer) and our Chief Financial Officer (being our principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on the foregoing evaluation, our Chief Executive Officer and our Chief Financial Officer, in their capacities as our principal executive officer and our principal financial officer, concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective.

Changes in Our Controls

There were no changes in our internal controls over financial reporting during our fiscal quarter ended January 31, 2013 that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS