



**ASX RELEASE**  
**17 July 2014**

**QUARTERLY CASH POSITION**  
**30 JUNE 2014**

**Sydney, Australia and Bedminster, New Jersey** - QRxPharma Limited (ASX: QRX and OTCQX: QRXPY) announced the Company retains A\$10.5 million in cash reserves at 30 June 2014, as detailed in the Appendix 4C released today.

On 9 July 2014 the Company announced the resignations of Board members Dr. Peter Farrell, Dr. Gary Pace, Peter Campbell and Michael Quinn and the appointment of Bruce Hancox and Dr. Richard Treagus.

On 4 July 2014 the Company entered into an Escrow Deed arrangement with its current employees, consultants and the former CEO, covering potential liabilities arising from i) Notice entitlements, ii) Termination payments and where applicable, iii) Retention payments, for an aggregate amount of A\$3.62 million. The Company has deposited these funds into a bank account under the administration of an escrow agent in accordance with the terms of the Escrow Deed. In addition, the Company had been carrying as a liability excess annual leave entitlements. Subsequent to the end of the quarter the Company has paid down A\$0.43 million of this liability.

This quarter has been a disappointing one for the Company with the United States Food and Drug Administration (FDA) issuing in May a Complete Response Letter (CRL) regarding the Moxduo<sup>®</sup> New Drug Application (NDA) for the treatment of moderate to severe acute pain. The Agency stated that there was not sufficient evidence to support approval of Moxduo, an immediate release Dual Opioid<sup>®</sup>, at this time. The Agency indicated clinical information demonstrating a clear benefit over oxycodone and morphine alone, either by efficacy, or safety, in an appropriate patient population, is needed.

Following the CRL the Company met with the FDA on US 9 July to discuss the feasibility and requirements for approving Moxduo. In advance of the meeting, QRxPharma outlined several questions to discuss with the FDA to ensure the Company receives clear direction for the Moxduo program. The questions addressed the overall approach for registration of Moxduo, potential study design and the number of clinical studies. The Company is currently evaluating the path forward and will utilise this guidance to determine the appropriate next steps.

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### **About QRxPharma**

QRxPharma Limited is an Australian based, specialty pharmaceutical company focused on the development and commercialisation of new pain management and abuse prevention products. The Company's product portfolio includes both late and early stage clinical drug candidates with the potential for reduced risks and improved patient outcomes. QRxPharma has entered into strategic agreements with Actavis Inc., Paladin Labs Inc., Aspen Group and Teva Pharmaceuticals for the commercialisation of immediate release Moxduo in the US, Canada, Australia (including New Zealand and Oceania), South Africa and Israel. The Company's clinical pipeline includes an intravenous (IV) and controlled release (CR) formulation of Moxduo. QRxPharma is also collaborating with Aesica Formulation Development Limited, for the worldwide promotion of QRxPharma's proprietary Stealth Beadlets™ abuse deterrence technology. For more information, visit [www.qrxpharma.com](http://www.qrxpharma.com).

### **Forward Looking Statements**

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations. Any statement in this release that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections as they are currently available to the management of QRxPharma. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include risks relating to the stage of products under development; uncertainties relating to clinical trials; dependence on third parties; future capital needs; and risks relating to the commercialisation of the Company's proposed products.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

QRxPharma Limited

ABN

16 102 254 151

Quarter ended ("current quarter")

30 June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(947)	(3,424)
(b) advertising and marketing	-	-
(c) research and development	(1,662)	(6,578)
(d) leased assets	-	-
(e) other working capital	(1,116)	(3,224)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	78
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund / (paid)	-	-
1.7 Other – Cost recoveries received	106	817
Other – License fee received	-	55
Other – Research and development cash incentive received	44	78
<b>Net operating cash flows</b>	<b>(3,563)</b>	<b>(12,198)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(3,563)	(12,198)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(3)	(63)
(e) other non-current assets	-	-
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (Bank Accepted Commercial bills and Term Deposit with maturity greater than 3 months)	-	-
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(63)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(3,566)</b>	<b>(12,261)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. <sup>(i)</sup>	(2)	10,909
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other	-	-
<b>Net financing cash flows</b>	<b>(2)</b>	<b>10,909</b>
<b>Net increase (decrease) in cash held</b>	<b>(3,568)</b>	<b>(1,352)</b>
1.21 Cash at beginning of quarter/year to date	14,259	11,960
1.22 Exchange rate adjustments to item 1.20	(166)	(83)
<b>1.23 Cash at end of quarter</b>	<b>10,525</b>	<b>10,525</b>

- (i) In November / December 2013 the Company completed a Share Placement and Share Purchase Plan raising \$11.6 million before expenses of \$0.8 million.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	194
1.25	Aggregate amount of loans to the parties included in item 1.11	\$-

1.26 Explanation necessary for an understanding of the transactions

Payments include salary and wages, directors' fees and consultancy fees on normal commercial terms.
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil
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**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	5,558	3,406
4.2	Deposits at call	7	7
4.3	Bank overdraft	-	-
4.4	Bank Accepted Commercial Bills and Term Deposits with maturity of less than 3 months	4,960	10,846
<b>Total: cash at end of quarter (item 1.23)</b>		<b>10,525</b>	<b>14,259</b>

**Acquisitions and disposals of business entities**

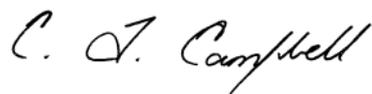
	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 17 July 2014  
(Company Secretary)

Print name: Chris J Campbell

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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