

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 2007

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	(474)	(614)
(b) advertising and marketing	(32)	(36)
(c) research and development	(98)	(615)
(d) leased assets	-	-
(e) other working capital	(655)	(945)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	179	185
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund/(paid)	348	348
1.7 Other - Foreign Currency Option Premium	(1,127)	(1,127)
Net operating cash flows	(1,859)	(2,804)

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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,859)	(2,804)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(227)	(227)
(b) equity investments	-	-
(c) intellectual property	(274)	(274)
(d) physical non-current assets	(15)	(15)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(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 Deposits with maturity greater than 3 months) ⁽ⁱ⁾	(10,491)	(10,491)
Net investing cash flows	(11,007)	(11,007)
1.14 Total operating and investing cash flows	(12,866)	(13,811)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc ⁽ⁱⁱ⁾	46,456	46,423
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	1,224
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other ⁽ⁱⁱⁱ⁾	1,606	1,606
Net financing cash flows	48,062	49,253
Net increase (decrease) in cash held	35,196	35,442
1.21 Cash at beginning of quarter/year to date	494	248
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	35,690	35,690

⁽ⁱ⁾ Bank Accepted Commercial Bills and Term Deposits of \$10.5 million having maturity of greater than 3 months have been classified as short term investments and excluded from disclosure as cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements".

⁽ⁱⁱ⁾ On 25 May 2007 the Company issued 25,000,000 shares @\$2.00 each, raising \$50 million before listing costs, in completion of Initial Public Offering (IPO).

⁽ⁱⁱⁱ⁾ Proceeds received prior to IPO, from conversion of convertible notes and exercise of associated warrants.

+ See chapter 19 for defined terms.

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	\$ 312
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, consultancy fees and office accommodation.

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

As detailed in QRxPharma Limited prospectus of 27 April 2007:

1. Prior to completion of IPO holders of A series preferred shares and convertible notes converted these financial instruments into ordinary shares resulting in the net issue of 32,175,104 ordinary shares.
2. The Company acquired 100% of the equity of CNSCo, Inc on 26 April 2007 for consideration equal to 10% of the post IPO ordinary capital of the Company. QRxPharma Limited issued 7,500,000 ordinary shares @ \$2.00 each in respect to this acquisition.
3. Prior to completion of IPO the Company issued net 1,721,925 ordinary shares to Uniquet Pty Limited in agreement to compensate Uniquet for early settlement of an intellectual property subscription agreement.

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	-	-

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 ^(iv)	35,690	494
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	35,690	494

(iv) Bank Accepted Commercial Bills and Term Deposits of \$10.5 million having a maturity of greater than 3 months have been classified as short term investments and excluded from disclosure as cash and cash equivalents in accordance with AASB 107 "Cash Flow Statements".

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	CNSCo, Inc	
5.2 Place of incorporation or registration	Delaware, USA	
5.3 Consideration for acquisition or disposal	\$15 million (refer 2.1 above)	
5.4 Total net assets	\$15 million	
5.5 Nature of business	This acquisition was disclosed in QRxPharma Limited prospectus of 27 April 2007. CNSCo is a specialty pharmaceutical company focused on the development and commercialisation of therapies for disorders of the central nervous system (CNS).	

+ See chapter 19 for defined terms.

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 ~~/does not* (delete one)~~ give a true and fair view of the matters disclosed.

Sign here: C. J. Campbell Date: 27 July 2007
(Director/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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