

Neuren Pharmaceuticals Limited

Appendix 4D Half-Year Financial Report

30 June 2007

Name of entity

Neuren Pharmaceuticals Limited

ARBN

111 496 130

Half-year ended

30 June 2007

1. Neuren Pharmaceuticals Limited ("Neuren" or the "Company") presents this financial report, including the interim financial statements, for the six months ended 30 June 2007.

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 *Interim Financial Reporting*.

The Interim Report should be read in conjunction with the Company's Annual Report for the year ended 31 December 2006.

All amounts shown are in NZ\$'000s unless otherwise stated.

2. Results for announcement to the market

	30 June 2007 NZ\$'000	30 June 2006 NZ\$'000	% Change
2.1 Operating revenue	778	1,092	-28.8%
2.2 Loss after tax from ordinary activities	(8,228)	(3,936)	-109.0%
2.3 Net loss from ordinary activities	(8,228)	(3,936)	-109.0%
2.4 Dividends and franked amount per security	nil	nil	n/a
2.5 Dividend record date	n/a	n/a	n/a
2.6 Explanation of results:			
<p>During the period Neuren commenced its Phase 3 trial of Glypromate® and continued to make good progress in its preclinical and clinical programmes. Research and development costs have increased from \$4.1 million to \$6.6 million as a result of significant preparatory work and product manufacture ahead of the Glypromate® Phase 3 and NNZ-2566 Phase 1b trials. The net loss for the period was NZ\$8.2 million, and at 30 June 2007 net assets were NZ\$10.1 million with NZ\$4.5 million cash. These results were in line with the Company's expectations. As the Company holds its cash balances predominantly in the expected currency of future expenditure, it is subject to foreign exchange variations on its cash balances. A significant depreciation of the New Zealand dollar against most major currencies in the six months ended 30 June 2006 resulted in the recognition of a \$1.2 million foreign exchange gain on cash balances, whereas the New Zealand dollar strengthened significantly over the last 12 months, resulting in a foreign exchange loss of \$204,000 in the six months to 30 June 2007. A more detailed discussion of the activities undertaken in the period is set out in the Chief Executive's Report contained in the attached Interim Report to shareholders.</p>			

+ See chapter 19 for defined terms.

3. Net Tangible Assets per Security

	<u>Current period</u>	<u>Comparative period</u>
Net tangible assets per share	NZ\$ 0.004	NZ\$ 0.06

4. Entities over which control has been gained or lost during the period:

On 31 July 2007, Neuren entered into a binding term sheet to acquire Hamilton Pharmaceuticals Inc, for which shareholder approval will be sought in September 2007.

The acquisition of Hamilton and its core asset, Motiva™, provides Neuren with a late stage clinical compound with human efficacy data under a U.S. IND. Subject to completion of the acquisition, the intention is to conduct a Phase 2 clinical trial of Motiva™ for the treatment of post-stroke depression in 2008. Through the acquisition three U.S. and European-based institutional investors will become shareholders in Neuren, two of which have agreed to invest a further US\$3 million by way of convertible notes.

No operations or results of Hamilton are included in the results of Neuren for the period ended 30 June 2007.

5. Details of dividends

Not applicable.

6. Details of dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

None.

8. Accounting standards

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 *Interim Financial Reporting*.

9. Audit dispute or qualification

The interim financial statements have been subject to independent review by the Company's auditors. The unqualified review report is included in the attached Interim Report.

⁺ See chapter 19 for defined terms.