



Neuren Pharmaceuticals Ltd  
Level 1, 103 Carlton Gore Road  
Newmarket, Auckland, New Zealand  
office: +64 9 529 3940  
fax: +64 9 529 3941  
enquiries@neurenpharma.com  
www.neurenpharma.com

31 January 2008

The Company Announcements Office  
ASX Limited

BY E-LODGEMENT

Dear Sir/Madam

Please find attached Appendix 4C for Neuren Pharmaceuticals Limited for the fourth quarter ended 31 December 2007.

The results presented are consistent with the Company's expectations based on previously announced business plans.

We also refer to our announcement earlier today concerning the recently closed Rights Issue to New Zealand and Australian resident shareholders. The offer closed on 25 January 2008, with applications received for 40,677,213 new shares amounting to A\$5.7 million. These new shares will be allotted on 1 February 2008.

The offer is partially underwritten by Taylor Collison Limited for up to 50,700,000 new shares, and accordingly Neuren has provided Taylor Collison Limited with a shortfall notice for 10,022,787 new shares totalling A\$1.4 million. These shares will be allotted on or about 7 February 2008.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Turnbull", is written over a thin horizontal line.

Mr Rob Turnbull  
Chief Financial Officer

# Appendix 4C

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

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Neuren Pharmaceuticals Limited

ARBN

111 496 130

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

| Cash flows related to operating activities                | Current<br>quarter<br>\$NZ'000 | Year to date<br>(12 months)<br>\$NZ'000 |
|---|--------------------------------|---|
| 1.1 Receipts from customers                               | -                              | -                                       |
| 1.2 Payments for  |                                |   |
| (a) staff costs   | (627)                          | (2,523)                                 |
| (b) advertising and marketing                             | -                              | -                                       |
| (c) research and development                              | (3,334)                        | (10,443)                                |
| (d) leased assets   | -                              | -                                       |
| (e) other working capital                                 | (352)                          | (1,652)                                 |
| 1.3 Dividends received                                    | -                              | -                                       |
| 1.4 Interest and other items of a similar nature received | 23                             | 274                                     |
| 1.5 Interest and other costs of finance paid              | -                              | -                                       |
| 1.6 Income taxes paid                                     | -                              | -                                       |
| 1.7 Other (provide details if material)                   |                                |   |
| Grants received   | 501                            | 1,533                                   |
| Net GST refunded  | -                              | 230                                     |
| Patent costs  | (130)                          | (479)                                   |
| <b>Net operating cash flows</b>                           | <b>(3,919)</b>                 | <b>(13,060)</b>                         |

+ See chapter 19 for defined terms.

|   | Current<br>quarter<br>\$NZ'000 | Year to date<br>(12 months)<br>\$NZ'000 |
|---|--------------------------------|---|
| 1.8 Net operating cash flows (carried forward)                      | <b>(3,919)</b>                 | <b>(13,060)</b>                         |
| <b>Cash flows related to investing activities</b>                   |                                |   |
| 1.9 Payment for acquisition of:                                     |                                |   |
| (a) businesses (item 5)   | (52)                           | (52)                                    |
| (b) equity investments  | -                              | -                                       |
| (c) intellectual property   | (50)                           | (50)                                    |
| (d) physical non-current assets                                     | (28)                           | (170)                                   |
| (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 (provide details if material)                            |                                |   |
| Cash balance acquired on acquisition<br>of Hamilton Pharmaceuticals | 236                            | 236                                     |
| <b>Net investing cash flows</b>                                     | <b>106</b>                     | <b>(36)</b>                             |
| <b>1.14 Total operating and investing cash flows</b>                | <b>(3,813)</b>                 | <b>(13,096)</b>                         |
| <b>Cash flows related to financing activities</b>                   |                                |   |
| 1.15 Proceeds from issues of shares, options, etc.                  | -                              | 8                                       |
| 1.16 Proceeds from sale of forfeited shares                         | -                              | -                                       |
| 1.17 Proceeds from borrowings (convertible notes)                   | 3,830                          | 3,830                                   |
| 1.18 Repayment of borrowings  | (4)                            | (6)                                     |
| 1.19 Dividends paid   | -                              | -                                       |
| 1.20 Other – Expenses related to share capital                      | (30)                           | (51)                                    |
| <b>Net financing cash flows</b>                                     | <b>3,796</b>                   | <b>3,781</b>                            |
| <b>Net increase (decrease) in cash held</b>                         | <b>(17)</b>                    | <b>(9,315)</b>                          |
| 1.21 Cash at beginning of quarter/year to date                      | 1,304                          | 10,609                                  |
| 1.22 Exchange rate adjustments                                      | 4                              | (3)                                     |
| <b>1.23 Cash at end of quarter</b>                                  | <b>1,291</b>                   | <b>1,291</b>                            |

+ 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<br>\$NZ'000 |
|---|-----------------------------|
| 1.24 Aggregate amount of payments to the parties included in item 1.2 | 142                         |
| 1.25 Aggregate amount of loans to the parties included in item 1.11   | -                           |

#### 1.26 Explanation necessary for an understanding of the transactions

The aggregate amount of payments comprises remuneration paid to directors, including directors' fees to non-executive directors, and remuneration to the Managing Director and the Chief Medical Officer of Neuren Pharmaceuticals Limited for the quarter.

## 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

In the quarter to 30 September 2007 the Company finance leased scientific equipment with a cost of NZ\$48,600.

Shareholders approved the acquisition of Hamilton Pharmaceuticals Inc at the Special Meeting held 12 October 2007, resulting in the issue on 16 October 2007 of 13,625,443 ordinary shares in the scrip-for-scrip acquisition, and the related issue for cash of Convertible Notes totalling US\$3,000,000. The Hamilton Pharmaceuticals Inc net assets acquired were:

|                                      | \$NZ'000     |
|--------------------------------------|--------------|
| Cash                                 | 236          |
| Trade and other receivables          | 40           |
| Intellectual property                | 5,724        |
| Trade and other payables             | (721)        |
| Fair value of net assets acquired    | <u>5,279</u> |
| Consideration paid:                  |              |
| Ordinary shares issued               | 4,149        |
| Legal and other costs (paid in cash) | 52           |
| Total consideration                  | <u>4,201</u> |
| Gain on acquisition                  | 1,078        |

+ See chapter 19 for defined terms.

- 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

|     |
|-----|
| N/A |
|-----|

### **Financing facilities available**

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

|                                 | Amount available<br>\$NZ'000 | Amount used<br>\$NZ'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<br>\$NZ'000 | Previous quarter<br>\$NZ'000 |
|--|-----------------------------|------------------------------|
| 4.1 Cash on hand and at bank                     | 391                         | 101                          |
| 4.2 Deposits at call                             | 900                         | 1,203                        |
| 4.3 Bank overdraft                               | -                           | -                            |
| 4.4 Other (provide details)                      | -                           | -                            |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>1,291</b>                | <b>1,304</b>                 |

### **Acquisitions and disposals of business entities**

|   | Acquisitions<br><i>(Item 1.9(a))</i>    | Disposals<br><i>(Item 1.10(a))</i> |
|---|---|------------------------------------|
| 5.1 Name of entity                            | Hamilton Pharmaceuticals Inc            | N/A                                |
| 5.2 Place of incorporation or registration    | Delaware, USA                           | N/A                                |
| 5.3 Consideration for acquisition or disposal | NZ\$4,201,000 (refer 2.1 above)         | N/A                                |
| 5.4 Total net assets                          | NZ\$5,279,000 (refer 2.1 above)         | N/A                                |
| 5.5 Nature of business                        | Pharmaceutical research and development | N/A                                |

+ 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 give a true and fair view of the matters disclosed.



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**Rob Turnbull**  
**Chief Financial Officer**  
**31 January 2008**

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+ See chapter 19 for defined terms.

## 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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