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31 January 2006

The Company Announcements Office  
Australian Stock Exchange Limited

BY E-LODGEMENT

Dear Sir/Madam

Please find attached Appendix 4C for Neuren Pharmaceuticals Limited for the fourth quarter ended 31 December 2005. The results presented are consistent with the Company's expectations:

- (a) set out in the prospectus dated 15 November 2004 and the supplementary prospectus dated 23 December 2004 in support of the Company's February 2005 IPO, together with;
- (b) as noted in the Company's Interim Report for the six months ended 30 June 2005, following discussions with the FDA Neuren is to move straight to a Phase 3 study for Glypromate® rather than the planned Phase 2b study, and the Glypromate® clinical development programme will accelerate by two years. As a result the Company has brought forward a number of activities which would otherwise not have been required for a Phase 2b study in order to satisfy the higher demands of a Phase 3 trial, which has cost an additional NZ\$1.8 million in the final quarter of 2005; and
- (c) in December 2005 the Company completed a private placement of 12 million ordinary shares, raising an additional NZ\$6.3 million net of equity raising costs.

Yours sincerely

A handwritten signature in black ink, appearing to read "D Clarke", is written over a light blue horizontal line.

Mr David Clarke  
Director

# 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 2005

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1.1 Receipts from customers	83	737
1.2 Payments for		
(a) staff costs	(440)	(1,902)
(b) advertising and marketing	-	-
(c) research and development	(2,682)	(7,694)
(d) leased assets	-	-
(e) other working capital	(374)	(1,592)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	134	619
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(24)
1.7 Other (provide details if material)		
Grants received	394	1,199
Net GST refunded	23	281
Patent costs	(202)	(609)
<b>Net operating cash flows</b>	<b>(3,064)</b>	<b>(8,985)</b>

+ See chapter 19 for defined terms.

	Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1.8 Net operating cash flows (carried forward)	<b>(3,064)</b>	<b>(8,985)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	(15)
(d) physical non-current assets	(29)	(49)
(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)	-	-
<b>Net investing cash flows</b>	<b>(29)</b>	<b>(64)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(3,093)</b>	<b>(9,049)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	6,687	22,996
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 – Expenses related to shares issued	(353)	(1,901)
<b>Net financing cash flows</b>	<b>6,334</b>	<b>21,095</b>
<b>Net increase (decrease) in cash held</b>	<b>3,241</b>	<b>12,046</b>
1.21 Cash at beginning of quarter/year to date	9,179	343
1.22 Exchange rate adjustments	79	110
1.23 <b>Cash at end of quarter</b>	<b>12,499</b>	<b>12,499</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 \$NZ'000
1.24	Aggregate amount of payments to the parties included in item 1.2	137
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 remuneration to the Managing Director and the Chief Medical Officer of Neuren Pharmaceuticals Limited.

### 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

N/A

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

+ See chapter 19 for defined terms.

## 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 \$NZ'000	Previous quarter \$NZ'000
4.1	Cash on hand and at bank	50	48
4.2	Deposits at call	12,449	9,131
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		<b>12,499</b>	<b>9,179</b>

## Acquisitions and disposals of business entities

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

## 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.



.....  
 (Director)

**David Clarke**  
**31 January 2006**

## 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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