Neuren Pharmaceuticals Limited

Appendix 4D Half-Year Financial Report

30 June 2018

Name of entity

Neuren Pharmaceuticals Limited

ABN

72 111 496 130

Half-year ended

30 June 2018

1. Reporting Period

Neuren Pharmaceuticals Limited ("Neuren" or the "Company") presents this financial report, including the interim consolidated financial statements, for the six months ended 30 June 2018, with the six months ended 30 June 2017 as the comparative period.

2. Results for announcement to the market

	30 June 2018 $'000	30 June 2017 $'000	% Change
2.1 Operating revenue	251	19	1,221%
2.2 Loss after tax from ordinary activities	(4,096)	(3,552)	15%
2.3 Net loss attributable to members	(4,096)	(3,552)	15%
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:

The consolidated net loss after tax increased from $3.5 million to $4.1 million, due to the following:

- An increase of $0.6 million in research and development costs, resulting from higher expenditure on manufacturing scale-up and non-clinical toxicity studies, offset by the completion in March 2017 of the Rett syndrome pediatric clinical trial;
- A net increase of $0.3 million in foreign exchange gains, due to the impact of the strengthening United States dollar on the revaluation of Neuren's United States dollar cash balances;
- A loss of $0.4 million in financial assets measured at fair value through profit and loss, on revaluation of the outstanding settlements under the Sharing Agreement with Lanstead Capital that was entered into as part of a capital raising in July 2017; and
- A decrease of $0.3 million in the non-cash share based payments expense as instruments reached the end of required vesting periods of service in 2017.

A more detailed discussion of the activities undertaken in the period is set out in the Directors' Report contained in the attached Interim Report.

3. Net Tangible Assets per Security

	June 2018	June 2017
Net tangible assets per share	$ 0.1703	$ 0.0095

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

None.

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 and NZ IAS 34 *Interim Financial Reporting*.

9. Auditors review

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.

2018
Interim Report
Neuren Pharmaceuticals Limited

Incorporated in New Zealand
ABN 72 111 496 130

Directors' Report

The Directors submit the financial report of Neuren Pharmaceuticals Limited for the six months ended 30 June 2018.

Directors' details

The names of Directors who held office during or since the end of the half-year are:

Dr Richard Treagus (Executive Chairman)
Larry Glass (Executive Director and Chief Science Officer)
Dr Trevor Scott (Non-Executive Director)
Dianne Angus (Non-Executive Director) (Appointed 1 July 2018)
Patrick Davies (Non-Executive Director) (Appointed 1 July 2018)
Dr Jenny Harry (Non-Executive Director) (Appointed 7 July 2018)

Review of Operations

Neuren Pharmaceuticals Limited ("Neuren" or the "Company"), and its subsidiaries (collectively the "Group") is a listed biopharmaceutical company, incorporated in New Zealand and listed on the Australian Securities Exchange, focusing on the development of drugs to treat neurodevelopmental disorders, neurodegenerative disorders and brain injury.

During the 6 months to 30 June 2018, Neuren continued to execute preparatory activities for a Phase 3 trial of trofinetide in Rett syndrome, including a non-clinical toxicology study, development and scale-up of manufacturing and feasibility assessments of clinical sites in the United States.

In April 2018, the first patent for trofinetide was granted by the Japan Patent Office, covering trofinetide treating patients with autism, Rett syndrome, and Fragile X syndrome. The patent expires in January 2032, with the potential to be extended for up to 5 years.

In May 2018, Neuren entered into exclusive negotiations with ACADIA Pharmaceuticals Inc ("ACADIA"), regarding a potential partnering arrangement for the development and commercialisation of trofinetide. In return for an exclusivity period of 3 months, ACADIA invested US$4 million in subscribing for 1,330,000 Neuren shares at A$4.00 per share, which was a premium of approximately 33% over the 10-day volume-weighted average share price of $3.00.

On 6 August 2018, Neuren entered into a license agreement with ACADIA, under which ACADIA was granted exclusive rights to develop and commercialise trofinetide for all clinical indications in North America. Neuren has retained all commercial rights to trofinetide outside North America and has free access and rights to use all the technical, clinical and regulatory data that will be generated by ACADIA in the United States. Neuren received US$10 million on 22 August 2018 and is eligible to receive tiered, escalating, double-digit percentage royalties on net sales of trofinetide in North America, plus potential milestone payments of up to US$455 million, plus one third of the market value of any Rare Pediatric Disease Priority Review Voucher, if awarded by the US Food and Drug Administration upon approval of a New Drug Application for trofinetide. The potential milestone payments to Neuren consist of US$105 million subject to achievement of development milestones in Rett syndrome and Fragile X syndrome and up to US$350 million subject to achievement of thresholds of annual net sales of trofinetide in North America.

Neuren will complete certain in-progress manufacturing activities and the remainder of the non-clinical chronic toxicology study. ACADIA will fund and execute the remaining development for trofinetide in North America, including the single Phase 3 trial for Rett syndrome which is due to commence in the second half of 2019. Neuren is working closely with ACADIA's clinical, regulatory and manufacturing teams, as drug supplies for the Phase 3 trial are manufactured and clinical protocols, sites and logistics are prepared.

ACADIA and Neuren have formed a Joint Steering Committee to direct the development of trofinetide in all indications, including the next clinical trial for Fragile X syndrome. ACADIA has a right of first negotiation to acquire a license to develop and commercialise trofinetide outside North America. Neuren has an obligation not to develop a competing product in indications for which ACADIA develops and commercialises trofinetide.

The consolidated interim financial statements are presented on pages 3 to 11. All amounts in the Financial Statements are shown in Australian dollars unless otherwise stated.

Directors' Report

The Group's net loss after income tax for the six months ended 30 June 2018 was $4.1 million (six months ended 30 June 2017: $3.5 million). The increase of $0.6 million was mainly due to the following:

- An increase of $0.6 million in research and development costs, resulting from higher expenditure on manufacturing scale-up and non-clinical toxicity studies, offset by the completion in March 2017 of the Rett syndrome pediatric clinical trial;

- A net increase of $0.3 million in foreign exchange gains, due to the impact of the strengthening United States dollar on the revaluation of Neuren's United States dollar cash balances;

- A loss of $0.4 million in financial assets measured at fair value through profit and loss, on revaluation of the outstanding settlements under the Sharing Agreement with Lanstead Capital that was entered into as part of a capital raising in July 2017; and

- A decrease of $0.3 million in the non-cash share based payments expense as instruments reached the end of required vesting periods of service in 2017.

The net loss per share for the six months to 30 June 2018 was $0.042 (six months to 30 June 2017: $0.041) based on a weighted average number of shares outstanding of 98 million (six months to 30 June 2017: 88 million). In November 2017, Neuren completed a 1-for-20 consolidation of its ordinary shares. The weighted average number of shares and the loss per share for the 6 months ended 30 June 2017 have been restated to reflect the consolidation.

Cash reserves at 30 June 2018 were $11.4 million (31 December 2017: $4.7 million). Net cash used in operating activities was $4.0 million (six months to 30 June 2017: $3.6 million). The increase of $0.4 million was mainly due to the receipt in the comparative period of R&D Tax Incentive for 2016 of $1.0 million, offset by a decrease of $0.4 million in payments to other suppliers, due to the completion of the Rett syndrome clinical trial in March 2017. The R&D Tax Incentive for 2017 was received after 30 June 2018.

Net cash of $10.6 million was received from financing activities, comprising settlements of $5.3 million from Lanstead Capital and $5.3 million from the issue of ordinary shares at $4.00 per share under an exclusivity agreement with ACADIA.

Corporations Act, Australia - Directors' declaration

The Directors of Neuren Pharmaceuticals Limited ("Neuren") declare that:

The accompanying financial statements of Neuren and its subsidiaries for the six months ended 30 June 2018 and the notes to those financial statements:

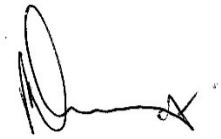
- comply with the XRB A1 (Tier 1) standards issued by the New Zealand Accounting Standards Review Board; and

- give a true and fair view of the financial position as at 30 June 2018 and of the performance for the six months ended on that date of Neuren and its subsidiaries.

In the Directors' opinion there are reasonable grounds to believe that Neuren will be able to pay its debts as and when they become due and payable.

This report is signed and the declaration is made in accordance with a resolution of the Board of Directors dated 30 August 2018.

On behalf of the Board



Dr Richard Treagus
Executive Chairman

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2018

Group	Note	Six months Jun 2018 $'000	Six months Jun 2017 $'000
Revenue - interest income		44	19
Foreign exchange gain		207	-
Total revenue and other income		251	19
Research and development costs		(2,642)	(2,081)
Corporate and administrative costs		(1,254)	(1,071)
Share based payments expense		-	(318)
Loss on financial assets measured at fair value through profit or loss	4	(451)	-
Foreign exchange loss		-	(101)
Loss before income tax		(4,096)	(3,552)
Income tax benefit		-	-
Loss after income tax for the period		(4,096)	(3,552)
Other comprehensive income (expense), net of tax			
Amounts which may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(36)	33
Total comprehensive loss for the period		(4,132)	(3,519)
Loss after tax attributable to equity holders of the company		(4,096)	(3,552)
Total comprehensive loss attributable to equity holders of the company		(4,132)	(3,519)
Basic and diluted loss per share	3	$0.042	$0.041

The accompanying notes form part of this financial report.

Consolidated Interim Statement of Financial Position

As at 30 June 2018

Group	Note	Unaudited as at Jun 2018 $'000	Audited as at Dec 2017 $'000
ASSETS			
Current Assets:			
Cash and cash equivalents		11,406	4,706
Trade and other receivables		639	692
Financial assets measured at fair value through profit or loss	4	6,733	10,688
Total current assets		18,778	16,086
Non-current assets:			
Property, plant and equipment		4	7
Intangible assets		36	73
Financial assets measured at fair value through profit or loss	4	-	1,778
Total non-current assets		40	1,858
TOTAL ASSETS		18,818	17,944
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables		1,296	1,580
Total liabilities		1,296	1,580
EQUITY			
Share Capital		126,426	121,136
Other reserves		(8,475)	(7,332)
Accumulated deficit		(100,429)	(97,440)
Total equity attributable to equity holders		17,522	16,364
TOTAL LIABILITIES AND EQUITY		18,818	17,944

The accompanying notes form part of this financial report.

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2018

Group	Attributable to Equity Holders				
	Share Capital	Share Option Reserve	Currency Translation Reserve	Accumulated Deficit	Total Equity
	$'000	$'000	$'000	$'000	$'000
Equity as at 1 January 2017, as previously reported	112,829	367	(10,659)	(98,354)	4,183
Correction of error	-	2,474	-	(2,474)	-
Equity as at 1 January 2017, as restated	112,829	2,841	(10,659)	(100,828)	4,183
Share based payments	-	318	-	-	318
Total comprehensive Loss for the period	-	-	33	(3,552)	(3,519)
Equity as at 30 June 2017, as restated	112,829	3,159	(10,626)	(104,380)	982
Equity as at 1 January 2018	121,136	3,293	(10,625)	(97,440)	16,364
Shares issued in private placement	5,306	-	-	-	5,306
Share issue costs expensed	(16)	-	-	-	(16)
Exercised options	-	(1,107)	-	1,107	-
Total comprehensive Loss for the period	-	-	(36)	(4,096)	(4,132)
Equity as at 30 June 2018	126,426	2,186	(10,661)	(100,429)	17,522

The share option reserve and accumulated deficit as at 1 January 2017 has been restated to correct two prior period errors. Each error concerns the transfer from the share option reserve to the accumulated deficit of the previously amortised value of share options that were subsequently exercised in the relevant period.

The share option reserve as at 1 January 2017 has been restated from $0.3 million to $2.8 million and the accumulated deficit as at 1 January 2017 has been restated from $98.3 million to $100.8 million in order to correct errors from when the company changed its functional currency from NZD to AUD on 1 January 2014. And the transfer for exercised options in 2016 has been restated from $3.4 million to $2.3 million The original transfer incorrectly included $1.1 million for the value of options that vested in 2016, but were not exercised.

The combined impact of the two corrections is to increase the share option reserve as at 1 January 2017 by $2.5 million and increase the accumulated deficit by the same amount. The restatements have no impact on total equity, assets, liabilities, or the statement of comprehensive income for 2016.

The accompanying notes form part of this financial report.

Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2018

Group	Six months Jun 2018 $'000	Six months Jun 2017 $'000
Cash flows from operating activities:		
Interest received	46	24
GST refunded	35	39
Payments to employees and directors	(694)	(806)
Payments to other suppliers	(3,367)	(3,806)
R&D Tax Incentive refund	-	981
Net cash used in operating activities	(3,980)	(3,568)
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Proceeds from the issue of shares	10,588	-
Refundable payment for share issue expenses	-	(150)
Payments for share issue expenses	(16)	-
Net cash from / (used in) financing activities	10,572	(150)
Net increase / (decrease) in cash held	6,592	(3,718)
Effect of exchange rate changes on cash balances	108	(60)
Cash at the beginning of the period	4,706	5,051
Cash at the end of the period	11,406	1,273
Reconciliation with loss after income tax:		
Loss after income tax	(4,096)	(3,552)
Items requiring adjustment:		
Depreciation and amortisation	39	39
Share based payments	-	318
Foreign exchange (gain) / loss	(143)	93
Loss on financial assets	451	-
Movements in working capital	(231)	(466)
Net cash used in operating activities	(3,980)	(3,568)

The accompanying notes form part of this financial report.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 June 2018

1. Nature of business

Neuren Pharmaceuticals Limited ("Neuren" or the "Company"), and its subsidiaries (collectively the "Group") is a biopharmaceutical company focusing on the development of drugs to treat neurodevelopmental disorders, neurodegenerative disorders and brain injury.

The Company is a limited liability company incorporated in New Zealand. The address of its registered office in New Zealand is at the offices of Lowndes Jordan, Level 15 PwC Tower, 188 Quay Street, Auckland 1141. Neuren operates in Australia and its ordinary shares are listed on the Australian Securities Exchange (ASX code: NEU).

These consolidated interim financial statements have been approved for issue by the Board of Directors on 30 August 2018.

2. Summary of significant accounting policies

Basis of preparation

These general-purpose interim financial statements are for the six months ended 30 June 2018 and have been prepared in accordance with, and comply with, generally accepted accounting practice in New Zealand, International Accounting Standard 34 and NZ IAS 34 *Interim Financial Reporting*.

The Company is a Tier 1 for-profit entity under the External Reporting Board Accounting Standards Framework.

There have been no significant changes in accounting policies during the current period. The accounting policies that materially affect the measurement of the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Cash Flows have been applied on a basis consistent with those used in the audited financial statements for the year ended 31 December 2017 and the unaudited financial statements for the six months ended 30 June 2017. There is no cyclical seasonality of interim operations.

The functional and presentation currency of the Company and Group is Australian dollars.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 31 December 2017.

Going concern assumption

The Directors monitor the Group's cash position and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives. The Group recorded a loss after tax of $4.1 million for the period ended 30 June 2018 and had negative operating cash flows for the period of $4.0 million. The Group had cash of $11.4 million at 30 June 2018 and in August 2018 received US$10 million from ACADIA under the license agreement described in Note 8. It is the considered view of the Directors that the group will have access to adequate resources to meet its ongoing obligations for at least a period of 12 months from the date of signing these financial statements. On this basis, the Directors have assessed it is appropriate to adopt the going concern basis in preparing the financial

2. Summary of significant accounting policies (Continued)

statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

3. Loss per share

Consolidated	Jun 2018	Restated Jun 2017	Jun 2017
Loss after income tax attributable to equity holders ($'000)	(4,096)	(3,552)	(3,552)
Weighted average shares outstanding (basic and diluted) (No.)	97,890,573	87,596,451	1,841,929,015
Basic and diluted loss per share	($0.042)	($0.041)	($0.002)

In November 2017 all issued ordinary shares were consolidated, with 20 ordinary shares being consolidated into 1 ordinary share. Fractional entitlements were rounded up to the nearest whole share. The loss per share and weighted average shares outstanding for the 6 months ended 30 June 2017 have been restated to reflect this consolidation.

In the Financial Statements for the 6 months ended 30 June 2017, 90 million (4.5 million restated upon share consolidation) unexercised loan funded shares granted in prior years were included in the calculation of the weighted average number of outstanding shares for the purposes of loss per share. The loss per share and weighted average shares outstanding for the 6 months ended 30 June 2017 have been restated to exclude unexercised loan funded shares from the calculation of weighted average shares outstanding.

4. Financial Asset measured at fair value through profit or loss

Group	6 months Jun 2018 $'000	Year Dec 2017 $'000
Current		
Equity Derivative	6,733	10,688
Non-Current	-	1,778
Equity Derivative	6,733	12,466

4. Financial Asset measured at fair value through profit or loss (Continued)

Reconciliation of the fair values at the end of the current financial year are set out below:

	6 months Jun 2018 $'000	Year Dec 2017 $'000
Initial recognition of equity derivative	-	5,351
Opening fair value	12,466	-
Cash settlements received	(5,282)	(2,367)
Net gain / (loss) through profit or loss	(451)	9,482
Closing fair value	6,733	12,466

Financial instruments classified under the equity swap arrangement are measured at fair value using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. These financial assets are classified as level 2.

In July 2017, Neuren completed a placement of new ordinary shares, the subscribers for which included Lanstead Capital. Neuren entered into a Sharing Agreement with Lanstead Capital, under which Neuren's economic interest was an equity derivative, determined and payable in 18 monthly cash settlements commencing in September 2017, of which 8 instalments remained outstanding at 30 June 2018.

The calculation of each monthly settlement is dependent upon the volume weighted average price at which Neuren's shares are traded during the 20 days prior to settlement (VWAP). If the VWAP for each settlement is equal to $1.77 per share (Benchmark Price), Neuren receives $472,222 (one eighteenth of $8.5 million). If the VWAP for each settlement is higher than the Benchmark Price, Neuren receives proportionately more than $472,222 and if the VWAP for each settlement is lower than the Benchmark Price, Neuren receives proportionately less than $472,222. Should the Company's share price fall as low as $0.27 per share, the cumulative remaining settlement amount could reduce to zero. $7.6 million was received from the 10 settlements to 30 June 2018 (compared with $4.7 million that would have been received if the VWAP had been the Benchmark Price).

The key assumption for the calculation of the fair value of the equity derivative is the estimated VWAP applicable to each future settlement. For the fair value on recognition, the VWAP was assumed to be $1.22 per share, which was the traded price of Neuren's shares on 17 July 2017. For the fair value at 31 December 2017 and 30 June 2018, the VWAP was assumed to be $3.12 per share and $2.97 per share respectively, which was the traded price of Neuren's shares on 29 December 2017 and 29 June respectively. The fair value calculations were adjusted to reflect the time value of money and the estimated credit risk associated with the counterparty.

5. Share capital

Consolidated	6 months Jun 2018 Shares	Year Dec 2017 Shares
Issued share capital		
Ordinary shares on issue at beginning of period	101,840,020	1,841,929,015
Shares bought back under Loan Funded Share Plan	(501,607)	-
Shares issued on exercise of Equity Performance Rights	-	1,308,901
Shares issued in private placement	1,330,000	193,548,389
	102,668,413	2,036,786,305
Share Consolidation	-	(1,934,946,285)
Ordinary shares on issue at end of period	102,668,413	101,840,020

In November 2017 all issued ordinary shares were consolidated, with 20 ordinary shares being consolidated into 1 ordinary share. Fractional entitlements were rounded up to the nearest whole share. The total number of shares on issue prior to consolidation was 2,036,786,305. After share consolidation and at 31 December 2017 this was reduced to 101,840,020 shares.

In May 2018, 1,330,000 ordinary shares were issued at $4.00 per share in respect of an agreement for a period of exclusive business negotiations. The subscription price was a premium of 33% over the 10 day volume weighted average price at which the Company's shares had traded.

At 31 December 2017, included in the ordinary shares total, were 4,500,000 issued ordinary shares held in trust as treasury stock in respect of a loan funded share incentive plan ("Plan"). In May 2018, in accordance with the rules of the Plan, 501,607 of those shares were bought back by the Company at the market price, in order to settle the outstanding loan associated with 2,000,000 of those shares. Following the settlement of the outstanding loan, 1,498,393 shares were released from trust. At 30 June 2018, 2,500,000 shares remained held in trust as treasury stock in respect of the Plan.

6. Commitments and contingencies

(a) Legal claims

The Group had no significant legal or other contingencies as at 30 June 2018, or 31 December 2017.

(b) Commitments

At 30 June 2018, the Company had commitments under contracts for the manufacture of trofinetide amounting to approximately 1.9 million Euros and commitments under contracts for non-clinical toxicology studies of approximately US$0.6 million. In July 2018, the Company made an additional commitment of 2.25 million Euros under a contract for the manufacture of trofinetide. The commitments are expected to become payable during the period to March 2019.

7. Segment information

The Group operates as a single operating segment and internal management reporting systems present financial information as a single segment. The segment derives its revenue from the development of pharmaceutical products.

8. Events after balance date

On 6 August 2018, Neuren entered into an exclusive North American License Agreement with ACADIA Pharmaceuticals Inc ("ACADIA) for the development and commercialisation of trofinetide for Rett syndrome and other indications. Neuren retained rights to develop and commercialise trofinetide for all indications outside of North America. Any data and regulatory filings generated by ACADIA or Neuren may be used by either party for the development and commercialisation of trofinetide in their respective territories. Neuren received US$10 million on 22 August 2018 and is eligible to receive tiered, escalating, double-digit percentage royalties on net sales of trofinetide in North America, plus potential milestone payments of up to US$455 million, plus one third of the market value of any Rare Pediatric Disease Priority Review Voucher, if awarded by the US Food and Drug Administration upon approval of a New Drug Application for trofinetide. The potential milestone payments to Neuren consist of US $105 million subject to achievement of development milestones in Rett syndrome and Fragile X syndrome and up to US $350 million subject to achievement of thresholds of annual net sales of trofinetide in North America. ACADIA will fund and execute the remaining development for trofinetide in Rett syndrome in North America, except for the completion by Neuren of certain in-progress preparatory activities. ACADIA and Neuren will form a Joint Steering Committee to direct the development of trofinetide in all indications, including the next clinical trial for Fragile X syndrome. ACADIA has a right of first negotiation to acquire a license to develop and commercialise trofinetide outside North America. Neuren has an obligation not to develop a competing product in indications for which ACADIA develops and commercialises trofinetide.

On 28 August 2018, Neuren and Lanstead Capital agreed to pause the monthly settlements under the Sharing Agreement for 120 days. The settlement due in August 2018 was deferred to December 2018 and the final settlement is now due in June 2018 instead of in February 2018. The fair value of the remaining settlements at 30 June 2018 was $6.7 million, as detailed in Note 4. If the 20 day VWAP applicable to the settlements from December 2018 onwards was reduced to $1.10 per share, the fair value of the remaining settlements at 30 June 2018 would fall to approximately $2.6 million.

As at the date of these consolidated interim financial statements there were no other events arising since 30 June 2018 that require disclosure.

Grant Thornton

Independent Review Report

Grant Thornton New Zealand Audit Partnership

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To the Shareholders of Neuren Pharmaceuticals Limited

Report on the Consolidated Interim Financial Statements

We reviewed the accompanying consolidated interim financial statements of Neuren Pharmaceuticals Limited (the Company) and the entities it controlled from time to time during the financial period (the Group) on pages 3 to 11 which comprise the consolidated interim statement of financial position as at 30 June 2018, and the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

Director's Responsibility for the Consolidated Interim Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34), and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the consolidated interim financial statements. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Historical Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects in accordance with TNZ IAS 34. As the auditor of Neuren Pharmaceuticals Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual consolidated financial statements.

A review of consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

We are independent of the Group. Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated interim financial statements do not present fairly, in all material respects, the financial position and its financial performance and cash flows for the 30 June 2018 period then ended in accordance with NZ IAS 34.

Restriction on use of our report

This report on the consolidated interim financial statements is made solely to the shareholders. Our limited assurance work has been undertaken so that we might state to the shareholders those matters which we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Neuren Pharmaceuticals Limited and the shareholders for our work, for this report or for the conclusion we have formed.

Grant Thornton New Zealand Audit Partnership

Kerry Price
Partner
Auckland

30 August 2018