
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of February 2016

PRANA BIOTECHNOLOGY LIMITED

(Name of Registrant)

Level 2, 369 Royal Parade, Parkville, Victoria 3052 Australia

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒

Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): __

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): __

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐

No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

This Form 6-K is being incorporated by reference into the Registrant's Registration Statements on Form F-3 (File No. 333-199783) and Form S-8 (File No. 333-153669).

PRANA BIOTECHNOLOGY LIMITED
(a development stage enterprise)

The following exhibits are submitted:

- | | |
|------|---|
| 99.1 | Condensed Consolidated Financial Statements of Prana Biotechnology Limited and Subsidiaries (a development stage enterprise) as of December 31, 2015 and for the Six Months ended December 31, 2015 and December 31, 2014 |
| 99.2 | Operating and Financial Review and Prospects for the Six Months ended December 31, 2015 and December 31, 2014 |
-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Prana Biotechnology Limited

By: /s/ Geoffrey P. Kempler

Geoffrey P. Kempler
Chief Executive Officer

Date: February 25, 2016

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Condensed Consolidated Financial Statements of Prana Biotechnology Limited and Subsidiaries (a development stage enterprise) as of June 30, 2015 and December 31, 2015 and for the Six Months ended December 31, 2014 and 2013
99.2	Operating and Financial Review and Prospects for the Six Months ended December 31, 2015 and December 31, 2014

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015
IN AUSTRALIAN DOLLARS**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in Australian dollars)

	Note	Unaudited December 31, 2015	Audited June 30, 2015
ASSETS			
Current Assets			
Cash and cash equivalents		29,059,146	34,909,574
Trade and other receivables		9,248,918	6,521,154
Other current assets		206,165	313,465
Total Current Assets		38,514,229	41,744,193
Non-Current Assets			
Plant and equipment		33,208	44,727
Other non-current assets		45,462	45,462
Total Non-Current Assets		78,670	90,189
Total Assets		38,592,899	41,834,382
LIABILITIES			
Current Liabilities			
Trade and other payables		1,770,308	2,152,015
Other financial liabilities	14	590	12,076
Provisions		579,431	554,615
Total Current Liabilities		2,350,329	2,718,706
Non-Current Liabilities			
Provisions		631	2,412
Total Non-Current Liabilities		631	2,412
Total Liabilities		2,350,960	2,721,118
Net Assets		36,241,939	39,113,264
Equity			
Contributed equity	7	146,879,214	146,895,714
Reserves	8	9,363,181	9,363,181
Accumulated losses		(120,000,456)	(117,145,631)
Total Equity		36,241,939	39,113,264

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(in Australian dollars)
(Unaudited)

	Note	Six months ended December 31,	
		2015	2014
Revenue from ordinary activities	4	77,328	92,581
Other income	4	2,779,394	3,331,429
Intellectual property expenses	5	(120,170)	(106,205)
Auditor expenses	5	(108,226)	(208,636)
Research and development expenses	5	(4,918,889)	(5,557,960)
Corporate personnel expenses	5	(858,153)	(1,097,235)
Depreciation expenses	5	(12,764)	(16,898)
Other expenses	5	(886,203)	(834,194)
Travel expenses	5	(43,821)	(78,594)
Public relations and marketing expenses	5	(93,807)	(46,610)
Foreign exchange gain	5	1,318,999	3,254,974
Gain on fair valuation of financial liabilities	5	11,487	14,653
Loss for the period		(2,854,825)	(1,252,695)
Total comprehensive loss for the period		(2,854,825)	(1,252,695)
Loss per share for loss attributable to the ordinary equity holders of the Group:		Cents	Cents
Basic and diluted loss per share (cents per share)	9	(0.53)	(0.26)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in Australian dollars)
(Unaudited)

	Six months ended December 31,	
	2015	2014
Cash Flows related to Operating Activities		
Payments to suppliers and employees	(7,507,761)	(8,637,807)
Interest received	73,221	113,558
Grants	56,000	112,842
Net Operating Cash Flows	(7,378,540)	(8,411,407)
Cash Flows related to Investing Activities		
Payment for purchase of plant and equipment	(1,736)	(24,942)
Net Investing Cash Flows	(1,736)	(24,942)
Cash Flows related to Financing Activities		
Transaction costs relating to equity issuances	-	(106,443)
Net Financing Cash Flows	-	(106,443)
Net increase (decrease) in cash and cash equivalents	(7,380,276)	(8,542,792)
Cash and cash equivalents at the beginning of reporting period	34,909,574	34,167,018
Reclassification of security deposit	152,603	-
Effects of exchange rate changes on cash and cash equivalents	1,377,245	3,428,830
Cash and cash equivalents at the end of reporting period	29,059,146	29,053,056

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in Australian dollars)

	Issued and Unissued Capital	Reserve	Accumulated Losses	Total
As at June 30, 2014	140,009,415	8,937,434	(111,260,562)	37,686,287
Transactions with owners in their capacity as owners:				
Shares issued gross of costs	1,100	-	-	1,100
Options exercised	25,488	(25,488)	-	-
Options issued	-	170,397	-	170,397
Equity to be issued	11,000	-	-	11,000
Transaction costs	(109,183)	-	-	(109,183)
	(71,595)	144,909	-	73,314
Loss for the period	-	-	(1,252,695)	(1,252,695)
Total comprehensive loss for the period	-	-	(1,252,695)	(1,252,695)
As at December 31, 2014	139,937,820	9,082,343	(112,513,257)	36,506,906
Transactions with owners in their capacity as owners:				
Shares issued gross of costs	7,128,142	-	-	7,128,142
Options issued	-	280,838	-	280,838
Equity to be issued	5,500	-	-	5,500
Transaction costs	(175,748)	-	-	(175,748)
	6,957,894	280,838	-	7,238,732
Loss for the period	-	-	(4,632,374)	(4,632,374)
Total comprehensive loss for the period	-	-	(4,632,374)	(4,632,374)
As at June 30, 2015	146,895,714	9,363,181	(117,145,631)	39,113,264
Transactions with owners in their capacity as owners:				
Reversal of equity to be issued	(16,500)	-	-	(16,500)
	(16,500)	-	-	(16,500)
Loss for the period	-	-	(2,854,825)	(2,854,825)
Total comprehensive loss for the period	-	-	(2,854,825)	(2,854,825)
As at December 31, 2015	146,879,214	9,363,181	(120,000,456)	36,241,939

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in Australian dollars)

Note 1: Basis of Preparation

This general purpose financial report for the interim half year reporting period ended December 31, 2015 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting and *the Corporations Act 2001*. This interim financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Australian equivalents to International Financial Reporting Standards ("A-IFRS") and IAS 34.

This interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the Annual Report for the year ended June 30, 2015 and any public announcements made by Prana Biotechnology Limited ("the Group") during the interim reporting period in accordance with the continuous disclosure requirements of *the Corporations Act 2001*.

This interim financial report of the Group was authorized for issue by the Board of Directors on February 25, 2016.

Accounting Policies

All accounting policies adopted are consistent with the most recent Annual Financial Report for the year ended June 30, 2015. Where necessary, comparatives have been reclassified and repositioned for consistency with current period disclosure.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going Concern

The Group is a development stage medical biotechnology Group and as such expects to be utilizing cash until the results of its research activities have become marketable. For the six months ended December 31, 2015, the Group incurred an operating loss of A\$2.9 million (2014: Loss: A\$1.3 million) and an operating cash outflow of A\$7.4 million (2014: A\$8.4 million). As at December 31, 2015 the net assets of the Group stood at A\$36.2 million (2014: A\$36.5 million) and the cash position has decreased to A\$29.1 million from A\$34.9 million at June 30, 2015.

Cash on hand at December 31, 2015 plus projected operating inflows are considered sufficient to meet the Group's forecast cash outflows for, at least 12 months from the date of this report. While there is an inherent uncertainty in the Group's cash flow forecast in relation to the proposed expenditure on research and development which may impact the forecast cash position, the Directors believe the Group will be able to maintain sufficient cash reserves through a range of options, including:

- The Group continues to pursue raising additional funds through alternative funding structures and has a strong history of raising capital. On November 4, 2014, the Group filed a shelf registration statement on Form F-3 with the United States Securities and Exchange Commission to sell up to an aggregate US\$50 million of its securities and on November 27, 2014 issued a Prospectus Supplement relating to the sale of American Depositary Receipts ("ADRs") having an aggregate offering price of up to US\$50 million through an "at-the-market" (ATM) facility.

- The Group has on issue a total of 20.01 million unlisted, unexercised options. The options have exercise prices ranging from A\$0.17 to A\$1.12. If all unlisted options were exercised, the Group would receive consideration of A\$7.52 million in total.
- Notwithstanding, in the event that the Group does not have sufficient funds to effect its current plans through the above mentioned methods, the Group has the ability to scale down its operations and re-prioritize its research and development programs.

The Group has recorded a Trade Receivable at December 31, 2015 in the amount of A\$9.24 million from the Australian Tax Office. This amount is made up of A\$6.46 million in respect of its 2015 R&D claim and A\$2.78 million in respect of its 2016 R&D claim. The Group expects to receive these amounts during the 12 month period ended June 30, 2016 and 2017 respectively.

On this basis, the Directors are satisfied that the Group is a going concern and at this time and are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the Statement of Financial Position as at December 31, 2015.

Therefore, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

R&D Tax Incentives

The Australian Government replaced the research and development tax concession with the research and development tax incentive from July 1, 2011. The provisions provide refundable or non-refundable tax offsets. The research and development tax incentive applies to expenditure incurred and the use of depreciating assets in an income year commencing on or after July 1, 2011. A refundable tax offset equivalent to a deduction of 150% will be available to eligible small companies with an annual aggregate turnover of less than A\$20 million. Eligible companies can receive a refundable tax offset (at a rate of 45% as of December and June 2015) of their research and development spending.

The Group's research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from July 1, 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. For the six month period to December 31, 2015 the Group has recorded an item in other income of A\$2.78 million (2014: A\$3.22 million) to recognize this amount which relates to this period.

Share-based Payments

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate mathematical formula based on Black Scholes option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares.

Note 2: Dividends

The Group resolved not to declare any dividends for the period ended December 31, 2015.

Note 3: Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Prana Biotechnology Limited. For the current and previous reporting periods, the Group operated in one segment, being research into Alzheimer's disease, Huntington disease and other neurodegenerative disorders.

Note 4: Revenue and other income

	Six months ended December 31,	
	2015	2014
Other revenue		
Interest	77,328	92,581
Total other revenue	77,328	92,581
Other income		
R&D tax incentive	2,779,343	3,218,587
Grants	-	112,842
Other	51	-
Total other income	2,779,394	3,331,429

Note 5: Loss for the period

		Six months ended December 31,	
	Note	2015	2014
Loss before income tax has been determined after:			
Expenses			
Intellectual property expenses		120,170	106,205
Auditor expenses		108,226	208,636
Research and development expenses	(a)	4,918,889	5,557,960
Corporate personnel expenses			
- Employee expenses	(b)	465,906	447,256
- Equity payments to employees	(b)	-	170,397
- Consultant and director expenses		377,670	438,948
- Equity payments to consultants and directors		(16,500)	11,000
- Defined contribution superannuation expenses	(b)	31,077	29,634
Total corporate personnel expenses*		858,153	1,097,235
Depreciation expenses		12,764	16,898
Other expenses			
- Corporate compliance		209,267	238,533
- Administrative and office expenses		454,944	417,062
- Computer expenses		9,532	16,297
- Insurance		114,233	79,193
- Office rental under operating lease		98,227	83,109
Total other expenses		886,203	834,194
Travel expenses		43,821	78,594
Public relations and marketing expenses		93,807	46,610
Foreign exchange gain		(1,318,999)	(3,254,974)
Loss (gain) on fair valuation of financial liabilities		(11,487)	(14,653)
Total expenses		5,711,547	4,676,705

* Corporate personnel expenses excludes salaries and fees paid to employees and consultants involved in research and development activities.

	Six months ended December 31,	
	2015	2014
5a) Research and development expenses:		
Personnel expenses related to research and development ¹	867,033	906,569
Research and development expenses	4,051,856	4,651,391
Total research and development expenses	4,918,889	5,557,960

¹ Research and development expenses consist of expenses for contract research and development activities conducted by third parties on behalf of the Group.

	Six months ended December 31,	
	2015	2014
5b) Employee benefits expenses		
Employee expenses	819,837	1,033,225
Equity payments to employees	-	170,397
Defined contribution superannuation expenses	67,577	83,626
Total employee benefits expenses	887,414	1,287,248

Note 6: Contingent liabilities and assets

There has been no change in contingent liabilities and assets since the last annual reporting date.

Note 7: Contributed equity

	Note	As at			
		December 31, 2015		June 30, 2015	
		No.	\$A	No.	\$A
Fully paid ordinary shares	(a)	533,891,470	144,177,570	533,891,470	144,194,070
Options for fully paid ordinary shares	(b)	-	2,701,644	-	2,701,644
Total Contributed equity			146,879,214		146,895,714
(a) Fully paid ordinary shares					
At the beginning of reporting period		533,891,470	144,194,070	488,646,960	137,307,771
Shares issued		-	(16,500)	45,064,510	7,145,742
Shares issued upon exercise of options		-	-	180,000	25,488
Transaction costs relating to share issues		-	-	-	(284,931)
At the end of reporting period		533,891,470	144,177,570	533,891,470	144,194,070
(b) Options for fully paid ordinary shares					
At the beginning of reporting period		-	2,701,644	-	2,701,644
At the end of reporting period		-	2,701,644	-	2,701,644

Note 8: Reserves

	Note	As at			
		December 31, 2015		June 30, 2015	
		No.	\$A	No.	\$A
Options over fully paid ordinary shares	(a)	19,395,582	7,394,184	19,395,582	7,394,184
Options over ADRs	(b)	-	1,515,434	-	1,515,434
Warrants over ADRs (1 ADR = 10 ordinary shares)	(c)	612,397	453,563	612,397	453,563
Total share based payments		20,007,979	9,363,181	20,007,979	9,363,181
(a) Options over fully paid ordinary shares					
At the beginning of reporting period		19,395,582	7,394,184	18,542,577	6,968,437
Options issued during the period		-	-	4,400,000	451,235
Exercise of options		-	-	(180,000)	(25,488)
Expiration of options		-	-	(3,166,995)	-
Forfeiture of options		-	-	(200,000)	-
At the end of reporting date		19,395,582	7,394,184	19,395,582	7,394,184
(b) Options over ADRs					
At the beginning of reporting period		-	1,515,434	-	1,515,434
At end of reporting period		-	1,515,434	-	1,515,434
(c) Options over Warrants					
At the beginning of reporting period		-	453,563	-	453,563
At the beginning of reporting period	(i)	612,397	-	612,397	-
At end of reporting period		612,397	453,563	612,397	453,563

i. Warrants exercisable at A\$0.17 on or before February 25, 2016.

Note 9: Loss per share

	As at	
	December 31, 2015	December 31, 2014
Basic loss per share (cents)	(0.53)	(0.26)
Diluted loss per share (cents)	(0.53)	(0.26)
	\$A	\$A
a) Net loss used in the calculation of basic and diluted loss per share	(2,854,825)	(1,252,695)
	No.	No.
b) Weighted average number or ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	533,891,470	488,903,862

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. All the options on issue do not have the effect to dilute the loss per share. Therefore all the options have been excluded from the calculation of diluted loss per share. There have been no other conversions to, call of, or subscriptions for ordinary shares since the reporting date and before the completion of this report.

Note 10: Net tangible assets

	As at	
	December 31, 2015	June 30, 2015
Net tangible assets	\$A 36,241,939	\$A 39,113,264
No. of shares	533,891,470	533,891,470
Net tangible assets per share (cents)	6.79	7.33

Note 11: Cash flow reconciliation

	As at	
	December 31, 2015	December 31, 2014
	\$A	\$A
(a) Reconciliation of cash flow from Operating Activities with net loss after income tax	(2,854,825)	(1,252,695)
Add back depreciation expense	13,186	16,898
Add back loss (gain) on fair value of financial liabilities	(11,487)	(14,653)
Add back share based payments expense	(16,500)	182,497
Loss (gain) on sale of plant and equipment	71	-
Increase in provisions	23,035	75,691
Increase in accounts receivable	(2,727,764)	(3,144,165)
Increase in other current assets	(46,202)	(80,261)
Increase (decrease) in accounts payable	(380,809)	(765,889)
Add back gain from foreign exchange	(1,377,245)	(3,428,830)
Net Operating Cash Flows	(7,378,540)	(8,411,407)
	As at	
	December 31, 2015	June 30, 2015
(b) Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial period as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:		
Cash and cash equivalents	\$A 29,059,146	\$A 34,909,574

Note 12: Events subsequent to reporting date

To the knowledge of management, no other matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial years.

Note 13: Related party transactions

Prof. Ira Shoulson provides consulting services to Prana Biotechnology in a separate capacity to his position as Non-Executive Director. Prof. Shoulson was appointed as Non-Executive Director on May 13, 2014. Total cash compensation of \$133,082 was paid to Prof. Shoulson for the period July 1, 2015 to December 31, 2015 in his capacity as a consultant to the Group.

There were no other related party transactions other than those related to Director and Key Management Personnel remuneration and equity transactions by the parent with its subsidiaries.

Note 14: Financial liabilities

		December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	Note	No.	No.	\$A	\$A
Current					
Warrants over ordinary shares	(a)	612,397	612,397	590	12,076
				<u>590</u>	<u>12,076</u>

(a) Warrants to purchase ordinary shares

As per an agreement with the Alzheimer's Drug Discovery Foundation, the Group issued warrants to purchase 612,397 ordinary shares to the ADDF representing 30% of the value of the first tranche of US\$350,000 grant received during the financial year ended June 30, 2011.

The warrants are convertible into ordinary shares on or before February 25, 2016 at an exercise price of A\$ 0.17 per warrant.

Under IAS 132 paragraph 11, the warrants associated with this transaction are required to be classified as a financial liability, as opposed to issued capital.

On initial recognition, the warrants issued to ADDF are measured at fair value on the Consolidated Statement of Financial Position. At each reporting date the financial liability representing the warrants are required to be re-valued to fair value with the movement in the fair value recorded in the Consolidated Statement of Comprehensive Income.

Note 15: Financial instruments measured at fair value

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consist of the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

During the current and previous reporting periods, none of the Group's assets and liabilities except for other financial liabilities, had their fair value determined using the fair value hierarchy. The other financial liabilities consisting of the convertible promissory note and warrants (as detailed in Note 14) are classified as a level 2 instrument.

The value of the gain recognised from revaluing the liability in the current reporting period was A\$11,487. The previous reporting period recognised a loss of A\$14,653 from revaluing the liability. These amounts were included in loss on fair valuation of financial liabilities in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting periods.

The directors consider that the carrying amount of all other financial assets and liabilities recorded in the financial statements approximate their fair value.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis includes certain forward-looking statements with respect to the business, financial condition and results of operations of our company. The words "estimate," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements within the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements. This discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in Exhibit 99.1.

BACKGROUND

We were incorporated under the laws of the Commonwealth of Australia on November 11, 1997. Our mission is to develop therapeutic drugs designed to treat the underlying cause of degeneration of the brain and the eye as the aging process progresses. The principal listing of our ordinary shares and listed options to purchase our ordinary shares is on the Australian Securities Exchange, or ASX. Since September 5, 2002, our American Depositary Receipts, or ADRs, have traded on the NASDAQ Capital Market under the symbol "PRAN."

Our interim consolidated financial statements appearing in Exhibit 99.1 are prepared in Australian dollars and in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and comply with both IFRS as issued by the IASB and Australian equivalents to International Financial Reporting Standards, or A-IFRS. In this report, all references to "U.S. dollars" or "US\$" are to the currency of the United States of America, and all references to "Australian dollars" or "A\$" are to the currency of Australia.

All of our current revenues are generated in Australian dollars, except for interest earned on foreign currency bank accounts, and the majority of our expenses are incurred in Australian dollars.

OVERVIEW

We are a development stage enterprise at an early stage in the development of our pharmaceutical products that are designed to treat the underlying causes of neurodegeneration. We have incurred net losses since inception and expect to incur substantial and increasing losses for the next several years as we expand our research and development activities and move our product candidates into later stages of development. All of our product candidates are in early stages of development and we face the risks of failure inherent in developing drugs based on new technologies. The process of carrying out the development of our products to later stages of development may require significant additional research and development expenditures, including pre-clinical testing, manufacturing and clinical trials, as well as for obtaining regulatory approval. For additional details about our risks see Item 3.D., "Key Information – Risk Factors," of our Form 20-F for the year ended June 30, 2015.

To date, we have funded our operations primarily through the sale of equity securities, proceeds from the exercise of options, government grants, licensing and research collaborations and interest income.

Since completing our initial public offering and listing process on the ASX on March 28, 2000, we have concentrated our resources toward the pursuit of our disease targets. We have developed a library of Metal Protein Attenuating Compounds (MPACs) that intercede in the metal mediated toxic gain of function of aggregation prone disease proteins such as beta amyloid, alpha-synuclein and mutant huntingtin proteins. PBT2 is the most advanced of MPAC in the Prana pipeline and has completed four Phase I studies and four Phase II studies in Alzheimer's disease and Huntington disease. In 2014 we published the results of the Phase II imaging study in mild or prodromal Alzheimer's patients (n=42) treated with PBT2 or placebo for twelve months, the 'IMAGINE' study. In addition, we published the results of the Phase IIa 'Reach2HD' study in early to mid-stage Huntington disease (n=109). For additional details regarding our clinical trials see Item 4.A., "Information on the Company - History and Development of the Company," of our Form 20-F for the year ended June 30, 2015.

HIGHLIGHTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

PBT2 Huntington disease clinical development update

In February 2015 we reported that the US Food and Drug Administration (FDA) had placed PBT2 on Partial Clinical Hold (PCH) based on particular non-clinical neurotoxicology findings in a dog study which limit the dose of PBT2 that we can use in future trials. Our focus has been on creating a strong technical and safety data package in response to the PCH. This is a comprehensive and lengthy process that has required substantial input from our clinical and non-clinical teams and collaborators. It is essential that this submission presents sufficient data to enable the FDA to give guidance on the next steps required to lift the PCH and it remains a priority for the Group.

Meanwhile planning continues for the next stage in global development with PBT2 to confirm its clinical benefit as a treatment for cognitive impairment, a disabling and cardinal feature of Huntington disease. The award of Orphan designation by the FDA and the European Commission supports our mission to help patients for whom there is no effective treatment. We are planning to submit a regulatory package to selected national authorities and the European Medicines Agency (EMA) incorporating the data prepared for our response to the FDA to facilitate the commencement of a clinical trial in Huntington's disease.

PBT434 Movement Disorder clinical candidate update

It has been previously reported that PBT434 is neuroprotective having demonstrated significant preservation of the *substantia nigra*, a brain region containing dopaminergic neurons responsible for motor coordination. This has translated into improved motor function, coordination and cognition in multiple mouse models of Parkinson's disease. Apart from exploring Parkinsonian Movement Disorders, Prana has advanced this program with 'proof of concept' mouse models of atypical Parkinsonian conditions. Specifically, in some conditions such as Multiple System Atrophy and Dementia with Lewy Bodies there is an overabundance of the protein α -synuclein in the brain, which is associated with neurodegeneration and loss of motor and cognitive capacity. PBT434 has been shown to decrease insoluble forms of α -synuclein, and promote neuronal preservation with consequent improvement in motor and cognitive function. Movement Disorders typified by the over accumulation of toxic forms of tau protein in the brain include Corticobasal Degeneration and Progressive Supranuclear Palsy. Our mouse modeling has now confirmed a significant decrease in tau deposition and improvement in motor and cognitive function.

A comprehensive International Council for Harmonisation of Technical Requirements for Human Use (ICH) compliant IND-enabling non-clinical program has been conducted to evaluate PBT434's pharmacologic, pharmacokinetic and toxicological profile. PBT434 has been shown to be well tolerated with limited toxicity. Preparation for a regulatory submission to enable first in man studies is underway. These Phase I trials will investigate safety, tolerability, pharmacokinetics, pharmacodynamics and putative biomarkers of PBT434. They will provide the data required to progress to Phase II testing in an atypical Parkinsonian disease.

Pipeline development from translational Biology Program

New and exciting development candidates from Prana's Metal-Protein Attenuating Compounds (MPAC) have emerged over the reporting period. These MPACs have demonstrated a number of key attributes required to tackle neurodegenerative processes including: the ability to reduce metal mediated oxidative and nitrosative stress, inhibit target protein oligomer aggregation and restore neuronal interconnections. The new candidates arose from novel discovery chemistry to create new chemical entities within three promising chemical scaffolds that show desirable MPAC qualities, are bioavailable and brain penetrable. These candidates began their efficacy profiling in animal models, including models of Movement Disorders and neurodegeneration, during the reporting period.

Cash

The Group's cash on hand as at December 31, 2015 totaled A\$29.1 million. In addition, the Group has recorded a Trade Receivable at December 31, 2015 in the amount of A\$9.24 million from the Australian Tax Office. This amount comprises of A\$6.46 million in respect of its 2015 R&D tax incentive claim and A\$2.78 million in respect of its 2016 R&D tax incentive claim. The Group expects to receive these amounts during the 12 months ended June 30, 2016 and 2017, respectively.

Corporate

On November 6, 2015 the Group was notified by the Listing Qualifications Department of NASDAQ that it was non-compliant with NASDAQ's requirement that listed securities maintain a minimum bid price of US\$1.00 per share. The Group has a compliance period of 180 days (until May 2, 2016) to regain compliance with the minimum bid price requirement and may be eligible for an additional 180 day extension (until October 29, 2016) if it does not regain compliance. The Group is considering all available options to correct the minimum bid price deficiency.

SIX MONTHS ENDED DECEMBER 31, 2015 COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2014

Revenue

Revenue, consisting of interest income, decreased to A\$77,328 for the six months ended December 31, 2015 from A\$92,581 for the six months ended December 31, 2014, a decrease of A\$15,253, or 16.48%. The decrease in interest income is primarily attributable to decreased amounts of cash being carried in interest bearing accounts.

Other income

We had other income of A\$2,779,394 for the six months ended December 31, 2015 relating to eligible research and development activities, on which amount we are entitled to a 45% refundable tax offset under an Australian Government tax incentive that was introduced on July 1, 2011. We had other income of A\$3,331,429 for the six months ended December 31, 2014 relating to eligible research and development tax refunds for the 2014 and 2015 financial years.

Research and development expenses

Research and development expenses decreased to A\$4,918,889 for the six months ended December 31, 2015 from A\$5,557,960 for the six months ended December 31, 2014, a decrease of A\$639,071, or 11.50%. The decrease in research and development expenses in the six months ending December 31, 2015 is attributable to the majority of expenses relating to the completion and reporting of both the Alzheimer's disease IMAGINE and Huntington disease REACH 2HD Phase II studies and pre-phase III development and manufacturing costs being incurred in the previous period.

Corporate personnel expenses

Corporate personnel expenses decreased to A\$858,153 for the six months ended December 31, 2015 from A\$1,097,235 for the six months ended December 31, 2014, a decrease of A\$239,082, or 21.79%. The decrease in corporate personnel expenses is primarily attributable to a decrease in the non-cash expense associated with the issue of options to directors and key management personnel in the six months ended December 31, 2015.

Intellectual property expenses

Intellectual property expenses increased to A\$120,170 for the six months ended December 31, 2015 from A\$106,205 for the six months ended December 31, 2014, an increase of A\$13,965, or 13.15%. The increase in intellectual property expenses for the six months ending December 31, 2015 was primarily due to the timing of patent applications.

Auditor expenses

Auditor expenses decreased to A\$108,226 for the six months ended December 31, 2015 from A\$208,636 for the six months ended December 31, 2014, a decrease of A\$100,410, or 48.13%. The decrease in auditor expenses in the six months ended December 31, 2015 was primarily attributable to decreased costs for services provided in connection with filings made with the U.S. Securities and Exchange Commission and compliance with section 404 of the Sarbanes Oxley Act of 2002 (SOX 404) regulations.

Travel expenses

Travel expenses decreased to A\$43,821 for the six months ended December 31, 2015 from A\$78,594 for the six months ended December 31, 2014, a decrease of A\$34,773, or 44.24%. The decrease in travel expenses is primarily attributable to decreased overseas travel by executives and consultants for company business meetings.

Public relations and marketing expenses

Public relations and marketing expenses increased to A\$93,807 for the six months ended December 31, 2015 from A\$46,610 for the six months ended December 31, 2014, an increase of A\$47,197, or 101.26%. The increase in public relations and marketing expenses in the 2015 period is primarily attributable to an increased amount of investor relations activities during the period.

Depreciation expense

Depreciation expense decreased to A\$12,764 for the six months ended December 31, 2015 from A\$16,898 for the six months ended December 31, 2014, a decrease of A\$4,134, or 24.46%. The decrease in depreciation expenses in the six months ended December 31, 2015 is primarily attributable to the disposal of computer equipment no longer in use.

Other expenses

Other expenses from ordinary activities increased to A\$886,203 for the six months ended December 31, 2015 from A\$834,194 for the six months ended December 31, 2014, an increase of A\$52,009, or 6.23%. The increase is primarily attributable to an increase in costs associated with the Group's insurance policies.

Foreign exchange gains

We recorded foreign exchange gains of A\$1,318,999 and A\$3,254,974 for the six months ended December 31, 2015 and December 31, 2014, respectively. Foreign exchange gain (loss) reflects the impact of changes in foreign currency exchange rates on cash that we hold in US dollars, British Pounds and Euros. In the 2015 period, the Australian dollar depreciated relative to the US dollar by 8.58% compared to 7.17% in the 2014 period. This depreciation had a favorable impact on the Australian dollar value of our US cash balances in both periods.

The decrease in the 2015 period was due to a decrease in US dollar cash balances being carried during the period.

Gain on fair valuation of financial liabilities

We recorded a gain on fair value of financial liabilities of A\$11,487 for the six months ended December 31, 2015 compared to a gain on fair value of financial liabilities of A\$14,653 for the six months ended December 31, 2014. The gain in 2015 and in 2014 are attributable to the change in value of warrants to purchase 612,397 of our ordinary shares that were issued to the ADDF, representing 30% of the value of the first tranche of a grant of US\$350,000 that we received from the ADDF during the 2011 fiscal year. The warrants have an exercise price of A\$0.17 and expire on February 25, 2016. The gain on fair value of financial liabilities is also attributable to the changes in the market price of our ADRs and the volatility of the ADR market price.

INFLATION AND SEASONALITY

Management believes that inflation has had no material impact on our group's operations or financial condition and that our operations are not currently subject to seasonal influences.

LIQUIDITY AND CAPITAL RESOURCES

We are a development stage Group and have had no sales income to date, and as of December 31, 2015 our accumulated deficit totaled A\$120,000,456. From inception until our initial public offering in March 2000 we financed our operations primarily through borrowings from two of our then directors, which were repaid from the proceeds of such offering. Since our initial public offering we have financed our operations primarily through sales of equity securities, proceeds from the exercise of options, government grants, licensing and research collaborations and interest earned on investments. Please see our Annual Report on Form 20-F for the year ended June 30, 2015 for a discussion of our financing efforts prior to June 30, 2015.

We had A\$29,059,146 of cash and cash equivalents at December 31, 2015 compared to A\$34,909,574 at June 30, 2015.

The Group continues to pursue raising additional funds through alternative funding structures and has a strong history of raising capital. On November 4, 2014, the Group filed a shelf registration statement on Form F-3 with the United States Securities and Exchange Commission to sell up to an aggregate US\$50 million of its securities and on November 27, 2014 issued a Prospectus Supplement relating to the sale of American Depositary Receipts ("ADRs") having an aggregate offering price of up to US\$50 million through an "at-the-market" (ATM) facility. For the six months ended December 31, 2015, the Group had not utilized its ATM facility.

The Group has on issue a total of 20.01 million unlisted, unexercised options. The options have exercise prices ranging from A\$0.17 to A\$1.12. If all unlisted options were exercised, the Group would receive consideration of A\$7.52 million in total.

Capital expenditures for the six months ended December 31, 2015 were A\$1,736 and capital expenditures for the six months ended December 31, 2014 were A\$24,942. These expenditures were principally for computer equipment. We currently do not have significant capital spending or purchase commitments, but we expect to continue to engage in capital spending consistent with the level of our operations.

We believe that Australian Government tax incentive scheme relating to eligible research and development activities, introduced on July 1, 2011, will provide us with significant benefits in future years. Such eligible R&D activities include but are not limited to:

- Core activities, which are experimental activities whose outcome cannot be known or determined in advance, but can only be determined by applying a systematic progression of work;
- Core activities conducted for the purpose of generating new knowledge (including new knowledge in the form of new or improved processes and materials); or
- Supporting activities that are directly related and designed to support the above).

Under the research and development incentive scheme, entities with an aggregated turnover for the income year of less than A\$20 million will be entitled to a 45% refundable tax offset. In the half-year ended December 31, 2015, we recorded A\$2,779,343 in other income with respect to funds we will receive in relation to the 2015 and 2016 financial years under the research and development incentive scheme. In the half-year ended December 31, 2014, we recorded A\$3,218,587 in other income with respect to funds we will receive in relation to the 2014 and 2015 financial years under the research and development incentive scheme.

Our management believes that the going concern basis of preparation of our consolidated financial statements for the six months ended December 31, 2015 is appropriate given our cash position.

In addition, we have the ability to scale down our operations and prioritize our research and development programs in neurology should the need arise to conserve cash.

Cash Flows

Net cash used in operating activities decreased to A\$7,378,540 for the six months ended December 31, 2015 from A\$8,411,407 for the six months ended December 31, 2014. Net cash used in operating activities primarily consists of payments to suppliers and employees. The decrease in net cash used in the 2015 period was primarily due to the majority of the payments to complete the IMAGINE and Reach2HD trials being incurred in the prior period.

Net cash used by investing activities decreased to A\$1,736 for the six months ended December 31, 2015 from A\$24,942 for the six months ended December 31, 2014. Cash flows used for investing activities was primarily attributable to payments for the purchase of equipment in both periods.

Net cash used in financing activities decreased to A\$0 for the six months ended December 31, 2015 from A\$106,443 for the six months ended December 31, 2014. Cash flows used in financing activities for the six months ended December 31, 2014 is attributable to legal and auditor costs associated with the set-up of the Group's new ATM facility.

We realized a foreign exchange gain of A\$1,377,245 for the six months ended December 31, 2015 compared to a gain of A\$3,428,830 for the six months ended December 31, 2014. In the 2015 and 2014 periods, the Australian dollar depreciated against the US dollar.

OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any material off-balance sheet arrangements. In addition, we have no unconsolidated special purpose financing or partnership entities that are likely to create material contingent obligations.

CONDITIONS IN AUSTRALIA

We are incorporated under the laws of, and our principal offices and research and development facilities are located in, the Commonwealth of Australia. Therefore, we are directly affected by political and economic conditions in Australia.

RISK FACTORS

There have been no material changes in our risk factors reported in our Annual Report on Form 20-F for the year ended June 30, 2015.