neuren
pharmaceuticals

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31 October 2005

The Company Announcements Office
Australian Stock Exchange Limited

BY E-LODGEMENT

Dear Sirs

Please find attached Appendix 4C for Neuren Pharmaceuticals Limited for the third quarter ended 30 September 2005. The results presented are consistent with the Company's expectations 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.

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 is currently bringing 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 are estimated to cost an additional NZ$1.8 million in the final quarter of 2005.

Yours sincerely

Mr David Clarke
Director

Rule 4.7B

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	Quarter ended ("current quarter")
111 496 130	30 September 2005

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $NZ'000	Year to date (9 months) $NZ'000
1.1	Receipts from customers		150	654
1.2	Payments for	(a) staff costs	(573)	(1,462)
		(b) advertising and marketing	-	-
		(c) research and development	(1,401)	(5,012)
		(d) leased assets	-	-
		(e) other working capital	(425)	(1,218)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		142	485
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	(24)
1.7	Other (provide details if material)			
	Grants received		276	805
	Net GST refunded		100	258
	Patent costs		(138)	(407)
	Net operating cash flows		**(1,869)**	**(5,921)**

+ See chapter 19 for defined terms.

		Current quarter $NZ'000	Year to date (9 months) $NZ'000
1.8	Net operating cash flows (carried forward)	**(1,869)**	**(5,921)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(15)	(15)
	(d) physical non-current assets	(16)	(20)
	(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)	-	-
	Net investing cash flows	**(31)**	**(35)**
1.14	**Total operating and investing cash flows**	**(1,900)**	**(5,956)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	16,309
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 Initial Public Offering (IPO)	(24)	(1,548)
	Net financing cash flows	**(24)**	**14,761**
	Net increase (decrease) in cash held	**(1,924)**	**8,805**
1.21	Cash at beginning of quarter/year to date	11,004	343
1.22	Exchange rate adjustments	99	31
1.23	**Cash at end of quarter**	**9,179**	**9,179**

+ 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	299
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	48	61
4.2 Deposits at call	9,131	10,943
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	**9,179**	**11,004**

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.

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(Director)

David Clarke
31 October 2005

+ 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.