Newron
Pharmaceuticals

Half-Year Report 2009

Corporate Profile

Newron (SIX: NWRN) is a biopharmaceutical company focused on novel therapies for diseases of the Central Nervous System and pain. It is headquartered in Bresso near Milan, Italy, with fully owned subsidiaries in Basel, Switzerland, and Bristol, UK.

The Company currently has two late-stage product candidates in development and a further six product candidates. Newron is undertaking phase III trials of its lead candidate, safinamide, for the treatment of Parkinson's disease (PD) in conjunction with its partner, Merck Serono, which has exclusive worldwide rights to develop, manufacture and commercialize the compound in PD, Alzheimer's disease, and other therapeutic applications.

Newron recently initiated SERENA, a potentially pivotal study with ralfinamide in patients with Neuropathic Low Back Pain (NLBP). There are no approved drugs for the treatment of NLBP, an indication experienced by about 55 million patients in the USA, Europe and Japan.

Newron's additional six projects are in development at various stages of preclinical and clinical development, including NW-3509 which, like ralfinamide, is a project from Newron's ion channel research.

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Half-Year 2009 Highlights

- Safinamide significantly improved motor fluctuations and motor function in patients with advanced Parkinson's disease in a phase III pivotal trial – Results from the first phase III clinical trial of safinamide in advanced Parkinson's disease (PD) were presented at the Movement Disorder Society's 13th International Congress in Paris.

- Initiation of SETTLE safinamide study, a six-month trial involving over 450 patients with mid- to late-stage PD to evaluate the efficacy and safety of a dose range of safinamide (50–100 mg once daily) as add-on therapy to a stable dose of levodopa compared to placebo.

- First patients randomized to treatment with ralfinamide in the first potentially pivotal phase IIb/III study (SERENA study) in patients with moderate Neuropathic Low Back Pain (NLBP) to evaluate the safety and efficacy of two dose regimens of ralfinamide compared to placebo; EMEA approved the plans for the NLBP indication, the study design, diagnostic criteria, outcome measures, and statistical analysis plan.

- Newron, in its aim to become an integrated biopharmaceutical company, has carefully controlled costs and has a stable financial base to pursue the longer-term clinical development of its key product candidates as they near commercialization.

Shareholders' Letter

Rolf Stahel

Luca Benatti

Dear Shareholder,

During the first six months of 2009 Newron has continued to deliver on its objectives of becoming a leading CNS biopharmaceutical company.

Safinamide – one phase III trial successfully completed and one initiated to support an application for marketing authorization

Three major studies are ongoing for safinamide. Two of them, the SETTLE and MOTION studies, are phase III trials that will constitute part of the clinical development programme designed to support an application for marketing authorization as discussed with the regulatory authorities.

Study 016

On June 10, 2009 we were pleased to present, with our partner Merck Serono, the results from detailed analysis of the first phase III clinical trial (Study 016) of safinamide in advanced Parkinson's disease (PD) at the Movement Disorder Society's 13th International Congress in Paris. In the study, safinamide at doses of 50 mg and 100 mg a day, when used as add-on to a stable dose of levodopa and other anti-Parkinsonian treatments for 24 weeks in patients with mid- to late-stage PD, significantly increased total daily "ON" time without increasing troublesome dyskinesia, indicating that safinamide improved motor fluctuations.

Safinamide at both doses significantly reduced "OFF" time after the first morning levodopa dose, the total daily "OFF" time, the UPDRS III score during "ON" phases, the UPDRS IV scores and the clinical global impression of "Severity of Illness" score while it improved the clinical global impression of "Change" score.

The clinical significance of the changes associated with safinamide was reflected in the "responder" analysis. At a dose of 100 mg a day, safinamide significantly improved activities of daily living and may also reduce depressive symptoms associated with PD.

No systematic differences were observed between the three groups in the incidence of withdrawals, serious adverse events or clinically notable adverse events.

The study had a high completion rate (89%) and of the 669 patients enrolled, 544 (81%) continued into the 18-month extension study (Study 018) to specifically assess the effect on dyskinesias as the primary endpoint.

SETTLE study

In May, Newron and Merck Serono announced the initiation of the SETTLE study, a six-month trial involving over 450 patients with mid- to late-stage idiopathic PD, who have motor fluctuations with more than one and a half hours of "OFF" time during the day. This study will evaluate the efficacy and safety of a dose range of safinamide (50–100 mg once daily) as add-on therapy to a stable dose of levodopa compared to placebo. The primary endpoint of the trial is the change in daily "ON" time, as assessed by the recordings of diary cards maintained by patients after prior training, from baseline to week 24. Secondary endpoints include changes in measures of activities of daily living, global clinical status and health-related quality of life.

MOTION study

The ongoing MOTION study, a six-month trial that will enrol more than 650 patients with early idiopathic PD, will evaluate the efficacy and safety of two dose regimens of safinamide (50 and 100 mg once daily) as an add-on therapy to a stable dose of a single dopamine agonist, compared with dopamine agonist monotherapy. Its primary endpoint is the change in motor symptoms assessed by the change in the UPDRS Part III score from baseline to week 24. Secondary endpoints include changes in measures of activities of daily living, cognitive functions, global clinical status, and health-related quality of life.

Ralfinamide – start of one of two possible pivotal studies for approval in NLBP

In March 2009, the first patients were randomized to treatment with ralfinamide in the first phase IIb/III study in patients with moderate Neuropathic Low Back Pain (NLBP). The SERENA study (Safety and Efficacy of Ralfinamide in nEuropathic low back paiN pAtients) will evaluate the safety and efficacy of two dose regimens of ralfinamide compared to placebo. It could be one of the two pivotal studies required for an approval in NLBP, an indication with a prevalence of about 8% of the population (about 55 million patients in the USA, Europe and Japan) with no approved treatments currently available.

The SERENA study is a 12-week, randomized, double-blind, international (Europe and Asia), phase IIb/III trial. It will randomize approximately 400 patients with chronic NLBP of at least moderate severity, as judged by patients, to treatment with ralfinamide at a daily oral dose of 160 mg, 320 mg, or matched placebo. Patients will be diagnosed in accordance with the diagnostic criteria proposed by the International Association for the Study of Pain (IASP).

The primary efficacy measure of the trial will be based on the 11-point Likert Pain Scale that measures the intensity of pain as judged by the patient. Secondary efficacy measures will include patients' self ratings of the Visual Analogue Scale (VAS) as well as responder rates.

Patients who complete the 12 weeks of treatment will be eligible to enter a double-blind 40-week extension. Those who continue the study will remain on the same dose of study medication that they were receiving at the end of the 12-week treatment period.

We expect to report top-line data from the SERENA study in the first half of 2010.

NW-3509 – undergoing IND-enabling studies

NW-3509 is an innovative new chemical entity which, similarly to ralfinamide, originates from Newron's Ion Channel programme. It modulates neuronal hyperexcitability and has shown activity in vivo in a broad battery of psychosis, mania, anxiety, cognition and depression animal models.

NW-3509, acting by a different mechanism from current antipsychotics, has the potential to address unmet medical needs in schizophrenia such as cognitive symptoms, negative symptoms, mood disorders, partial responders, suicidality and co-morbidities such as anxiety and depression.

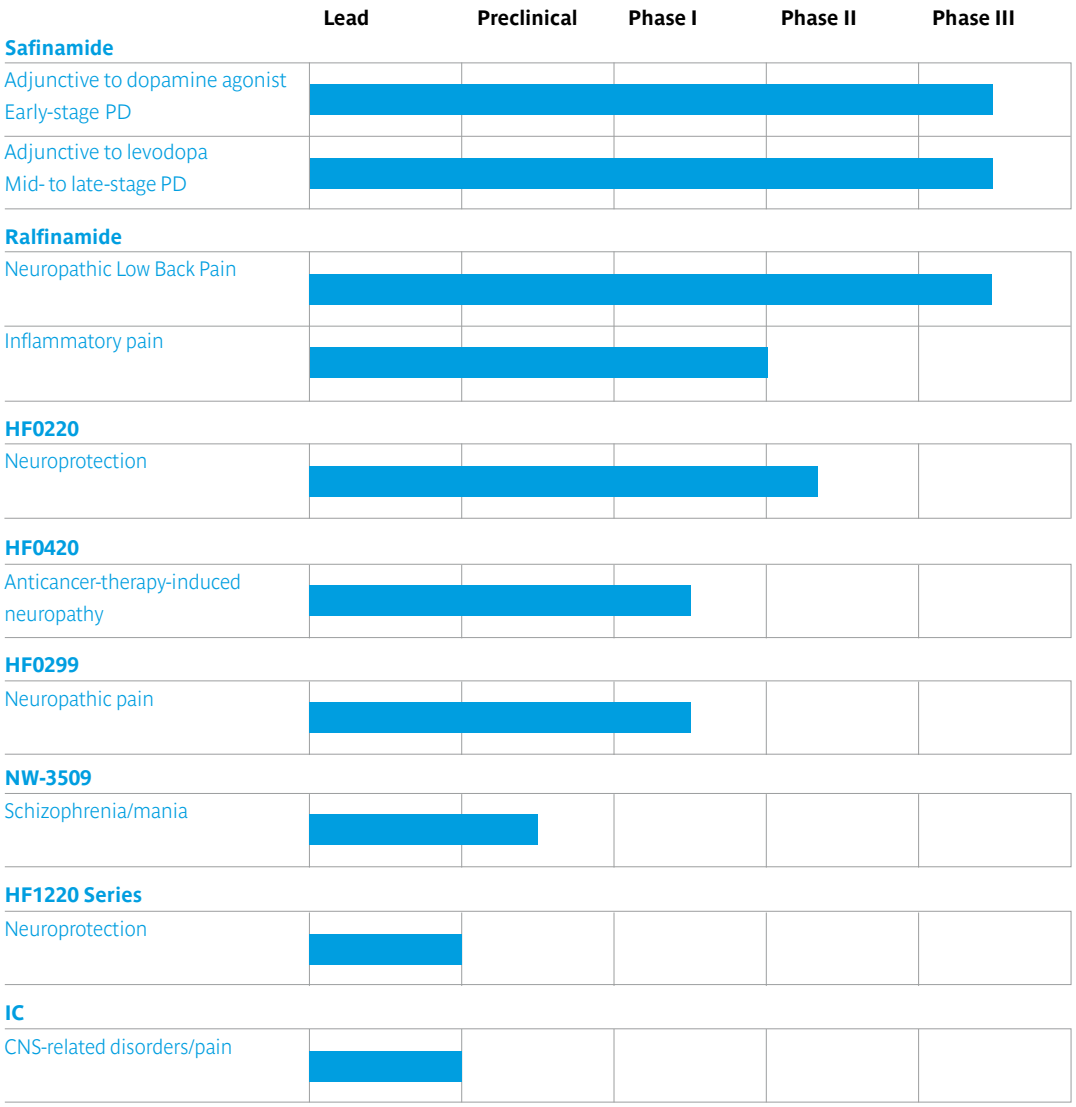
Furthermore, NW-3509 has the potential to treat the manic as well as the depressive phase of bipolar disorders without inducing sedation.

NW-3509 is currently undergoing IND-enabling studies.

HF0220 – investigating the path for further development

HF0220 is a naturally occurring human steroid for the treatment of neurodegenerative diseases. HF0220 successfully completed a phase II safety and tolerability study in patients with mild to moderate Alzheimer's disease (AD). This 28-day, multinational, randomized, double-blind, placebo-controlled pilot study was performed in 42 patients. HF0220 was administered at doses ranging from 1 to 220 mg per day versus placebo. Patients were allowed to continue their current AD medication. The very high rate of completion of the study by patients, the absence of clinically relevant or statistically significant changes in safety measures, and the very low number of patients experiencing any adverse events, indicate that HF0220 can be safely administered to patients with AD who often experience multiple concomitant illnesses and who are more susceptible to the side effects of their usual medications.

Drug portfolio



Newron is undertaking Phase III trials with safinamide for the treatment of PD on behalf of its partner Merck Serono
IC = Ion Channel Programme
HF1020 in preclinical development for asthma is part of Newron's equity holding in Trident

Interim financial statements

In the first six months of 2009, Newron has increased its investments into the development projects to EUR 6.5 m from EUR 5.2 m in 2008. These R&D expenses are net of reimbursements by Merck Serono for development cost for safinamide incurred by Newron, as well as Italian and European government grants and Italian and UK tax credits. The gross R&D expense for the reporting period was EUR 11.2 m compared to EUR 10.9 m in 2008. The spending mostly reflects the progress of the phase IIb/III SERENA trial in Neuropathic Low Back Pain. We were able to reduce the G&A expense to EUR 4.1 m compared to EUR 5.2 m in previous year, mostly due to the reduction in legal consultancy fees and the one-time restructuring cost following the Hunter-Fleming acquisition in 2008. Our interest income has seen significant reduction, mainly due to our policy to invest only in short-term funds, as well as the reduced cash and short-term investment position of EUR 29.7 m as per June 30, 2009. The net cash used in operating activities at EUR 11.7 m is lower than previous year (EUR 12.7 m) and fully in line with the guidance given at the beginning of the year (EUR 25 m for all 2009).

Outlook

Newron's management is committed to completing the SERENA trial on time. SERENA could be one of the two pivotal studies required for an approval in NLBP and positive results from the study could greatly increase the value of ralfinamide to Newron as well as potential partners and create significant value for the Company's shareholders.

Additionally, management continues to work closely with its partner, Merck Serono, towards the regulatory filing of safinamide in PD.

Newron expects to file an Investigational New Drug (IND) application for the development of NW-3509 in a CNS-related disorder during the next quarters.

Following the CHF 30 m equity line agreement signed with YA Global Investments, L.P., in December 2008, together with Newron's own cash position, Newron has a stable financial base to pursue the longer-term clinical development of its key product candidates as they near commercialization.

Rolf Stahel
Chairman

Luca Benatti
Chief Executive Officer

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2009

ERNST & YOUNG

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel. (+39) 02 722121
Fax (+39) 02 72212037
www.ey.com

AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Newron Pharmaceuticals S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, (comprising balance sheet, statement of income, comprehensive income, changes in shareholders' equity and cash flows and related explanatory notes) of Newron Pharmaceuticals S.p.A. and its subsidiaries (the "Newron Group") for the six-month period ending June 30, 2009. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Milan, September 4, 2009

Reconta Ernst & Young S.p.A.

Paolo Zocchi
(Partner)

Reconta Ernst & Young S.p.A.
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Interim Consolidated Income Statement

(In thousand euro, except per share information)	Note	For the six months ended June 30 2009 unaudited	2008 unaudited
Licence income	4	469	1,310
Other income	5	1,599	737
Revenues		2,068	2,047
Research and development expenses	6	(6,515)	(5,240)
Marketing and advertising expenses		(67)	(72)
General and administrative expenses	7	(4,102)	(5,165)
Operating loss		(8,616)	(8,430)
Financial income net	8	190	1,142
Loss before tax		(8,426)	(7,288)
Income tax expense		(4)	(4)
Net loss		**(8,430)**	**(7,292)**
Loss per share			
Basic and Diluted		(1.40)	(1.24)

(The accompanying notes are an integral part of these financial statements.)

Interim Consolidated Statement of Comprehensive Income

(In thousand euro, except per share information)	For the six months ended June 30	
	2009	2008
	unaudited	unaudited
Net loss for the period	(8,430)	(7,292)
Currency translation differences	30	(25)
Other comprehensive income/(loss), net of tax	30	(25)
Total comprehensive loss for the period	**(8,400)**	**(7,317)**

(The accompanying notes are an integral part of these financial statements.)

Interim Consolidated Balance Sheet

(In thousand euro)	Note	As of June 30, 2009	December 31, 2008
		unaudited	audited
Assets			
Non-current assets			
Property, plant and equipment		426	480
Intangible assets	9	11,978	11,989
Available-for-sale investments		584	584
Non-current receivables	10	964	250
		13,952	13,303
Current assets			
Inventories		571	657
Receivables and prepayments	11	6,470	5,313
Other short-term financial assets	12	1,605	0
Cash and cash equivalents	13	28,069	41,267
		36,715	47,237
Total assets		**50,667**	**60,540**
Shareholders' equity			
Share capital	14	1,208	1,204
Share premium and other reserves	15	46,163	60,948
Share option reserve	16	2,680	2,441
Retained earnings		(12,371)	(18,731)
Translation differences		(21)	(51)
Total shareholders' equity		37,659	45,811
Liabilities			
Non-current liabilities			
Deferred income		557	0
Deferred tax liability		3,755	3,755
Long-term borrowings		283	283
Employee cash-settled share-based liabilities		90	84
Employee severance indemnity		641	600
		5,326	4,722
Current liabilities			
Deferred income		946	1,973
Short-term borrowings		378	626
Trade and other payables		6,358	7,408
		7,682	10,007
Total liabilities		13,008	14,729
Shareholders' equity and liabilities		**50,667**	**60,540**

(The accompanying notes are an integral part of these financial statements.)

Interim Consolidated Statement of Changes in Shareholders' Equity

(In thousand euro) Unaudited	Note	Share capital	Share premium	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2008		1,167	66,978	2,091	0	(12,836)	57,400
Net loss						(7,292)	(7,292)
Translation differences					(25)		(25)
Total comprehensive loss for the period		0	0	0	(25)	(7,292)	(7,317)
Share option scheme				166			166
Issue of shares – Hunter Fleming Limited acquisition		37	4,656				4,693
Issuing cost			(419)				(419)
Previous year loss allocation			(10'469)			10,469	0
Balance at June 30, 2008		**1,204**	**60,746**	**2,257**	**(25)**	**(9,659)**	**54,523**
Balance at January 1, 2009		1,204	60,948	2,441	(51)	(18,731)	45,811
Net loss						(8,430)	(8,430)
Translation differences					30		30
Total comprehensive loss for the period		0	0	0	30	(8,430)	(8,400)
Previous year loss allocation			(14,790)			14,790	0
Issue of shares	14–15	4	5				9
Share option scheme	16			239			239
Balance at June 30, 2009		**1,208**	**46,163**	**2,680**	**(21)**	**(12,371)**	**37,659**

(The accompanying notes are an integral part of these financial statements.)

Interim Consolidated Cash Flow Statement

(In thousand euro)		For the six months ended June 30	
		unaudited	unaudited
	Note	2009	2008
Loss before tax		(8,426)	(7,288)
Adjustments for:			
Depreciation and amortization		123	134
Interest income		(189)	(1,158)
Grants and other non-monetary income	5	(3,009)	(1,114)
Share option expenses		244	186
Employee severance indemnity expense		210	202
Changes in working capital:			
Inventories		86	2
Current receivables and prepayments and deferred cost (excluding grants receivable)		1,145	(3,080)
Trade and other payables and deferred income (excluding advances of grants)		(1,101)	(1,322)
Cash used in operations		(10,917)	(13,438)
Cash flows from operating activities			
Cash used in operations		(10,917)	(13,438)
Government grants received		69	695
Pension fund paid		(117)	(95)
Change in non-current receivables		(714)	177
Net cash used in operating activities		(11,679)	(12,661)
Cash flows from investing activities			
Purchase of financial assets		(1,605)	0
Purchase of property, plant and equipment		(66)	(201)
Purchase of intangible assets		0	(37)
Acquisition of a subsidiary, net of cash acquired		0	(4,068)
Interest received		189	1,158
Net cash flows from/(used in) investing activities		(1,482)	(3,148)
Cash flows from financing activities			
Net proceeds from borrowings		(248)	708
Proceed from issue of shares	14–15	211	0
New shares issuing costs		0	(419)
Net cash flows from financing activities		(37)	289
Net increase/(decrease) in cash and cash equivalents		(13,198)	(15,520)
Cash and cash equivalents at January 1		41,267	63,157
Cash and cash equivalents at the end of the six months period		**28, 069**	**47,637**

(The accompanying notes are an integral part of these financial statements.)

Notes to the Interim Condensed Consolidated Financial Statements

1 General information

Newron Group is composed of the following entities:

- Newron Pharmaceuticals S.p.A. (Newron or the Company), a clinical-stage biopharmaceutical company focused on the discovery and development of drugs for the treatment of central nervous system (CNS) disorders and pain – the parent company;
- Newron Suisse SA, a fully owned clinical-development subsidiary based in Basel (Switzerland), established during 2007;
- Hunter-Fleming Ltd., a fully owned biopharmaceutical company based in Bristol (United Kingdom) and focused on neurodegenerative and inflammatory disorders, which has been acquired on April 24, 2008.

The Company is incorporated and domiciled in Milan, Italy. The address of its registered office is via Ludovico Ariosto 21, Bresso MI 20091, Italy. The Company is listed on the main segment of the SIX Swiss Exchange, Zurich, Switzerland, under the trade name NWRN.

These interim consolidated financial statements have been approved for issuance by the Board of Directors on September 3, 2009.

2 Basis of presentation and accounting policies

The interim condensed consolidated financial statements of Newron Group for the six-month period ended June 30, 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2008 as they provide an update of previously reported information.

The presentation currency is euro. All figures included in these financial statements and notes to the financial statements are rounded to the nearest euro thousand except where otherwise indicated.

The Company's activities are not subject to seasonal fluctuations.

Accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2008, except for the adoption of new standards as noted below:

- IAS 1 (revised), "Presentation of financial statements" Amongst other matters, the revised standard introduces the statement of comprehensive income, which presents all items of recognized income and expense, either in a single statement, or in two linked statements. Newron has elected to present two statements.

In addition, the following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning January 1, 2009, but are currently not relevant for Newron Group:

- IFRS 2 (amendment), "Share-based payment"
- IFRS 7 (amendment), "Financial instruments: Disclosures"
- IFRS 8, "Operating segments"
- IAS 19 (amendment), "Employee benefits"
- IAS 23 (amendment), "Borrowing costs"
- IAS 32 (amendment), "Financial instruments: Presentation"
- IAS 36 (amendment), "Impairment of assets"
- IAS 38 (amendment), "Intangible assets"
- IAS 39 (amendment), "Financial instruments: Recognition and measurement"
- IFRIC 13, "Customer loyalty programmes"
- IFRIC 15, "Agreements for the construction of real estate"

- IFRIC 16, "Hedges of a net investment in a foreign operation"

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning January 1, 2009 and have not been early adopted:

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009;
- IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after July 1, 2009;
- IFRIC 18, "Transfers of assets from customers", effective for transfers of assets received on or after July 1, 2009.

Segment reporting

Newron Group operates in a single business segment, which is research and development of pharmaceutical drugs.

Related-party transactions

No significant transactions with related parties have been performed in the six-month period ending June 30, 2009.

3 Exchange rates of principal currencies

The exchange rates used preparing the present document are detailed in the following table:

	Income statements in euro (average rates) six months ended June 30,		Balance sheets in euro (rates as of) June 30,	
	2009	2008	2009	2008
CHF 1	0.664	0.622	0.655	0.623
GBP 1	1.119	1.263	1.174	1.262

4 Licence income

Licence income of EUR 469 (2008: EUR 1,310) is entirely referable to the down payment received from Merck Serono International SA in October 2006, which is being recognized as revenue on a straight-line basis over the estimated period of collaboration required to finalize the development of safinamide. The portion of the down payment in excess of the recognized revenue has been recorded as deferred income among current and non-current liabilities. In 2009, the Company revised the recognition period of the payment to align it with the revised expected development period, which has been extended from September 30, 2009 to January 31, 2011. Such a change has been accounted for prospectively as a change in estimate, resulting in a decrease of 2009 license income of EUR 1,026. The change will result also in an increase of 2010 license income of EUR 946 and in an increase of 2011 license income of EUR 80.

5 Other income

Other income of EUR 1,599 (2008: EUR 737) includes, among other minor amounts, EUR 795 of Grants (2008: EUR 93) and EUR 745 of Research and Development Tax Credit (2008: EUR 644).

Grants amounting to EUR 795 entirely refer to the grant of EUR 5.0 million that was awarded to the Company on March 26, 2009 from the Italian government's Ministero dell'Istruzione, dell'Università e della Ricerca – M.I.U.R.. The grant is related to an R&D programme ongoing at the company for a total amount of EUR 5.3 million. The funds will cover R&D expenses incurred during a 48-month period starting July 1, 2007. The amount shown in Other income (EUR 795) corresponds to research and development costs which had already been incurred as of December 31, 2008. The credit related to costs incurred during the 6-month period ended June 30, 2009 has been estimated at EUR 291; such an amount has been classified as a reduction of the related research and development costs.

Research and Development Tax Credit of EUR 745 has been recognized as revenue in connection with a law approved in 2008 by Italian fiscal authorities which allows asking for a partial reimbursement of certain research and development expenses incurred during 2007, 2008 and 2009. Such a credit has been formally recognized by Tax authorities on May 6, 2009 for a maximum of EUR 2.6 million, of which up to EUR 1 million could be used starting from October 2009 and up to EUR 1.6 million from October 2010. Accordingly, income

related to research and development already incurred has been recognized in the first semester 2009. The Tax Credit does not expire and can be used to offset any tax disbursement including VAT and withholding taxes. The amount included in other income (EUR 745) corresponds to the Tax Credit estimated for research and development costs incurred prior to December 31, 2008. The credit related to costs incurred during the 6-month period ended June 30, 2009 has been estimated at EUR 768; such an amount has been classified as a reduction of the related research and development costs.

6 Research and development expenses

(In thousand euro)	For the six months ended June 30,	
	2009	2008
Services received from subcontractors	3,427	2,312
Staff costs	1,544	1,683
Consultancy fees	547	499
Material and consumable used	535	307
Laboratory operating lease cost	225	224
Travel expenses	168	132
Depreciation and amortization expense	68	76
Other research and development costs	1	7
	6,515	5,240

Research and development expenses related to the safinamide project are reimbursed by Merck Serono according to the collaboration and licence agreement pursuant to which Newron granted Merck Serono the exclusive worldwide right and licence to develop and commercialize the compound. In addition, research and development expenses related to other projects are partially reimbursed as detailed in note 5. Accordingly, research and development expenses are presented net of reimbursements totalling EUR 4,664 (2008: EUR 5,645).

The item "Travel expenses" has been reclassified from the General and administrative expenses to Research and development expenses, as most of such costs were related to Research and development.

Since inception, no development costs have been capitalized with the exception of the Intangible assets recognized in the context of the purchase price allocation process of Hunter-Fleming Ltd.

7 General and administrative expenses

(In thousand euro)	For the six months ended June 30,	
	2009	2008
Staff costs	1,494	2,674
Consultancy and other professional services	1,222	1,316
Intellectual properties	664	454
Travel expenses	136	193
Operating lease cost	145	90
Depreciation and amortization expense	55	58
Other expenses	386	380
	4,102	5,165

General and administrative expenses decreased in 2009 by EUR 1,063. The decrease is related to the combined effect of the following items: (a) significant decrease (EUR 1,180) in Staff costs as a consequence of 2008 Hunter-Fleming restructuring costs and (b) increase in Intellectual properties expenses (EUR 210) mostly due to the consolidation of Hunter-Fleming costs.

8 Financial income

Net Financial income of EUR 190 (2008: EUR 1,142) is mostly generated by the investment of the IPO proceeds in highly liquid investments. Net financial income has decreased with respect to 2008 as a consequence of (i) the decrease of net financial resources invested (ii) the significant decrease of the investment return rate.

9 Intangible assets

Intangible assets of EUR 11,978 are almost entirely represented by in-process research and development projects (EUR 11,933) related to the acquisition of Hunter-Fleming Ltd. in 2008.

Upon completion of the acquisition of Hunter-Fleming Ltd., Newron management performed an allocation of the total purchase price paid to the different development projects of Hunter-Fleming, based on risk-adjusted Net Present Value (NPV). The following table shows the results:

Project	Development phase	Allocated purchase price
HF 0220	Clinical phase II	5,044
HF 0420	Clinical phase I	2,404
HF 0299	Clinical phase I	3,529
HF 1220	Discovery	956
		11,933

IAS 36 requires assessing an asset not in use for impairment on an annual basis by comparing the carrying value to its recoverable amount. Management performed a full impairment test of the above assets at December 31, 2008, which did not result in the requirement to recognize impairment of the corresponding carrying values. As at June 30, 2009, management did not identify any impairment indicator related to the assets. Management will perform a full-impairment test of in-process research and development included in intangible assets at year-end.

10 Non-current receivables

(In thousand euro)	As of	
	June 30, 2009	December 31, 2008
	unaudited	audited
Deferred costs	70	124
Guarantee deposits for leases	126	126
R&D tax credit	768	0
	964	250

As for Research and Development Tax Credit, please refer to note 5. Since this amount can be offset against tax disbursements starting from October 2010, it has been classified as a non-current receivable.

11 Receivables and prepayments

(In thousand euro)	As of	
	June 30, 2009	December 31, 2008
	unaudited	audited
Receivables	1,034	2,316
Government grants receivable	1,385	396
Prepayments	2,239	1,403
Deferred costs	123	123
VAT receivable	36	154
Other receivables	1,653	921
	6,470	5,313

Receivables are entirely represented by the accruals related to the reimbursement of safinamide's research and development costs. According to the collaboration agreement in force from 2006, such costs will be reimbursed to Newron by Merck Serono. The outstanding balance refers to the reimbursement of the second-quarter expenses. First-quarter reimbursement was collected before June 30, 2009.

At June 30, 2009, government grants receivable increased by EUR 989: additional information is reported in note 5.

Prepayments mostly include advanced payments to suppliers which increased by EUR 836 with respect to December 31, 2008.

Other receivables include the current portion of the Research and Development Tax Credit (EUR 745).

12 Other short-term financial assets

Other short-term financial assets of EUR 1,605 are represented by State certificate (CCT 01/02/03-10 IND) that the Company purchased in June 2009 in order to differentiate its investment portfolio.

13 Cash and cash equivalents

(In thousand euro)	As of	
	June 30, 2009	December 31, 2008
	unaudited	audited
Cash at bank and in hand	3,412	13,765
Short-term investments	24,657	27,502
	28,069	41,267

The Short-term investments are highly liquid investments easily convertible into cash, not subject to significant changes in value and with no withdrawal penalty. Newron Group's liquidity, including the other short-term financial assets, is EUR 29,674.

Management monitors the Group's cash position on rolling forecasts based on expected cash flow to enable the Group to finance research and development activities. Financial resources currently available are considered adequate to support research and development activities in the short term. The ability of the Group to maintain adequate cash reserves to sustain its activities in the medium to long term is highly dependent on the Group's ability to raise further funds from the outlicensing of its development stage products, the issuance of new shares, as well as other funding options. Consequently, the Group is exposed to significant liquidity risk in the medium to long term.

14 Share capital

As of December 31, 2008, the subscribed share capital was equal to EUR 1,204,101.60, divided into 6,020,508 ordinary shares with nominal value equal to EUR 0.20 each. The authorized share capital is equal to EUR 1,400,729.80 (divided into n. 7,003,649 ordinary shares).

Following the signature of the equity funding agreement with YA Global Investments L.P., the Company, in January 2009, increased its share capital by EUR 3,248.40 issuing 16,242 ordinary shares, with par value of EUR 0.20 and a premium of EUR 12.15 per share. Such shares were assigned to YA Global Investments L.P. as a commitment fee related to the above funding agreement. In addition, in order to test the operating efficacy of the above funding agreement, in February 2009 the Company has increased its share capital by EUR 161.20 issuing 806 ordinary shares, with par value of EUR 0.20 and a premium of EUR 12.29 per share.

A summary of the changes in share capital is as follows:

(In euro)	Total
As of December 31, 2007 – Newron Group	1,166,953.20
issue of ordinary share (Hunter-Fleming acquisition)	37,148.40
As of December 31, 2008 – Newron Group	1,204,101.60
issue of ordinary share (SEDA executions)	3,409.60
As of June 30, 2009 – Newron Group	**1,207,511.20**

15 Share premium

(In thousand euro)	As of	
	June 30, 2009	December 31, 2008
At the beginning of the year	60,948	66,978
Loss allocation	(14,790)	(10,469)
Issue of shares	5	4,656
Share capital issue costs	0	(419)
Other share-based payment	0	202
At the end of the period	**46,163**	**60,948**

16 Share option reserve

In the first semester 2009 the Board of Directors amended the Company's stock option plans to allow for the grant of options with a lower exercise price with respect to previous terms. New options have been assigned, subject to waive of previous grants, in the number of n. 3 options for each n. 4 options owned, with an extension of the related vesting period. Such a change has been accounted for based on rules set for by IFRS 2 "Share-based compensation" and will result in the next 3 years in additional fair value of awards granted totalling EUR 1,846. The total increase of share option reserve of EUR 239 includes EUR 173 of incremental fair value related to the above amendments.

17 Loss per share

The basic loss per share is calculated dividing the net loss attributable to shareholders by weighted average number of ordinary shares outstanding during the period.

(In thousand euro)	For the six months ended June 30,	
	2009	2008
Net loss attributable to shareholders	(8,430)	(7,292)
Weighted average number of shares (thousands)	6,035	5,903
Loss per share – basic (in euro)	(1.40)	(1.24)

The only categories of potential ordinary shares are the stock options granted to employees and directors. During the presented periods these were antidilutive as their conversion would have decreased the loss per share. Thus, the values of the basic and diluted loss per share coincide.

18 Events after the balance sheet date

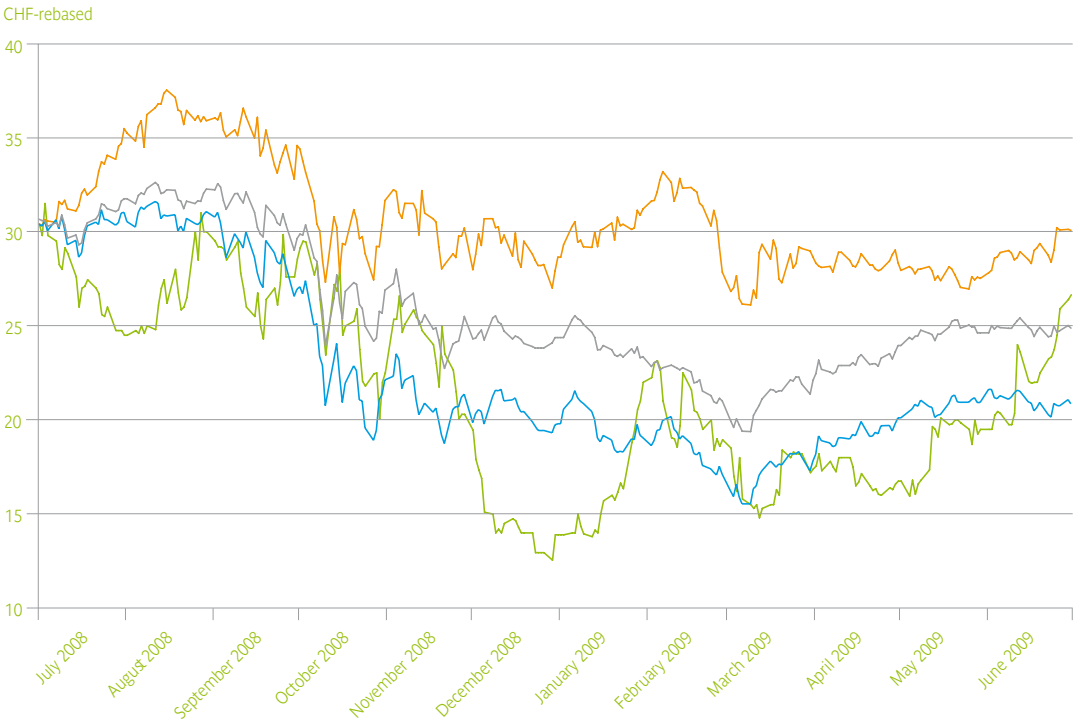
During July and August 2009 the Company has increased its share capital by EUR 4,901.40 issuing 24,507 (of which 6,342 issued on July 15; 9,256 on August 10; 5,607 on August 11 and 3,302 on August 26) ordinary shares with a par value of EUR 0.20 and a premium of EUR 16.40, EUR 13.86, EUR 13.73 and EUR 15.68 respectively.

Bresso, September 3, 2009

Luca Benatti
CEO

Information for Investors

Newron share price development



Stock exchange information

Symbol	NWRN
Listing	SIX
Nominal value	EUR 0.20
ISIN	IT0004147952
Swiss Security Number (Valor)	002791431

Share price data

Number of shares	6,037,556 (June 30, 2009)
52 week high (in CHF)	31.90 (Oct 1, 2008)
52 week low (in CHF)	11.00 (Dec 29, 2008)
Loss per share (in EUR)	1.40 (period from January 1, to June 30, 2009)
Cash, cash equivalents and other short-term financial assets June 30, 2009 (in EUR)	29.674 m
Market capitalization (in CHF)	160.9 m (based on 6,037,556 outstanding shares and a share price of CHF 26.65, as per June 30, 2009)

Contact

Stefan Weber – CFO
Newron Pharmaceuticals S.p.A.
Via Ludovico Ariosto 21
20091 Bresso (MI), Italy
Phone: +39 02 6103 4630
ir@newron.com

Important Notices

This document contains forward-looking statements, including (without limitation) about (1) Newron's ability to develop and expand its business, successfully complete development of its current product candidates and current and future collaborations for the development and commercialization of its product candidates and reduce costs (including staff costs), (2) the market for drugs to treat CNS diseases and pain conditions, (3) Newron's anticipated future revenues, capital expenditures and financial resources, and (4) assumptions underlying any such statements. In some cases these statements and assumptions can be identified by the fact that they use words such as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", and other words and terms of similar meaning. All statements, other than historical facts, contained herein regarding Newron's strategy, goals, plans, future financial position, projected revenues and costs and prospects are forward-looking statements.

By their very nature, such statements and assumptions involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described, assumed or implied therein will not be achieved. Future events and actual results could differ materially from those set out in, contemplated by or underlying the forward-looking statements due to a number of important factors. These factors include (without limitation) (1) uncertainties in the discovery, development or marketing of products, including without limitation negative results of clinical trials or research projects or unexpected side effects, (2) delay or inability in obtaining regulatory approvals or bringing products to market, (3) future market acceptance of products, (4) loss of or inability to obtain adequate protection for intellectual property rights, (5) inability to raise additional funds, (6) success of existing and entry into future collaborations and licensing agreements, (7) litigation, (8) loss of key executive or other employees, (9) adverse publicity and news coverage, and (10) competition, regulatory, legislative and judicial developments or changes in market and/or overall economic conditions.

Newron may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements and assumptions underlying any such statements may prove wrong. Investors should therefore not place undue reliance on them. There can be no assurance that actual results of Newron's research programmes, development activities, commercialization plans, collaborations and operations will not differ materially from the expectations set out in such forward-looking statements or underlying assumptions.

Newron does not undertake any obligation to publicly update or revise forward-looking statements except as may be required by applicable regulations of the SIX Swiss Exchange where the shares of Newron are listed.

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Newron Pharmaceuticals S.p.A.
Via Ludovico Ariosto 21
20091 Bresso (MI), Italy
Phone: +39 02 610 3461
Fax: +39 02 610 34654
www.newron.com

Newron Suisse S.A.
Elisabethenanlage 25
CH-4051 Basel, Switzerland
Phone: +41 61 282 2020
Fax: +41 61 282 2022

Hunter-Fleming Ltd.
Regus House
Temple Quay
Bristol BS1 6EA, UK
Phone: +44 1179 008 265
Fax: +44 1179 008 424