Newron
Pharmaceuticals

Half-Year Report 2012

Company profile

Newron (SIX: NWRN) is a biopharmaceutical company focused on novel therapies for diseases of the Central Nervous System (CNS) and pain. The Company is headquartered in Bresso near Milan, Italy.

Phase III trials of safinamide for the treatment of Parkinson's disease (PD) have recently been completed. Based on the phase III results of safinamide, Newron is working to expedite the global filing of the compound, together with its partners. Zambon Group has the rights to commercialise safinamide globally, excluding Japan and other key Asian territories, and Meiji Seika has the rights to develop and commercialise safinamide in Japan and other key Asian territories.

Newron's additional projects are primarily addressed towards highly promising rare diseases and are at various stages of preclinical and clinical development, including sarizotan for Rett's syndrome, ralfinamide for specific pain, and NW-3509 as potential first add-on therapy for the treatment of schizophrenia.

www.newron.com

Half-Year 2012 Highlights

Agreement signed with Meiji Seika for licence to safinamide in Japan and other key Asian territories

Smooth take-over of global safinamide development program from Merck Serono

Agreement signed with Zambon for strategic collaboration and licence to safinamide covering global rights excluding Japan and other key Asian territories

Completion of the phase III development programme for safinamide as an add-on therapy for Parkinson's disease

Stefan Weber appointed as CEO

Notice of Allowance issued for safinamide combination patent by USPTO

Private placement closed, raising CHF 4.7 million from international institutional investors

Half-year results: Net profit of EUR 2.7 million
Net cash provided by operating activities of EUR 6.7 million (due to one-time effects)

Acquisition of NeuroNova (conditional to shareholders' approval, due September 19)

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Shareholders' Letter

Rolf Stahel

Stefan Weber

Dear Shareholder

The first six months of 2012 have seen some key developments in our most advanced asset safinamide, resulting in new and excellent collaborations with two pharma partners.

We were delighted to announce in May that agreement had been reached with Zambon Group for a strategic collaboration covering the global rights for safinamide excluding Japan and other key Asian territories. This came on the back of an earlier agreement with Japan's Meiji Seika Pharma for the rights to safinamide in Japan and other key Asian territories. It is a source of great pride within Newron that upon completion of the phase III development of safinamide, we are moving towards preparation of the dossier for filing with the EU and US authorities, which is expected to occur in 2013.

On May 31, as previously announced, CEO Luca Benatti stepped down and Stefan Weber, our CFO since 2005, stepped up to take his place. As a co-founder of Newron, Luca has been instrumental in leading the company since 1998 during which time there have been many significant achievements. He has left the Company with our gratitude and acknowledgement of his stewardship which has led to the completion of safinamide's development programme and the agreement for its future commercialization with Zambon Group and Meiji Seika Pharma.

The terms of the agreements with Zambon and Meiji gave us upfront payments and an equity investment of EUR 15 million with significant future milestones and generous royalty rates. Furthermore, Zambon committed to the cost to complete the development of safinamide, prepare the applications and file for marketing approval in Europe and the US.

At the end of March 2011, we had announced a deal with Merck KGaA to take on the re-purposing development of two phase II compounds to which Merck retains buy-back options. Having spent some time analysing these compounds, we are very encouraged by sarizotan and its potential in Rett's Syndrome, a neuro-development disorder which is a rare disease and an under-served market.

We are constantly reviewing our pipeline to determine the next priorities for development and, with our previously stated goal of strengthening the platform we have announced on June 13 the acquisition of the private Swedish CNS company NeuroNova. This is one of the

most exciting opportunities we have looked at since it will bring to Newron two innovative compounds, both of which may be further developed under orphan drug designation, giving us a potential for fast-track development and commercialisation, as well as protection against future generic competition besides the usual patent terms. Additionally, it will bring Newron additional cash of EUR 16 million and two highly-experienced life science investors: Investor and HealthCap. We look forward to updating you on the completion of this transaction and its benefits.

We have also recently announced a private placement raising CHF 4.7 million from four key institutions. On completion of the NeuroNova acquisition, Newron should have cash to take us well into 2015.

Compared to the first six months of 2011, revenues in the reporting period have substantially increased by EUR 3.0 million to EUR 7.1 million. This is mostly due to the downpayment received by Meiji Seika Pharma of EUR 5.0 million, the option payment received by Zambon of EUR 1.5 million and the pro rata share of the EUR 5.0 million downpayment under the collaboration and license agreement with Zambon.

Investment into ongoing drug development has been further reduced from EUR 2.3 million in the first six months 2011 to EUR 0.8 million. This reduction is mostly related to the fact that the company did not pursue material development activities other than for safinamide, which up to April 17, 2012 were reimbursed by Merck Serono, and from May 14, 2012 on are reimbursed by Zambon.

Due to one-time effects (restructuring, change in management, termination agreement with Merck Serono and cost to close new license agreements), G&A expenses increased from EUR 2.7 million in the first six months of 2011 to EUR 3.6 million in the reporting period. Without such one-time effects, G&A cost would have been significantly reduced compared to previous year.

As a result of the above, Newron for the first six months of 2012 is able to report its first Net profit in history of EUR 2.7 million, as well as EUR 6.7 million of Net cash provided by operating activities, compared to Net cash used of EUR 100 thousand in the previous year reporting period.

Obviously this situation is not sustainable as for the one-time-quality of the payments received as well as the fact that the company needs to restart development activities for its pipeline of projects, once sufficient funding has been achieved via the acquisition of NeuroNova.

Newron's Board would like to thank our team for progressing to the final stages of development work on safinamide and signing two new partnership deals under considerable time constraints. We would like also to thank our shareholders for their commitment and support.

Yours sincerely,

Rolf Stahel
Chairman

Stefan Weber
Chief Executive Officer

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2012

Auditors' Report

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements, (comprising the interim consolidated statement of financial position, the interim consolidated income statement, the statement of 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, 2012. 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.

Scope of review

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.

Conclusion

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 7, 2012

Reconta Ernst & Young S.p.A.

Paolo Zocchi
(Partner)

Interim Consolidated Statement of Income

(In thousand euro, except per share information)	Note	For the six months ended June 30 2012	2011
Licence income	5	7,078	4,146
Other income		0	9
Revenue		7,078	4,155
Research and development expenses	6	(782)	(2,275)
Marketing and advertising expenses		(2)	(27)
General and administrative expenses	7	(3,609)	(2,702)
Operating result		2,685	(849)
Financial result net		25	15
Result before tax		2,710	(834)
Income tax expense	8	(5)	(4)
Net income / (loss)		**2,705**	**(838)**
Income / (loss) per share			
Basic and diluted	9	0.33	(0.13)
Weighted average number of shares (thousands)			
		8,312	6,614

Interim Consolidated Statement of Comprehensive Income

(In thousand euro)	For the six months ended June 30 2012	2011
Income / (loss) per share	2,705	(838)
Currency translation differences	(4)	15
Other comprehensive income / (loss), net of tax	(4)	15
Total comprehensive income / (loss) for the period	**2,701**	**(823)**

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

Interim Consolidated Statement of Financial Position

(In thousand euro)		As of	
	Note	June 30, 2012	December 31, 2011
Assets			
Non-current assets			
Property, plant and equipment		36	56
Intangible assets	10	5,165	5,171
Available-for-sale investments		584	584
Non-current receivables and prepayments		273	126
		6,058	5,937
Current assets			
Inventories		227	246
Receivables and prepayments	11	6,123	2,016
Cash and cash equivalents	12	15,455	5,367
		21,805	7,629
Total assets		**27,863**	**13,566**
Shareholders, equity			
Share capital	13	1,598	1,453
Share premium and other reserves	14	9,564	12,827
Share option reserve	15	4,326	4,152
Retained earnings		(2,473)	(11,795)
Translation differences		(56)	(52)
Total shareholders, equity		12,959	6,585
Liabilities			
Non-current liabilities			
Deferred income	5	915	0
Deferred tax liability		1,718	1,718
Long-term borrowings	16	1,625	1,802
Employee cash-settled share-based liabilities		0	1
Employee severance indemnity		623	633
		4,881	4,154
Current liabilities			
Deferred income	5	3,628	121
Short-term borrowings	16	355	355
Trade and other payables		6,040	2,351
		10,023	2,827
Total liabilities		14,904	6,981
Shareholders, equity and liabilities		**27,863**	**13,566**

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

Interim Consolidated Statement of Changes in Equity

(In thousand euro)	Note	Share capital	Share premium & other reserves	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2011		1,453	36,551	3,310	(49)	(29,074)	12,191
Total comprehensive loss for the period					15	(838)	(823)
Previous year loss allocation			(23,724)			23,724	0
Share option scheme				309			309
Balance at June 30, 2011		1,453	12,827	3,619	(34)	(6,188)	11,677
Balance at January 1, 2012		1,453	12,827	4,152	(52)	(11,795)	6,585
Total comprehensive loss for the period					(4)	2,705	2,701
Previous year loss allocation			(6,617)			6,617	0
Issue of shares	13	145	1,630				1,775
Advance payment for future capital increase	14		1,724				1,724
Share option scheme	15			174			174
Balance at June 30, 2012		**1,598**	**9,564**	**4,326**	**(56)**	**(2,473)**	**12,959**

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

Interim Consolidated Statement of Cash Flow

(In thousand euro)		For the six months ended June 30	
	Note	2012	2011
Income / (loss) before tax		2,710	(834)
Adjustments for			
Depreciation and amortization		24	44
Interest income		(33)	(23)
Grants and other non-monetary income		(48)	(228)
Share option expenses and cash-settled liabilities	15	172	309
Employee severance indemnity expense		99	76
Changes in working capital			
Inventories		19	1
Current receivables and prepayments and deferred cost (excluding grants receivable)		(4,140)	378
Trade and other payables and deferred income (excluding advances of grants)		8,112	(1,632)
Cash provided by/(used for) operations		6,915	(1,909)
Cash flows from operating activities			
Cash used in operations		6,915	(1,909)
Government grants received		45	1,898
Pension fund paid		(81)	(81)
Change in non-current receivables		(147)	(8)
Net cash provided by/(used in) operating activities		6,732	(100)
Cash flows from investing activities			
Interest received		33	23
Net cash flows from/(used in) investing activities		33	23
Cash flows from financing activities			
Net proceeds from borrowings	16	(177)	2,157
Proceed from issue of shares	13	1,775	0
Advance payment for future capital increase	14	1,725	0
Net cash flows from financing activities		3,323	2,157
Net increase/(decrease) in cash and cash equivalents		10,088	2,080
Cash and cash equivalents at January 1		5,367	8,087
Cash and cash equivalents at the end of the period		**15,455**	**10,167**

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

Notes to the Interim Condensed Consolidated Financial Statements

(In thousand euro unless otherwise stated)

1 Corporate information

Newron Group ("the 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 Limited, 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.

The interim condensed consolidated financial statements of Newron Group for the six months ended June 30, 2012, were authorised for issuance by the Board of Directors (Board) on September 6, 2012.

2 Basis of presentation and changes to the Group's accounting policies

The interim condensed consolidated financial statements of the Group for the six-months period ended June 30, 2012 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2011.

Considering the Group's current cash position and the level of spending according to management's plan and budget, the directors believes the Group will be able to meet all of its obligations at least for a further 12 months period as they fall due and, hence, the interim condensed consolidated financial statements have been prepared on a going concern basis.

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

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the following new standards, amendments to standards and interpretations which are mandatory for financial periods beginning on or after January 1, 2012:

The following amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 7 Disclosures – Transfers of financial assets (Amendment)
The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities.
If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after July 1, 2011 with no comparative requirements.

The Group is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective from July 1, 2012 and beyond, and which the Group has not early adopted. The Group does not anticipate that these will have a material impact on the Group's overall results and financial position.

3 Seasonality

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

4 Exchange rates of principal currencies

	Income statements in euro (average rates) Six months ended June 30		Balance sheets in euro (rates as of)	
	2012	2011	June 30 2012	Year end 2011
CHF 1	0.83001	0.78876	0.83126	0.82264
GBP 1	1.21578	1.15089	1.23946	1.19717

5 Licence income

(In thousand euro)	For the six months ended June 30	
	2012	2011
Licence income	7,078	4,146

Licence income, amounting to EUR 7,078 (2010: EUR 4,146), is related: i) by EUR 5 million to the upfront payment received from Meiji Seika Pharma Co. Ltd., a subsidiary of Meiji Holdings Co.Ltd. (Tokyo, Japan) upon the finalization of the licence agreement covering the research, development, manufacturing and marketing of safinamide in Japan and key Asian territories, ii) by EUR 1.5 million to the option fee obtained from Zambon Company S.p.A. ("Zambon") as part of the collaboration and license agreement related to safinamide, iii) for EUR 121 for the residual part of the down-payment received from Merck Serono upon the finalization of the safinamide license agreement, terminated on April 17, 2012 and iv) by EUR 457 to the down-payment – amounting to a total of EUR 5 million – received from Zambon Company S.p.A. in May 2012, which is being recognised as revenue on a straight-line basis over the estimated period of collaboration required to finalise the development of safinamide prepare the applications and file for marketing approval in Europe and the U.S. The portion of the down-payment in excess of the recognised revenue has been recorded as "Deferred income" among current (equal to EUR 3,628) and non current (EUR 915) liabilities.

6 Research and development expenses

(In thousand euro)	For the six months ended June 30	
	2012	2011
Services received from subcontractors	80	961
Staff costs	543	765
Consultancy fees	54	341
Material and consumables used	17	12
Laboratory operating lease cost	64	114
Travel expenses	11	63
Depreciation and amortization expense	1	7
Other research and development costs	12	12
	782	**2,275**

Research and development expenses related to safinamide have been reimbursed by Merck Serono until April 17, 2012, when the Termination Agreement was finalized and the exclusive worldwide safinamide's rights were returned to Newron. Notwithstanding the above, pursuant to the agreement signed with Zambon and effective since May 14, 2012, the new partner will reimburse the expenses borne by Newron Group to complete the development of Safinamide, prepare the applications and file for marketing approval in Europe and the U.S. Accordingly, research and development expenses are presented net of reimbursements totalling EUR 1,655 (2011: EUR 1,213).

Services received from subcontractors decreased by EUR 881. The variation is mainly explained by the cost containment process executed in 2012.

The decrease in Staff costs is related to i) a reduction in headcounts due to leaving employees and ii) the redundancy process started on July 5, 2010 by Newron and involving initially 16 employees (cur-rently 8) which were placed in "Cassa Integrazione Guadagni" (CIG). "Cassa Integrazione Guadagni" is a government-supported program under Italian law, which allows to put the employees in a "garden leave" paid by the government, for a given period of time (the first year has been extended for one year more). The employees remain employed with no material cost for the company, thus allowing the saving of the whole cost of the workforce in CIG for the given period. Since inception, no development costs have been capitalised 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	
	2012	2011
Staff costs	1,589	1,059
Consultancy and other professional services	1,326	756
Intellectual properties	380	529
Travel expenses	107	128
Operating lease cost	75	76
Depreciation and amortization expense	24	37
Other expenses	108	117
	3,609	**2,702**

General and administrative expenses increased in 2012 by EUR 907 mainly in relation to the combined effect of i) a onetime bonus recognized to a leaving manager of EUR 484; ii) an increase of EUR 570 in the Consultancy and other professional services mainly related to the finalization of the Termination Agreement with Merck Serono and the Licensing Agreements signed with Meiji Seika Pharma Co. Ltd. and Zambon Company S.p.A. The above effects have been partially offset by the overall decrease in other general and administrative expenses occurred as a consequence of the cost containment process initiated last year.

8 Income tax expenses

As of June 30, 2012, the Company had a taxable income amounting to EUR 2.7 million. In accordance with IAS 34, no income tax expenses has been recognized based on the best estimate of the tax rate for the full financial year, which is expected to be equal to zero except for the tax charges paid in Switzerland.

9 Earnings/Loss per share

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

(In thousand euro)	For the six months ended June 30	
	2012	2011
Net income / (loss) attributable to shareholders	2,705	(838)
Weighted average number of shares (thousands)	8,312	6,614
Income / (loss) per share - basic (in EUR)	0.33	(0.13)

The only categories of potential ordinary shares are the stock options granted to employees and directors. As of June 30, 2012 the exercise price was higher than the market price there fore the options would not have been exercised and consequently they are not dilutive. As of June 30, 2011 these were anti-dilutive, as their conversion would have decreased the loss per share. Thus, the values of the basic and diluted loss per share coincide.

10 Intangible assets

Intangible assets of EUR 5,165 are almost entirely represented by inprocess research and development projects (EUR 5,144) as detailed below:

Project	Development phase	Allocated purchase prise
HF0220	Clinical phase II	5,044
HF0299	Clinical phase I	50
HF1220	Discovery	50
		5,144

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, 2011. As at June 30, 2012 no impairment indication for the assets was identified. Accordingly, management will perform a full-impairment test of in-process research and development at year-end.

As uncertainty remains as to whether a final and successful market registration will be achieved, a risk of additional future adjustments to the carrying amount of the above IPR&D stays.

11 Receivables and prepayments

(In thousand euro)	As of	
	June 30 2012	December 31 2011
	unaudited	audited
Receivables	4,362	876
Government grants receivable	503	547
Prepayments	61	142
Deferred costs	584	51
VAT receivable	5	333
Other receivables	608	67
	6,123	**2,016**

Receivables are almost entirely represented by the accruals related to the reimbursement of safinamide's research and development costs as these expenses are charged by the Group to its partners. As explained above, the development costs for safinamide have been reimbursed to Newron by Merck Serono until the finalization of the Termination Agreement as of April 17, 2012, whereas starting from May 14, 2012 the expenses are reimbursed from Zambon. The outstanding balance is mainly due to the reimbursement of costs incurred in the development and prefiling activities that have been debited to both Merck Serono and Zambon.

Other receivables include, among the others, the taxes withheld by the Japan Authorities related to the EUR 5 million milestone cashed in by Newron as stated into the Licensing Agreement signed with Meiji.

12 Cash and cash equivalents

(In thousand euro)	As of	
	June 30 2012	December 31 2011
	unaudited	audited
Cash at bank and in hand	11,834	1,776
Short-term investments	3,621	3,591
	15,455	**5,367**

The "Short-term investments" are highly liquid investments easily convertible into cash, not subject to significant changes in value and with no withdrawal penalty. Management monitors the Group' 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-long term is highly dependent on the Group's ability to raise further funds from the out-licensing of its development stage products, the issuance of new shares as well as other funding options. The significant increase, compared to December 31, 2011 figures, is explained by the cash-in obtained from Meiji and Zambon deals.

13 Share capital

As of December 31, 2011, the subscribed share capital was equal to EUR 1,452,875.60, divided into 7,264,378 ordinary shares with nominal value equal to EUR 0.20 each. The authorised share capital is equal to EUR 1,622,875.60 (divided into n. 8,114,378 ordinary shares).

A summary of the changes occurred during the last 18 months in share capital is as follows:

(In euro)	Total
As of December 31, 2010 – Newron Group	1,452,875.60
As of December 31, 2011 – Newron Group	1,452,875.60
– issue of ordinary share (Capital Increase)	145,287.00
As of June 30, 2012 – Newron Group	**1,598,162.60**

Following the signature, on May 14, 2012 of the collaboration and license agreement with Zambon, the Group's share capital increased by 145 issuing 726,435 ordinary shares with a par value of EUR 0.20 and a premium of EUR 2.24; the related amounts were paid-up by Zambon Company S.p.A.

As of June 30, 2011, the subscribed share capital was equal to EUR 1,598,162.60, divided into 7,990,813 ordinary shares with nominal value equal to EUR 0.20 each. The authorised share capital is equal to EUR 1,768,162.60 (divided into n. 8,840,813 ordinary shares).

Please refer to Note 19 for additional information.

14 Share premium

(In thousand euro)	As of	
	June 30 2012	December 31 2011
At the beginning of the year	12,827	36,551
Loss allocation	(6,617)	(23,724)
Issue of shares	1,630	0
Advance payment for future capital increase	1,724	0
At the end of the period	**9,564**	**12,827**

As stated into the signed Collaboration Agreement, Zambon Company S.p.A. has also contributed into Newron share capital additional EUR 1,724 as advance payment for future capital increase.

15 Share option reserve

To incentivize the efforts directed at the growth of the Company and its subsidiaries in the medium term, on March 24, 2011, Newron' Board assigned 192,230 new options to certain employees, of which 38,376 can be exercised in one year while the remaining 153,854 in three years (Option Plan March 2011). The options' strike price is EUR 5.29 (CHF 6.78 as translated at the exchange rate on March 24, 2011) and their fair value is CHF 452,465. The Board of Directors, with regards of the options assigned according to the Option Plan March 2011, has – at its sole discretion – the opportunity to provide to the option holder who exercise his rights alternatively Newron' shares or the payment of an amount equal to the difference, at the time of exercise of the option, between the exercise price and the market value of Newron' shares.

During the above mentioned meeting, 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 waiver of previous rights, in the number of n. 3 options for each n. 4 options owned. Such a change has been accounted for based on rules set for by IFRS2 Share based compensation and will result in the next years in additional fair-value of awards granted totalling CHF 380,449.

The fair value of all the changes approved by the Board on March 24, 2011 have been estimated on the date of grant using, among the others, the following assumptions:

Dividend yield (%):	0.00
Expected volatility (%)	70.00
Expected life (years)	3.00
Resignation rate expected (%)	3.00

The total increase of share option reserve of EUR 174 includes EUR 149 of incremental fair-value related to Option's Plan modifications approved by the Board of Directors during the last years.

16 Borrowings

In 2008 Newron was awarded a EUR 5 million grant by the Italian government's Ministero dell'Istruzione, dell'Università e della Ricerca – M.I.U.R. – about 60% of the grant bears interest of 0.5% per year and is required to be fully repaid within 10 years from the grant date. On February 16, 2011 the Company cashed-in the first reimbursement of which EUR 2.2 million will bear interest.

The loan has to be reimbursed in two yearly instalments (July and January 1), starting from July 1, 2012 and ending on January 1, 2018. As of June 30, 2012, the Group paid the first instalment amounting to EUR 177. The remaining part of the debt is break down as follows: Short-term borrowings are equal to EUR 355 while the Long-term borrowings are equal to EUR 1,625.

17 Financial instruments by category

The following tables present the breakdown of financial assets and liabilities by category as of June 30, 2012 and December 31, 2011 respectively.

As of June 30, 2012	Loans and receivables	Assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost
Assets						
Cash and cash equivalents	15,455	–	–	–	–	–
Financial assets	–	–	–	584	–	–
Trade and other receivables	4,389	–	–	–	–	–
Total	**19,844**	**–**	**–**	**584**	**–**	**–**
Liabilities						
Trade and other payables	–	–	–	–	–	6,040
Short-term borrowings	–	–	–	–	–	355
Long-term borrowings	–	–	–	–	–	1,625
Total	**–**	**–**	**–**	**–**	**–**	**8,020**

As of December 31, 2011	Loans and receivables	Assets at fair value through profit or loss	Held-to-maturity investments	Available-for-sale financial assets	Liabilities at fair value through profit or loss	Other financial liabilities at amortized cost
Assets						
Cash and cash equivalents	5,367	–	–	–	–	–
Financial assets	–	–	–	584	–	–
Trade and other receivables	1,823	–	–	–	–	–
Total	**7,190**	**–**	**–**	**584**	**–**	**–**
Liabilities						
Trade and other payables	–	–	–	–	–	2,351
Short-term borrowings	–	–	–	–	–	355
Long-term borrowings	–	–	–	–	–	1,802
Total	**–**	**–**	**–**	**–**	**–**	**4,508**

18 Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the six month periods ending 30 June 2012 and 30 June 2011, as well as balances with related parties as of 30 June 2012 and 30 June 2011:

As of June 30, 2012	Sales to related parties	Purchases from related parties	Amounts owed by related parties, net	Amounts owed to related parties
Zambon (whole group)	2,922	50	1,810	2

As of June 30, 2011	Sales to related parties	Purchases from related parties	Amounts owed by related parties, net	Amounts owed to related parties
Zambon (whole group)	0	183	0	0

19 Events after the balance sheet date

On July 16, following the cash-in of the subscription price, the company has increases its share capital by 135 newly issued ordinary shares with par value of EUR 0.20 and share premium of EUR 3.50, per share. The capital increase became effective on July 27, after the issuing of the shares to the shareholder.

On July 17, 2012 the Company announced that it has received from the United States Patent and Trademark Office (USPTO) a Notice of Allowance that anticipates the grant of the patent "Methods for treatment of Parkinson's Disease": this patent will protect the use of safinamide as an addon to levodopa until 2026 enhancing safinamide commercial potential in the US, adding to the already previously approved synthesis patent, which expires in 2028.

On August 20, 2012 the Company informed markets that it has raised about CHF 4.7 million (at the current exchange rate about EUR 3.9 million) through a Private Placement issuing a total of 798,945 newly issued Newron' ordinary shares with a par value of EUR 0.20 and a premium of EUR 4.71, per share, to new and existing shareholders.

Bresso, September 6, 2012

Stefan Weber
CEO

Information for Investors

Stock exchange information

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

Share price data

	FY 2011
Number of fully paid-in shares as at June 30, 2012	7.990.813
52-week high (in CHF)	6.06
Year low (in CHF)	1.68
June 29, 2012 closing share price	4.30
Profit per share (in EUR)	0.33
Cash and cash equivalents, other short-term financial assets as at June 30, 2012 (in thousand Euro)	15,455
Market capitalization as at June 29, 2012	34,360,496

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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.

This document does not contain or constitute an offer or invitation to purchase or subscribe for any securities of Newron and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

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