Newron Pharmaceuticals

Half-Year Report 2010

Corporate Profile

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

The Company currently has two late-stage product candidates in development and a promising pipeline of earlier compounds. 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, a division of Merck KGaA, Darmstadt, Germany, which has exclusive worldwide rights to develop, manufacture and commercialize the compound in PD, Alzheimer's disease, and other therapeutic applications.

Newron's second compound, ralfinamide, recently completed a phase IIb/III study in patients with Neuropathic Low Back Pain (NLBP). Despite showing excellent earlier results, the SERENA study did not back up expectations for efficacy, yet confirmed the compound's excellent safety profile.

Newron's additional five projects are progressing at various stages of preclinical and clinical development, including NW-3509 for the treatment of schizophrenia, which is a project from Newron's ion channel research.

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Half-Year 2010 Highlights

- Newron held positive meetings with the FDA and MHRA to determine the development of NW-3509 as an add-on to antipsychotics in patients with schizophrenia, a major psychiatric disorder which is inadequately served.

- Newron and its partner, Merck Serono, presented new results on safinamide at the 14th Annual Meeting of the Movement Disorder Society (MDS), in Buenos Aires.

- The inconclusive results seen with ralfinamide in the SERENA phase IIb/III study were reviewed by an independent US advisory board, that recommended its evaluation in other pain conditions.

- A tight cost control programme has been put in force, allowing the Company to progress key assets of its clinical pipeline and explore other strategic opportunities.

Shareholders' Letter

Rolf Stahel

Luca Benatti

Dear Shareholder,

The first six months of 2010 have been somewhat mixed for Newron; as for so many companies working in drug discovery and development, some things have gone well and others less so.

The results seen with ralfinamide in the SERENA study, announced in May, were unexpected and extremely disappointing. The phase IIb/III study, which was initiated at the end of 2008, recruited 411 patients with Neuropathic Low Back Pain (NLBP). The top-line results, which continued to show that the compound was safe and well tolerated, demonstrated no statistical significance in efficacy against placebo. This outcome is in contradiction to results that had previously been achieved in a phase II study in mixed neuropathic pain, including NLBP patients. All associated work on the SERENA trial and its extension have been halted. In the meantime, a scientific advisory board has met and recommended that ralfinamide is further developed in another indication, based on their view that its pharmacology is extremely exciting and predictive of efficacy in neuropathic pain conditions, especially those with a central component. Therefore, the Company has decided to keep the long-term preclinical studies ongoing, which are required for a potential filing of the compound at a later point in time. Based on the feedback from potential licensees to the outcome of SERENA, we are currently evaluating their interest to share the potential of ralfinamide in pain and psychiatric diseases.

Progress has been made on other fronts

Together with our partner Merck Serono we advanced safinamide development in late-stage clinical trials, with results from a 78-week placebo-controlled double-blind extension study in 544 patients with mid- to late-stage idiopathic Parkinson's disease anticipated soon. We are moving steadily towards completion of the MOTION and SETTLE trials and on to filing for regulatory approval in the US and Europe, trigger for a material milestone payment to Newron.

We have been encouraged by the IND-enabling studies undertaken with NW-3509, an innovative compound from our ion channel programme addressing unmet needs in schizophrenia. We are on target to complete preclinical development in the second half

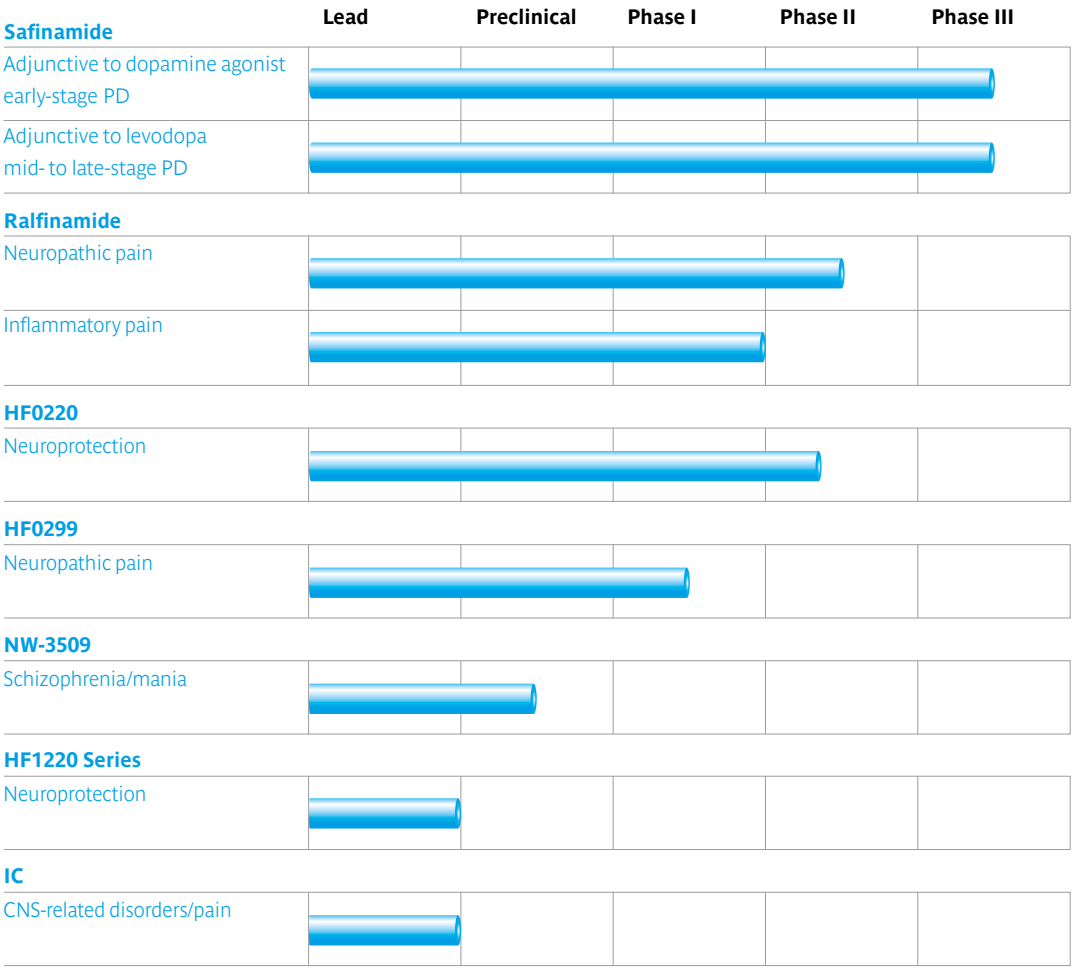
of 2010. NW-3509, acting through a different mechanism from current antipsychotics, has the potential to address cognitive symptoms, mood disorders, partial responders, suicidality and co-morbidities such as anxiety and depression. We are currently assessing licensing opportunities for this compound.

From our acquisition of Hunter-Fleming in 2008 we identified the compounds that we felt were most commercially viable and complementary to our pipeline. In experimental models, HF0220 showed strong neuroprotective, pro-cognitive and anti-inflammatory properties. We are currently assessing potential licensing opportunities, which would initiate further clinical development of the compound. We returned the rights to an early-stage compound, HF0420, to its inventor who intends to take it forward in development. Newron would receive milestones and royalties based on its future success. Further progress was also made in the preclinical development of HF1020. Trident Pharmaceuticals (Special Purpose Vehicle in which Newron holds a 17 % equity stake) has continued the preclinical studies required for a CTA filing in the U.K. Assuming acceptance of the CTA filing by the U.K. regulatory authorities, Trident expects to start phase I during the second half of 2010. The compound is expected to be developed for treatment of inflammatory diseases.

Spending has been reviewed and reprioritized

Upon disclosure of the results of the SERENA trial in Neuropathic Low Back Pain, the Company has reviewed and reprioritized its spending, to extend its cash reach. While spending in the first half year of 2010 has been dominated by the completion of the SERENA study and the termination of the 40-week extension study of SERENA, the remainder of the year will see significantly decreased spending. Amongst the actions taken was a significant reduction in research and general & administrative expenses, including personnel. Effective July 5, 2010, the Company has placed 16 employees in "Cassa Integrazione Guadagni", which is a government-supported programme under Italian law, allowing to effectively keep employees in a contractual relationship, without any material cost to the Company. In addition, temporary employment agreements were not prolonged and employment agreements with several managers were terminated in mutual agreement. All in all, the cost of 21 employees was taken off the Company's books. The number of fully paid employees is currently 21.

Drug Portfolio



Newron is undertaking phase III trials with safinamide for the treatment of PD together with its partner Merck Serono
IC = Ion Channel Programme
HF1020 in preclinical development for inflammatory disorders is part of Newron's equity holding in Trident

Interim financial statements

Compared to the first six months of 2009, other income in the reporting period is lower by EUR 1.6m. This is mostly due to a one-time effect in 2009, when EUR 1.5m grants and tax credits were approved in favour of Newron for prior periods. Investment into ongoing drug development has increased significantly to EUR 9.7m (2009: EUR 6.5m), mostly due to the completion of the SERENA core study in Neuropathic Low Back Pain and the termination of the ongoing 40-week extension to the SERENA study in early May. While the effects of closing down this phase IIb/III study have well reached into the second half of 2010, all related expenses have been accrued at the end of the reporting period. Further reasons for the increase of R&D spending over 2009 are the upcoming completion of preclinical development of NW-3509 and restructuring cost as a consequence of work force reduction. The R&D cost are net of reimbursements by Merck Serono of cost incurred in the development of safinamide 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 13.3m, compared to EUR 11.2m in 2009. We further reduced the G&A expenses to EUR 3.5m (2009: EUR 4.1m), as a result of overall cost containment measures, although one-time payments came due as a result of reduction of the work force in the administrative sections.
The net cash used in operating activities is unchanged compared to 2009, at EUR 11.7m.

Outlook

Newron's number one priority is to work with Merck Serono on the successful conclusion of safinamide's clinical trials to allow regulatory filing of safinamide in PD.

We expect to file an Investigational New Drug (IND) application for the development of NW-3509 in schizophrenia during the coming months.

Product development is the key goal overall in parallel with our strategy to pursue partnering and appropriate M&A opportunities. We are working hard on all fronts to regain value lost through the unsuccessful SERENA study.

Newron's cash position is on a firm footing, with EUR 13.1m in cash plus an option to up to CHF 27.5m under our Yorkville equity line, prior to any licensing income, taking us at least another 12 months through most of 2011.

Rolf Stahel
Chairman

Luca Benatti
Chief Executive Officer

Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2010

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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.

1. We have reviewed the interim condensed consolidated financial statements, (comprising the statement of financial position, the statements 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, 2010. 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 8, 2010

Reconta Ernst & Young S.p.A.

Paolo Zocchi
(Partner)

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Interim Consolidated Statement of Income

(In thousand euro, except per share information)	Note	For the six months ended June 30 2010 unaudited	2009 unaudited
Licence income	4	424	469
Other income		15	1,599
Revenues		439	2,068
Research and development expenses	5	(9,747)	(6,515)
Marketing and advertising expenses		(61)	(67)
General and administrative expenses	6	(3,517)	(4,102)
Operating result		(12,886)	(8,616)
Financial result net	7	(29)	190
Result before tax		(12,915)	(8,426)
Income tax expense		(9)	(4)
Net loss		**(12,924)**	**(8,430)**
Loss per share			
Basic and diluted	14	(1.96)	(1.40)

Interim Consolidated Statement of Comprehensive Income

(In thousand euro)	For the six months ended June 30 2010 unaudited	2009 unaudited
Net loss for the period	(12,924)	(8,430)
Currency translation differences	(2)	30
Other comprehensive income/(loss), net of tax	(2)	30
Total comprehensive loss for the period	(12,926)	(8,400)

(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, 2010	December 31, 2009
		unaudited	audited
Assets			
Non-current assets			
Property, plant and equipment		186	241
Intangible assets	8	8,969	8,979
Available for sale investments		584	584
Non-current receivables		151	136
		9,890	9,940
Current assets			
Inventories		466	380
Receivables and prepayments	9	5,324	7,064
Other short term financial assets		0	1,605
Cash and cash equivalents	10	13,144	22,689
		18,934	31,738
Total assets		**28,824**	**41,678**
Shareholders' equity			
Share capital	11	1,321	1,312
Share premium	12	34,082	52,399
Share option reserve	13	3,223	3,065
Retained earnings		(21,454)	(27,422)
Translation differences		(73)	(71)
Total shareholders' equity		**17,099**	**29,283**
Liabilities			
Non-current liabilities			
Deferred income		202	81
Deferred tax liability		2,858	2,858
Employee cash-settled share-based liabilities		8	181
Employee severance indemnity		582	620
		3,650	3,740
Current liabilities			
Deferred income		400	946
Short-term borrowings		281	281
Trade and other payables		7,394	7,428
		8,075	8,655
Total liabilities		11,725	12,395
Shareholders' equity and liabilities		**28,824**	**41,678**

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

Interim Consolidated Statement of Changes in Equity

(In thousand euro) unaudited	Note	Share capital	Share premium	Share option reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at January 1, 2009		1,204	60,948	2,441	(51)	(18,731)	45,811
Other comprehensive income		0	0	0	30	(8,430)	(8,400)
Previous year loss allocation			(14,790)			14,790	0
Issue of shares		4	5				9
Share option scheme				239			239
Balance at June 30, 2009		**1,208**	**46,163**	**2,680**	**(21)**	**(12,371)**	**37,659**
Balance at January 1, 2010		1,312	52,399	3,065	(71)	(27,422)	29,283
Other comprehensive income		0	0	0	(2)	(12,924)	(12,926)
Previous year loss allocation			(18,892)			18,892	0
Issue of shares	11/12	9	575				584
Share option scheme	13			158			158
Balance at June 30, 2010		**1,321**	**34,082**	**3,223**	**(73)**	**(21,454)**	**17,099**

(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	
		unaudited	unaudited
	Note	2010	2009
Loss before tax		(12,915)	(8,426)
Adjustments for:			
Depreciation and amortization		76	123
Interest income		(16)	(189)
Grants and other non-monetary income	9	(905)	(3,009)
Share option expenses		(16)	244
Employee severance indemnity expense		83	210
Changes in working capital:			
Inventories		(86)	86
Current receivables and prepayments and deferred cost (excluding grants receivable)		2,634	1,145
Trade and other payables and deferred income (excluding advances of grants)		(553)	(1,101)
Cash used in operations		(11,698)	(10,917)
Cash flows from operating activities			
Cash used in operations		(11,698)	(10,917)
Government grants received		0	69
Pension fund paid		(27)	(117)
Change in non-current receivables		(15)	(714)
Net cash used in operating activities		(11,740)	(11,679)
Cash flows from investing activities			
Purchase of financial assets		0	(1,605)
Purchase of property, plant and equipment		(7)	(66)
Disposal of financial assets		1,602	0
Interest received		16	189
Net cash flows from/(used in) investing activities		1,611	(1,482)
Cash flows from financing activities			
Net proceeds from borrowings		0	(248)
Proceed from issue of shares	11/12	584	211
Net cash flows from financing activities		584	(37)
Net increase/(decrease) in cash and cash equivalents		(9,545)	(13,198)
Cash and cash equivalents at January 1		22,689	41,267
Cash and cash equivalents at the end of the six months period		**13,144**	**28, 069**

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

Notes to the Interim Condensed Consolidated Financial Statements

1 General 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, 20091 Bresso (MI), 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 7, 2010.

2 Basis of presentation and accounting policies

The interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2010, 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, 2009, 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 thousand euro except where otherwise indicated.

The directors believe the Group will be able to meet all of its obligations at least for a further 12 months as they fall due and, hence, the consolidated financial statements have been prepared on a going concern basis.

Accounting policies

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 December 31, 2009, except for the adoption of new standards and interpretations as of January 1, 2010, noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions. The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (revised), and IAS 27, Consolidated and Separate Financial Statements (revised).
The Group adopted the revised standard from January 1, 2010. IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent

consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.
IAS 27 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.
The changes by IFRS 3 (revised) and IAS 27 (revised) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on the financial position or performance of the Group.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items.
The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners.
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position or performance of the Group.

In 2010 the Group has implemented various amendments to existing standards and interpretations, which have no material impact on the Group's overall results and financial position.

The Group is currently assessing the potential impacts of the other new and revised standards and interpretations that will be effective from January 1, 2011, 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.

Seasonality

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

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, 2010.

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	
	2010	2009	2010	2009
CHF 1	0.6964	0.6641	0.7528	0.6550
GBP 1	1.1494	1.1186	1.2232	1.1735

4 Licence income

Licence income of EUR 424 (2009: EUR 469) 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 2010, the Company revised the recognition period of the payment to align it with the revised expected development period of safinamide, which has been extended from January 31, 2011, to December 31, 2011. Such a change has been accounted for prospectively as a change in estimate, resulting in a decrease of 2010 licence income of EUR 320. The change will result also in a corresponding increase of 2011 licence income of EUR 320.

5 Research and development expenses

(In thousand euro)	For the six months ended June 30	
	2010	2009
Services received from subcontractors	6,715	3,427
Staff costs	1,825	1,544
Consultancy fees	513	547
Material and consumable used	259	535
Laboratory operating lease cost	167	225
Travel expenses	145	168
Depreciation and amortization expense	32	68
Other research and development costs	91	1
	9,747	**6,515**

Research and development expenses related to safinamide 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 at note 9. Accordingly, research and development expenses are presented net of reimbursements totalling EUR 3,567 (2009: EUR 4,664).

Services received from subcontractors increased by EUR 3,288. The variation is mainly explained by the combined effect of: a) the termination of a research and development grant that was recognized by the Italian fiscal authorities for the years 2007, 2008 and 2009, and b) the costs associated to the SERENA trial in Neuropathic Low Back Pain and its closing fees that has been accrued after the unexpected results.

Upon disclosure of the results of the SERENA, the Company has reviewed and reprioritized its spending, to extend its cash reach. Amongst the actions taken, there was a significant reduction in all expenses, including personnel. Accordingly, staff cost increased by EUR 281 mostly as a result of one-off payments' accruals.

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.

6 General and administrative expenses

(In thousand euro)	For the six months ended June 30	
	2010	2009
Staff costs	1,406	1,494
Consultancy and other professional services	1,099	1,222
Intellectual properties	530	664
Travel expenses	149	136
Operating lease cost	114	145
Depreciation and amortization expense	44	55
Other expense	175	386
	3,517	**4,102**

General and administrative expenses decreased in 2010 by EUR 585 as a consequence of the cost containment process initiated.

7 Financial result net

Net financial expenses are EUR 29 (2009: gain of EUR 190). The amount includes the income, lower than 2009, generated by the investments of the IPO proceeds in highly liquid investments and significant increase in expenses related to transactions in foreign currencies.

8 Intangible assets

Intangible assets of EUR 8,969 are almost entirely represented by in-process research and development projects (EUR 8,944) as detailed below:

Project	Development phase	Allocated purchase price
HF 0220	Clinical phase II	5,044
HF 0299	Clinical phase I	3,069
HF 1220	Discovery	831
		8,944

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, 2009. As at June 30, 2010, no impairment indication for the assets was identified. 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.

9 Receivables and prepayments

(In thousand euro)	As of	
	June 30, 2010	December 31, 2009
	unaudited	audited
Receivables	962	1,040
Government grants receivable	2,136	1,669
Prepayments	377	1,822
Deferred costs	50	123
VAT receivable	57	101
Other receivables	1,742	2,309
	5,324	**7,064**

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 prior to June 30, 2010.

At June 30, 2010, government grants receivable increased by EUR 467: the increase is mostly related to the grant awarded to the Company by the Italian government's *Ministero dell'Istruzione dell'Università e della Ricerca* – M.I.U.R. The grant is related to a R&D programme ongoing at the company for a total amount of EUR 5.3 m. The funds will cover R&D expenses incurred during a 48-month period starting July 1, 2007.

Prepayments mostly include advanced payments to suppliers which decreased by EUR 1,445 with respect to December 31, 2009.

Other receivables include the current portion of the research and development tax credit (EUR 1,523).

10 Cash and cash equivalents

(In thousand euro)	As of	
	June 30, 2010	December 31, 2009
	unaudited	audited
Cash at bank and in hand	1,938	3,499
Short-term investment	11,206	19,190
	13,144	**22,689**

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'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-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.

11 Share capital

As of December 31, 2009, the subscribed share capital was equal to EUR 1,311,510.40, divided into 6,557,552 ordinary shares with nominal value equal to EUR 0.20 each. The authorized share capital is equal to EUR 1,425,997.60 (divided into n. 7,129,988 ordinary shares).

Following the signature, in December 2008, of the equity funding agreement with YA Global Investments L.P. the Company's share capital increased, over the last six months, by EUR 9,286.20 issuing 46,431 ordinary shares with a par value of EUR 0.20 and varying premium; the related amounts were paid up by YA Global Investments L.P.

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

(In euro)	Total
As of December 31, 2008 – Newron Group	1,204,101.60
Issue of ordinary shares (SEDA executions)	19,408.80
Issue of ordinary shares (capital increase)	88,000.00
As of December 31, 2009 – Newron Group	1,311,510.40
Issue of ordinary shares (SEDA executions)	9,286.20
As of June 30, 2010 – Newron Group	**1,320,796.60**

As of June 30, 2010, the subscribed share capital was equal to EUR 1,320,796.60, divided into 6,603,983 ordinary shares with nominal value equal to EUR 0.20 each.

12 Share premium

(In thousand euro)	As of	
	June 30, 2010	December 31, 2009
At the beginning of the year	52,399	60,948
Loss allocation	(18,892)	(14,790)
Issue of shares	575	6,241
At the end of the period	**34,082**	**52,399**

13 Share option reserve

To incentivize the efforts directed at the growth of the Company and its subsidiaries in the medium term, on January 22, 2010, Newron's Board assigned 47,000 new options to certain employees, allowing the exercise of the granted option in two years. The options' strike price is CHF 19.77 (EUR 13.43 as translated at the exchange rate on January 22, 2010), and their fair value is CHF 29.845.

Furthermore, as a consequence of the restructuring process described in Note 15, two employees left the Company waiving their option rights: the cumulated reserve has been reduced accordingly by EUR 240.

14 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	
	2010	2009
Net loss attributable to shareholders	(12,924)	(8,430)
Weighted average number of shares (thousands)	6,591	6,035
Loss per share – basic (in euro)	(1.96)	(1.40)

The only categories of potential ordinary shares are the stock options granted to employees and directors. During the presented periods 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.

15 Events after the balance sheet date

Upon disclosure of the results of the SERENA trial in Neuropathic Low Back Pain, the Company has reviewed and reprioritized its spending, to extend its cash reach. Amongst the actions taken was a significant reduction in research and general & administrative expenses, including personnel.

Effective July 5, 2010, the Company has placed 16 employees in "Cassa Integrazione Guadagni" (CIG). It is a government-supported programme under Italian law, which allows to put the employees in a "garden leave" paid by the government, for a given period of time (one year in this case, liable to extension). 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. In addition, temporary employment agreements were not prolonged and employment agreements with several managers were terminated in mutual agreement. Accordingly, the Company will save the cost of 21 employees, starting from July 2010.

Bresso, September 7, 2010

Luca Benatti
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

Number of shares	6,603,983 (June 30, 2010)
52-week high (in CHF)	26.90 (July 1, 2009)
52-week low (in CHF)	5.24 (July 23, 2010)
Loss per share (in EUR)	1.96 (period from January 1 to June 30, 2010)
Cash, cash equivalents and other short-term financial assets June 30, 2009 (in EUR)	13.14m
Market capitalization (in CHF)	43.9m (based on 6,603,983 outstanding shares and a share price of CHF 6.65, as per June 30, 2010)

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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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