

NEUROSEARCH

Annual Report

2015

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This Annual Report is published in both a Danish and an English version. In the event of any discrepancies, the Danish version shall prevail.

To our shareholders and other stakeholders

Dear shareholder

Due to the pending litigation, which was initiated in July 2013 by the Public Prosecutor for Special Economic and International Crime (SEIC), concerning an event in the spring of 2010, the Company has had limited opportunity for progress, including to dispose of assets.

Update on the Company's assets

The Company's patent portfolio consists of only two dopidines, both of which have the potential to be developed for the treatment of CNS disorders, i.e. Seridopidine (Phase I completed) and Ordopidine (also Phase I). The Company has held, and continues to hold, discussions with potential buyers of the two drug candidates. However, an agreement has not been reached.

Moreover, we hold shares in two other companies:

- NsGene A/S (we hold 26.8% of the shares)
- Atonomics A/S (we hold 3.9% of the shares)

License agreements

Potential revenue from the license agreements:

- Milestone payments from Teva Pharmaceuticals of up to DKK 55 million relating to the further development of Huntexil® (announcement no. 21-12)
- Milestone payments or royalties from Saniona A/S (announcement no. 20-12)
- Milestone payments or royalties of up to 20% from Saniona under the transfer agreement for the two development candidates NS2359 and NS 2330 (tesofensine), (announcement no. 13-14)

The value of the assets and license agreements listed above is subject to substantial uncertainty, both because no established market exists for such assets, and because it is uncertain if and when the criteria for

payment to NeuroSearch would be met. See the section "Events after the balance sheet date" in the section Financial Review on page 11 of the Annual report.

Tax loss

NeuroSearch has calculated the value as of 31 December 2015 of its unrecognised tax losses carried forward at DKK 2,160 million, and deductible temporary differences at approximately DKK 118 million. This brings the tax asset to a total of DKK 2,278 million, which a potential buyer of NeuroSearch may be able to exploit in full or in part under certain conditions.

Pending litigation

The litigation proceeded as follows in 2015 after NeuroSearch had appealed on 18 August 2014 the City Court of Copenhagen's decision of 8 August 2014 in which the Company was ordered to pay a fine of DKK 5 million for share price manipulation:

The Eastern Division of the Danish High Court delivered its judgment in the appeal case on 14 October 2015, in which it upheld the judgment of the City Court and ordered the Company to pay a fine of DKK 5 million for share price manipulation.

After a thorough review of the transcript of the judgment and impartial external legal advice, the Company decided to file an application with the Appeals Permission Board for leave of appeal to the Danish Supreme Court on 28 October 2015. It is expected that the Appeals Permission Board will make its decision shortly.

The provision for the fine of DKK 5 million, which was expensed in the financial statements for 2014, has been upheld.

Board of Directors

Financial highlights

Financial highlights for the Group (DKK million)

Income statement and comprehensive income	2011	2012	2013	2014	2015
Gain from divestment of intellectual property	-	120.7	28.8	-	-
Development cost	259.1	457.2	21.7	-	-
General and administrative cost	123.4	(46.7)	16.7	13.3	6.5
Operating profit/(loss)	(382.5)	(289.8)	(9.6)	(13.3)	(6.5)
Net financials	33.5	(37.2)	5.1	2.7	(0.3)
Profit/(loss) of continuing operations before tax	(349.1)	(327.1)	(4.5)	(10.6)	(6.8)
Net profit/(loss) of discontinued operations	(329.3)	57.4	15.6	1.6	1.3
Profit/(loss) for the period	(678.4)	(275.6)	12.4	(7.7)	(5.5)
Comprehensive income**	(694.8)	(243.5)	6.6	(10.2)	(5.3)
Balance sheet					
Total assets	840.8	207.5	92.2	84.0	78.6
Cash and cash equivalents and securities	220.6	81.4	88.8	83.4	78.0
Equity	320.6	81.1	88.0	77.7	72.4
Investments					
Investments in property, plant and equipment	3.6	-	-	-	-
Per share ratios* (DKK)					
Earnings per share	(27.63)	(11.22)	0.50	(0.32)	(0.23)
Diluted earnings per share	(27.63)	(11.22)	0.50	(0.32)	(0.23)
Net asset value	13.06	3.30	3.58	3.17	2.95
Market price at year-end	17.7	3.74	3.10	2.59	2.51
Market price/net asset value	1.36	1.13	0.87	0.82	0.85
Average number of employees	222	88	18	2	2
Number of employees at 31 December	189	26	2	2	2

* The ratios are stated in accordance with "Recommendations and Financial Ratios" issued by the Danish Society of Financial Analysts.

** Comprehensive income includes unrealised currency translation adjustment and fair value adjustment of the hedge of the net investment in NeuroSearch Sweden AB.

Assets in NeuroSearch

NeuroSearch neither carries out research nor development of the Company's drug candidates. The most important assets and license agreements still present in NeuroSearch are listed below.

Projects

Product	Indication	Mechanism	Clinical phase
☼ Seridopidine	CNS diseases	Dopaminergic stabiliser	Phase I completed
☼ Ordopidine	CNS diseases	Dopaminergic stabiliser	Phase I completed

Agreements

Agreements	Value and conditions
☼ Teva	NeuroSearch is entitled to: <ul style="list-style-type: none">• Milestone payments up to DKK 55 million distributed as follows: to be received upon first registration application for Huntexil® DKK 22 million, to be received upon marketing approval inside the EU/EFTA DKK 16.5 million, and to be received upon marketing approval outside the EU/EFTA DKK 16.5 million. In April 2014, TEVA announced the first enrolment of patients to a phase II trial. As it is currently not certain that TEVA will submit their first IND regarding Huntexil® in the near future, NeuroSearch has chosen not yet to recognize milestone payments from TEVA regarding Huntexil® (announcement no. 21-12)
☼ Saniona A/S	NeuroSearch is entitled to: <ul style="list-style-type: none">• Potential milestone payments or royalties from Saniona A/S (announcement no. 20-12)• Potential payments from Saniona in the form of up to 20% of milestones and any royalty from the development candidates NS2359 and NS2330 (tesofensine) which Saniona took over from NeuroSearch in October 2014 (announcement no. 13-14). See the section "Events after the balance sheet date" in the section financial Review on page 11 of the Annual report.

Investments in other companies

Ownership	
Associated company	
☼ NsGene	NeuroSearch holds 26.8% of the shares in NsGene
Available-for-sale financial asset	
☼ Atonomics	NeuroSearch holds 3.9% of the shares in Atonomics

Tax

Tax	
☼ Tax	As of 31 December 2015, the Group had tax losses carried forward totalling approximately DKK 2,160 million which can be carried forward indefinitely. In addition, the Group had deductible temporary differences (net) of approximately DKK 118 million, a total of approximately DKK 2,278 million. The carrying amount of the unrecognised potential deferred tax assets was approximately DKK 501 million for the Group at a tax rate of 22% (2014: DKK 491 million).

Shareholder information

NeuroSearch is listed at NASDAQ Copenhagen A/S under securities identification code 1022466 (NEUR) and is included in the SmallCap segment.

Share price and market cap performance in 2015

On 30 December 2015, the closing price of the NeuroSearch share was DKK 2.51, compared with a year-end closing price of DKK 2.59 in 2014, equivalent to a 3% decrease.

Turnover

In 2015, the turnover of NeuroSearch shares totalled DKK 27 million, equivalent to an average daily turnover of DKK 109 thousand. A total of approximately 9 million shares were traded (37%) during the year. In 2014, total turnover in the share was DKK 29 million corresponding to an average daily turnover of DKK 117 thousand and a total number of shares traded of approximately 9 million (37%).

Latest share price and market capitalisation

On 3 March 2016, the closing price of the NeuroSearch shares was DKK 2.36, equivalent to a market capitalisation of NeuroSearch of DKK 58 million.

Ownership structure

On 30 December 2015, NeuroSearch had 14,888 registered shareholders, who held a total of 18,562,840

shares. This corresponds to 76% (2014: 76%) of the total outstanding share capital being registered in the Company's register of shareholders. In 2015, the number of registered NeuroSearch shareholders decreased by 1,543, but at the same time the registered part of the share capital remained almost unchanged.

The Company's shares are bearer securities, and thus no exact registration of the holders exists.

The following investors have notified NeuroSearch that they hold more than **10%** of the shares in the Company:

- ☼ **Porter Orlin LLC**, 666 5th Avenue # 3403, New York, NY 10103-3402, USA (10.11%)

The following investors have notified NeuroSearch that they hold more than **5%** of the shares in the Company:

- ☼ **Glaxo Group Limited**, Berkeley Ave., Greenford, Middlesex, UB6 0NN, United Kingdom (5.17%)
- ☼ **ATP**, Kongens Vænge 2, DK-3400 Hillerød, Denmark (9.94%)
- ☼ **Luxor Capital Group**, LP, 1114 Avenue of the Americas, 29th Floor, New York, NY 10036, USA (9.99%)

NeuroSearch will not pay dividends for 2015.

Financial calendar for 2016

The Annual General Meeting will be held on Tuesday, 19 April 2015 at 4 pm (local time) at PricewaterhouseCoopers, Strandvejen 44, 2900 Hellerup, Denmark.

Financial reporting for 2016

19 April 2016

Annual General Meeting

31 August 2016

Interim report for H1 2016

In-house rules

The Board of Directors, Management and all other employees of NeuroSearch are subject to the Company's in-house stock exchange rules of ethics for trading in the Company's shares and treatment of inside information. NeuroSearch has established a system for monitoring in-house trading in company shares.

As a Danish public company, our communications must comply with the rules and regulations set out in the

Danish Securities Trading Act and in the Rules for Issuers of Shares on NASDAQ Copenhagen. Thus, our most important communications tools are company announcements and press releases issued via the NASDAQ Copenhagen distribution service. Following public release, all news releases are posted on our website. Further, direct contact and dialogue with all investor market stakeholders are very important.

Website

Our corporate website (www.neurosearch.com) is updated regularly so that our shareholders and other stakeholders can get an overview of the status and prospects for the Company as a whole.

News service by email

We invite all shareholders and other stakeholders to register for our email service in order to automatically receive all company announcements and press releases directly by email.

You can register for our email service directly at www.neurosearch.com.

Report on CSR and gender distribution

NeuroSearch's Board of Directors consists of two male members and one female member, so the Company maintains an equal gender distribution at the supreme management level. There is an equal gender distribution at the other management levels, and the Company consequently does not define policies in this respect.

In view of its size and current activities, NeuroSearch no longer has:

- A policy for corporate social responsibility
- A policy for respecting human rights
- A policy for reducing the climate impact from the Company's activities

Working environment

The physical working environment has been simplified in step with the reduction of activities in NeuroSearch. After the sale of the domicile property, the address was changed to an office partnership from where the remaining administration is handled.

Risk management and internal control

See note 18 to the consolidated financial statements.

Financial review

The Annual Report 2015 includes the Consolidated Financial Statements of NeuroSearch A/S, comprising the parent company and the three wholly-owned subsidiaries NeuroSearch Sweden AB, Poseidon Pharmaceuticals A/S and NsExplorer A/S.

Liquidity

As at 31 December 2015, cash and cash equivalents totalled DKK 78 million.

Income statement

In 2015, the Group posted an operating loss on continuing operations of DKK 7 million (2014: DKK 13 million). This was in line with our previously announced expectations of an operating loss in the region of DKK 7-9 million.

NeuroSearch posted an after tax loss on continuing operations of DKK 7 million (2014: DKK 9 million).

A consolidated loss of DKK 6 million was posted for the year (2014: DKK 8 million).

Costs

Consolidated costs totalled DKK 6 million (2014: DKK 13 million).

General and administrative costs totalled DKK 6 million (2014: DKK 13 million).

Net financials

Financials amounted to a net expense of DKK 324 thousand (2014: DKK 3 million). This expense consisted of financial income of DKK 122 thousand in 2015 (2014: DKK 5 million), and financial expense was DKK 446 thousand (2014: DKK 2 million) of which DKK 251

thousand is interest expense and DKK 195 thousand is currency translation adjustment

Income taxes

As of 31 December 2015, the Group had tax losses carried forward totalling approximately DKK 2,160 million which can be carried forward indefinitely. In addition, the Group had deductible temporary differences (net) of approximately DKK 118 million, a total of approximately DKK 2,278 million. The carrying amount of unrecognised potential deferred tax assets was approximately DKK 501 million for the Group at a tax rate of 22% (2014: DKK 491 million).

Discontinued operations

A minor profit of DKK 1 million was recognised from discontinued operations (2014: income of DKK 2 million mainly from sales of office and lab equipment). The income in 2015 consisted of payments regarding some of the agreements made in 2011 and 2012 regarding the wind-down of the research division NsDiscovery. A number of projects were transferred to spin-offs in the hope they would generate future income from there.

Allocation of profit/loss

It is proposed that the year's consolidated loss of DKK 6 million be transferred to retained earnings.

Balance sheet

The balance sheet stood at DKK 79 million at 31 December 2015 (2014: DKK 84 million).

Cash and cash equivalents totalled DKK 78 million at 31 December 2015 (2014: DKK 83 million).

Statement of cash flows

The cash flow from operating activities amounted to a cash outflow of DKK 5 million in 2015 compared to a cash outflow in 2014 of DKK 8 million.

The cash flow from investing activities was DKK 0 million in 2015 (2014: DKK 0 million).

The cash flow from financing activities was a cash inflow of DKK 0 million in 2015 (2014: DKK 3 million).

Cash and cash equivalents thereafter amounted to DKK 78 million at 31 December 2015 (2014: DKK 83 million).

Statement of movements in equity

Equity decreased by the consolidated loss for the year of DKK 6 million. Equity stood at DKK 72 million at 31 December 2015 (2014: DKK 78 million).

Financial risks

For further details, please see the discussion under "Risk management and internal control" and information on financial risks stated in note 16.

Related parties

Related parties comprise the members of the Company's Executive Management, the Board of Directors, subsidiaries and the associated company NsGene A/S. In addition, Kromann Reumert is considered a related party as Christian Lundgren, who is a member of our Board of Directors, is a partner in the law firm.

Outlook for 2016

In 2016, NeuroSearch expects an operating loss in the range of DKK 4-6 million including income from Saniona (see the section Events after the balance sheet date). The outlook does not include any income from the possible sale of Company assets, other potential income from the Company's agreements with Teva or others, and neither does the outlook take into account a potential reversal of the provision of DKK 5 million made to cover the fine the Company has been ordered to pay.

Events after the balance sheet date

Saniona A/S announced in February 2016 that the company had entered into an agreement with Productos Medix S.A. de S.V. ("Medix") for the development and commercialization of NS2330 (tesofensine) in Mexico and Argentina. NeuroSearch transferred the rights to NS2330 (tesofensine) to Saniona A/S in October 2014 (Company announcement no. 13-14). NeuroSearch is entitled to 20% of the net amount of USD 1.25 million Saniona will receive in connection with the sale of the rights to Medix. The payment has not yet been received.

Additionally, no events have occurred after the end of the financial year that may have a material impact on the financial statements.

Board of Directors

Karin Garre

Danish citizen, born 1957
Position: Executive Head, Psychiatric Centre of Copenhagen

Member of the Board of Directors since December 2013 and Chairman of the Board of Directors since December 2013. Karin Garre is considered an independent Board member in accordance with the corporate governance recommendations.

Special competencies: Karin Garre is a medical doctor and has more than 25 years of broad executive experience from the pharmaceutical industry and experience from board memberships, including from StemCare A/S and LTC A/S. Karin Garre has previously held positions as Chief Development Officer and Executive Vice President in NeuroSearch A/S.

Allan Andersen

Danish citizen, born 1945
Position: CEO, AA Consult ApS

Member of the Board of Directors since May 1989, Chairman of the Board of Directors from January 2013 until December 2013. Allan Andersen is not considered an independent Board member in accordance with the corporate governance recommendations as he has been a member of the Board of Directors for more than 12 years.

CEO of NeuroSearch A/S since 1 December 2013, Chairman of the Board of Directors of Nordicom A/S, member of the Board of Directors of NsGene A/S, Executive Director of AA Consult ApS, Executive Director of Allan Consulting EOOD, Executive Director of AA Construction EOOD, Executive Director of Provadia Cheese OOD and Executive Director of Jeravna Development EOOD.

Special competencies: Allan Andersen holds more than 30 years of broad experience from different company boards and has extensive financial knowledge as well as shareholder experience from the biotech industry.

Christian Lundgren

Danish citizen, born 1966
Position: Attorney-at-law and Partner at the law firm of Kromann Reumert

Member of the Board of Directors since January 2013. Christian Lundgren is not considered an independent Board member in accordance with the corporate governance recommendations as he and Kromann Reumert are regularly engaged as the Company's lawyer.

Member of the Board of Directors of Det Nissenske Familiefond.

Special competencies: Christian Lundgren holds many years of experience within consulting, restructuring and other transactions relating to listed companies and has in-depth knowledge of the biotech industry.

Executive Management

Allan Andersen

CEO
(Born 1945, member of the Executive Management since 2013)
(see directorships under Board of Directors)

Management structure

Corporate governance

Pursuant to the rules of NASDAQ Copenhagen A/S, listed companies must state their position relative to the most recently updated "Corporate Governance Recommendations 2013". This must be done applying the "comply or explain" principle. In accordance with section 107b of the Danish Financial Statements Act, NeuroSearch has prepared a statutory report on corporate governance which is available in full at the Company's website (www.neurosearch.com/Default.aspx?ID=8477).

Board of Directors

All members of the Board of Directors elected by the shareholders at the Annual General Meeting are elected for terms of one year.

Seven Board meetings were held during 2015. The Board performs its duties in accordance with a written set of rules of procedure. The rules of procedure include rules on the allocation of powers and duties between the Board of Directors and the Executive Management and on minute books, the register of shareholders and other records.

Remuneration

Members of the Board of Directors of NeuroSearch receive a fixed fee. The fee is fixed according to the standards in the market and reflects demands to their competencies and efforts in light of the scope of their work and the number of Board meetings.

The Chairman's fee in respect of 2015 was DKK 500,000, and fees paid to each of the ordinary members amounted to DKK 250,000, equivalent to a total of DKK 1 million.

The Board of Directors does not receive any other remuneration from NeuroSearch than the fixed remuneration, except for Allan Andersen, who is CEO and receives remuneration as such. Christian Lundgren is a partner of Kromann Reumert, which regularly receives consulting fees from the Company and therefore is considered a related party to NeuroSearch. For information on remuneration to the Board of Directors as a related party, reference is made to note 14 to the Consolidated Financial Statements.

For information regarding the number of NeuroSearch shares held by the Board of Directors, see note 2 to the Consolidated Financial Statements.

Auditors

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Statsautoriseret Revisionspartnerselskab
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Denmark

Legal advisers

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Denmark

Bank

Nordea Bank Danmark A/S
Strandgade 3
P.O. Box 850
DK-0900 Copenhagen C
Denmark

Management's statement

The Board of Directors and Executive Management today considered and adopted the Annual Report of NeuroSearch A/S for the financial year 1 January - 31 December 2015.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. Management's Review is also prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the assets, liabilities and financial position at 31 December 2015 of the Group and the Company and of the results of the Group and the Company operations and consolidated cash flows for the financial year 1 January - 31 December 2015.

In our opinion, Management's Review includes a true and fair account of developments in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hellerup, 4 March 2016

Executive Management



Allan Andersen
CEO

Board of Directors



Karin Garre
Chairman



Christian Lundgren



Allan Andersen

Independent auditor's reports

To the Shareholders of NeuroSearch A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements for NeuroSearch for the financial year 1 January to 31 December 2015, page 16-46, which comprise accounting policies, income statement, balance sheet, cash flow statement, statement of changes in equity, and notes, for both the Group and the Parent Company, as well as statement of comprehensive income for the Group. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for preparing Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial

Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2015 and of the results of the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act and Danish disclosure requirements for listed companies.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Hellerup, 4 March 2016

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31



Brian Christiansen
State State Authorised Public Accountant



Thomas Lauritsen
State Authorised Public Accountant

NeuroSearch Consolidated Financial Statements

Accounting policies

for the period 1 January – 31 December

The accounting policies applied in the preparation of the Consolidated Financial Statements are set out below.

The accounting policies are unchanged from previous years.

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. Additional Danish disclosure requirements for the presentation of financial statements are imposed by the Statutory Order on Adoption of IFRS issued under the Danish Financial Statements Act and by NASDAQ Copenhagen A/S.

The Financial Statements of the parent company, NeuroSearch A/S, are presented in accordance with the provisions of the Danish Financial Statements Act. The Financial Statements are presented on pages 38-46, and the accounting policies are described on page 39.

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, and areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 1.

The Consolidated Financial Statements are presented in DKK, which is also the functional currency of the parent company.

Adoption of new standards

In the Annual Report 2015, NeuroSearch has applied all new and amended standards and interpretations that have come into force and been adopted by the EU with effect for the current financial year. The standards and interpretations applied are the following – only relevant standards are mentioned:

- Annual improvements to IFRSs (2010-2012). These annual improvements include a number of minor changes to IFRS 2, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual improvements to IFRSs (2011-2013). These annual improvements include a number of minor changes to IFRS 1, IFRS 3, IFRS 14 and IAS 40.
- Amendment to IAS 19: "Employee Benefits". The amendment concerns defined benefit pension obligations where employees pay contributions to the pension scheme.

NeuroSearch A/S has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after 1 January 2015, are neither relevant or have no significant effect on the financial statement.

New standards, amendments and interpretations not yet effective

A number of new standards and amendments to standards and new interpretations which have been adopted by the EU, but which have not yet come into force; only standards relevant to NeuroSearch are mentioned:

- Amendments to IAS 1: Disclosure initiative. The key changes are materiality, disaggregation and subtotals, notes and disclosure of accounting policies etc.
- Annual Improvements to IFRSs (2012-2014): These annual improvements include a number of minor clarifications changes to IFRS 5, IFRS 7, IAS 19, IAS 34.

NeuroSearch has assessed the effect of the new IFRS standards and interpretations and concluded that the standards and interpretations that have not yet come into force for financial years beginning on or after 1 January 2015 are either not relevant or cannot be expected to have a significant effect on NeuroSearch. Moreover, the IASB has issued the following amendments to standards and new interpretations which are relevant to NeuroSearch, but which have not yet been adopted by the EU:

- IFRS 9: Financial Instruments. The standard replaces IAS 39, Financial instrument, recognition and measurement. It has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). Equity investments which do not form part of the trading portfolio can be irrevocably designated at fair value through other comprehensive income. Further, a new impairment model for debt instruments not measured at fair value through profit or loss, based on expected losses. A new hedge accounting model is introduced under which the qualifying criteria are adjusted so as to better align with risk management practices.
- IFRS 15: "Revenue". New joint standard on revenue recognition. The standard could potentially impact the recognition of revenue to a large extent in a number of areas, including:
 - The timing of revenue recognition
 - Recognition of variable consideration
 - Allocation of revenue from multiple-element contracts
 - Recognition of revenue from licence rights
 - Contract acquisition costs
 - Additional disclosure requirements

NeuroSearch expects these standards and interpretations will be applied, when they become effective. With the company's current activity, NeuroSearch A/S does not expect, the implementation is of major importance for the company.

No substantial effect on future recognition and measurement is expected from these new standards.

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are continuously exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date that control ceases.

The Consolidated Financial Statements are prepared by adding the audited financial statements of the parent company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. On consolidation, intercompany income and expenses, shareholdings, balances, dividends and unrealised intercompany gains and losses are eliminated.

All subsidiaries are consolidated:

- NeuroSearch Sweden AB
- Poseidon Pharmaceuticals A/S
- NsExplorer A/S

Segment reporting

The Group is managed as a single business unit. The internal management and reporting structure comprises only one business unit, and the Group therefore has only one operating segment, for which reason no segment information is provided.

Discontinued operations

Net profit after taxation of discontinued operations divested pursuant to a comprehensive plan or closed is presented in one line after profit/(loss) from continuing operations. Write-downs related to assets of the discontinued operations are included in the item.

Foreign currency translation

For each of the reporting companies in the Group, a functional currency is determined. The functional currency is the currency used in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognised in the income statement under financial income or financial expense.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date when the receivable or payable arose, or the exchange rate applied in the most recent annual report, is recognised in the income statement under financial income or financial expense.

On consolidation of companies with functional currencies other than DKK, the income statements are translated at the exchange rates ruling at the transaction date and the balance sheets are translated at the exchange rates ruling at the balance sheet date. The average exchange rate for each individual month is used as the transaction date, provided this does not give a much different view. Exchange differences arising on the translation of the opening equity of such companies at the exchange rates ruling at the balance sheet date and on the translation of the income statements from the exchange rates ruling at the transaction date to the exchange rates ruling at the balance sheet date are included in other comprehensive income and classified as a separate equity reserve for currency translation.

Foreign exchange adjustment of balances that are considered as part of the overall net investment in companies with functional currencies other than DKK are recognised directly in equity in the Consolidated Financial Statements in a separate reserve for currency translation. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such companies and which effectively hedge against corresponding exchange gains/losses on the net investment in the companies are recognised in other comprehensive income and classified in a separate reserve for currency translation.

On full or partial divestment of foreign entities or on repayment of balances that are considered to be part of the net investment, the attributable part of the accumulated exchange rate adjustments recognised in other comprehensive income is recognised in the income statement together with any gain or loss on the divestment.

Income tax and deferred tax

Tax on income for the year, consisting of the year's current tax and deferred tax, is recognised in the income statement to the extent that it relates to the income or loss for the year and in other comprehensive income or equity to the extent that it relates thereto. Current tax liabilities are recognised in the balance sheet as short-term liabilities to the extent such items have not been paid. If the tax paid during the year exceeds current tax for the year and prior years, the amount expected to be repaid is recognised in the balance sheet under receivables. Current tax includes tax payable based on the year's expected taxable income and any adjustments of prior year tax charged to the income statement.

Deferred tax is calculated on all temporary differences between accounting and tax values. Deferred taxes are measured according to current tax rules and at the tax rates expected to be in force on the elimination of the temporary differences. Deferred tax arising on tax-deductible temporary differences (tax assets) is included in the balance sheet only if there is reasonable certainty that the tax assets can be set off by NeuroSearch A/S against future taxable income. The amounts of tax-deductible temporary differences which are not capitalised are disclosed in a note to the Financial Statements.

NeuroSearch A/S is jointly taxed with its Danish Group companies. The jointly taxable income is stated as the sum of the individual results of the Group companies after deduction of loss carry-forwards, as separate losses from previous assessment years may only be deducted and carried forward in the individual company. In case of carry-forwards, the oldest losses must be set off first.

If the jointly taxable income is positive, the profit is distributed proportionately between the profit-making companies. If the jointly taxable income is negative, the loss is distributed proportionately between the loss-making companies and carried forward in the company in question for set-off in subsequent years.

INCOME STATEMENT

Revenue recognition

Revenue consists of milestone payments and other income from research and development agreements. Revenue is recognised when it is probable that future economic benefits will flow to NeuroSearch and these benefits can be measured reliably. Up-front payments that are attributable to subsequent research and/or development activities are recognised as deferred revenue and will subsequently be recognised as revenue over the expected contract period. Non-refundable up-front payments and milestone payments that are not attributable to subsequent research and/or development activities or other delivery obligations are recognised as revenue when the contracts are signed or when the milestone criteria are met respectively.

Income related to development and license agreements, research agreements, biotech alliances, and other biotech business models are recognised as revenue.

Income from spin-offs is recognised as Income from divestment of intellectual property.

General and administrative costs

General and administrative costs include salaries, other staff costs, office costs, etc., as well as depreciation.

Financials

Financial items comprise interest, financial expenses for finance leases, realised and unrealised currency translation adjustments and fair value adjustments of securities. Interest income and expenses are recognised in the income statement at the amounts relating to the relevant financial year.

BALANCE SHEET

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill in respect of the entity sold.

Development projects

Development projects acquired in connection with business combinations are measured at cost less accumulated depreciation and impairment.

After completion of the development work, development projects are amortised on a straight-line basis over their estimated useful economic lives from the time the asset is ready for use. The amortisation period is expected to be 12 years. The basis of amortisation is reduced by any impairment write-downs.

Due to the very long development periods and significant uncertainty in connection with the development of new products, in-house development cost are generally not deemed to meet the requirements for capitalisation. The criteria for technical viability are not deemed to have been met until regulatory approval has been obtained. All in-house research and development costs are therefore recognised in the income statement as incurred.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not amortised but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have previously suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Investments in associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognised at cost.

The Group's investments in associates include goodwill (net of accumulated impairment losses) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition income and costs recognised in other comprehensive income is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Financial assets

Financial assets are recognised on the trading date – the date on which the Group commits to purchase or sell the asset.

The Group and the parent company classify their financial assets in the following categories:

- at fair value through profit or loss
- loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets on initial recognition and re-evaluates this designation at every reporting date.

Financial assets measured at fair value through profit or loss

Financial assets designated as measured at fair value through profit or loss on initial recognition are those that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented Group investment strategy. The investments and returns thereon are included on this fair value basis in the management reporting. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. Marketable securities have been designated by Management as financial assets measured at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "Other receivables" in the balance sheet.

Receivables are recognised at amortised cost less impairment losses. On initial recognition, the fair value is deemed to correspond to amortised cost. An impairment loss is recorded on receivables when there is objective evidence that NeuroSearch will not be able to collect all amounts due according to the original terms of receivables. Significant difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the income statement under research or development costs.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are stated as borrowings under current liabilities in the balance sheet.

Financial liabilities

Other liabilities including trade creditors, amounts owing to subsidiaries and associates and other debt are measured at amortised cost.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared according to the indirect method based on net profit. The statement shows the Group's cash flows broken down by operating, investing and financing activities and cash and cash equivalents at the end of the year. For the cash flow statement, cash flows from foreign subsidiaries are translated at average exchange rates for the year.

Cash flows from operating activities represent the net profit/(loss) adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities include cash flows from the purchase and sale of intangible assets, property, plant and equipment, long-term financial assets and marketable securities with original maturities of more than three months.

Cash flows from financing activities include cash flows from capital increases, the raising and repayment of long-term debt and financial items.

Statement of total recognised income and expenses

for the period 1 January – 31 December (DKK thousands)

Note	Income statement	2015	2014
	Revenue	-	-
	Total revenue	0	0
2	General and administrative costs	6,488	13,266
	Total costs	6,488	13,266
	Operating profit/(loss)	(6,488)	(13,266)
9	Share of profit/(loss) of associates	-	-
3	Financial income	122	4,717
4	Financial expense	446	2,010
	Total financials	(324)	2,707
	Profit/(loss) before taxes of continuing operations	(6,812)	(10,559)
5	Tax on profit/(loss) for the year of continuing operations	-	1,250
	Net profit/(loss) of continuing operations	(6,812)	(9,309)
6	Profit/(loss) of discontinued operations	1,274	1,567
	Net profit/(loss)	(5,538)	(7,742)
	Other comprehensive income:		
	<i>Items which are transferred to the income statement under certain conditions:</i>		
	Exchange adjustment of net investment in foreign subsidiary	224	(2,494)
	Total other comprehensive income	224	(2,494)
	TOTAL COMPREHENSIVE INCOME	(5,314)	(10,236)
7	Earnings per share, continuing operations, DKK	(0.28)	(0.38)
7	Diluted earnings per share, continuing operations, DKK	(0.28)	(0.38)
7	Earnings per share for the year, DKK	(0.23)	(0.32)
7	Diluted earnings per share for the year, DKK	(0.23)	(0.32)

Balance sheet at 31 December (DKK thousands)

Note	ASSETS	2015	2014
8	Development projects	-	-
8	Goodwill	-	-
9	Investments in associates	-	-
10	Available-for-sale investments in associates	-	-
	Total non-current assets	0	0
11	Other receivables	627	633
12	Cash and cash equivalents	77,967	83,397
	Total current assets	78,594	84,030
	TOTAL ASSETS	78,594	84,030

Note	EQUITY AND LIABILITIES	2015	2014
	Share capital	24,554	24,554
	Reserve for currency translation	13,964	13,740
	Retained earnings	33,882	39,420
	Total equity	72,400	77,714
20	Trade and other payables	769	1,021
	Other liabilities	5,425	5,295
	Total current liabilities	6,194	6,316
	Total liabilities	6,194	6,316
	TOTAL EQUITY AND LIABILITIES	78,594	84,030

1	Accounting estimates and judgments
13	Fees to auditors appointed at the Annual General Meeting
14	Related-party transactions
15	Contingent assets, contingent liabilities and commitments
16	Financial risks
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Statement of cash flows

for the period 1 January – 31 December (DKK thousands)

Note		2015	2014
	Net profit/(loss)	(5,538)	(7,742)
17	Adjustments	145	(3,940)
	<i>Change in working capital</i>		
	Net changes in receivables	6	1,482
	Net changes in current debt	278	2,057
	Cash flow from operating activities	(5,109)	(8,143)
	Cash flow from investing activities	0	0
	Financial payments received	122	4,717
	Financial payments made	446	(2,010)
	Cash flow from financing activities	(324)	2,706
	Net cash flows	(5,433)	(5,436)
	Net increase/(decrease) in cash and cash equivalents	(5,433)	(5,436)
	Cash and cash equivalents at 1 January	83,397	88,845
	Foreign exchange adjustment of cash and cash equivalents	3	(12)
	Cash and cash equivalents at 31 December	77,967	83,397

Statement of movements in equity (DKK thousands)

	Share capital*	Reserve for currency translation	Retained earnings	Total
Equity at 1 January 2014	24,554	16,234	47,162	87,950
Net profit/(loss)	-	-	(7,742)	(7,742)
Foreign exchange adjustment of net investment in foreign subsidiary	-	(2,494)	-	(2,494)
Other comprehensive income	0	(2,494)	0	(2,494)
Total recognised income for the year	0	(2,494)	(7,742)	(10,236)
Equity at 31 December 2014	24,554	13,740	39,420	77,714
Equity at 1 January 2015	24,554	13,740	39,420	77,714
Net profit/(loss)	-	-	(5,388)	(5,388)
Foreign exchange adjustment of net investment in foreign subsidiary	-	224	-	224
Other comprehensive income	0	224	(5,388)	(5,314)
Total recognised income for the year	0	224	(5,388)	(5,314)
Equity at 31 December 2015	24,554	13,964	33,882	72,400

* Under Danish corporate law, share capital may not be used for distribution of dividends.

** In accordance with the Danish Companies Act, "Share premium" has been transferred to "Retained earnings". Accumulated "Share premium" was DKK 2,408 million at 31 December 2015 (2014: DKK 2,408 million).

Because of the current litigation, it must be expected that a clarification of the future of the Company will have to await the outcome of the litigation. We refer to page 3, "Pending litigation".

No dividend has been paid during this or earlier reporting periods.

Treasury shares	Number of shares	Nominal value	Percent- age of share capital	Market value DKK million
Treasury shares at 1 January 2015	265,946	265,946	1.08	0.7
Adjustments	-	-	-	-
Treasury shares at 31 December 2015	265,946	265,946	1.08	0.7

Notes to the financial statements (DKK thousands)

1 Significant accounting estimates and judgments

The preparation of the Consolidated Financial Statements requires NeuroSearch to make estimates and judgments that affect the reporting of assets, liabilities and expenses and the related disclosure of contingent assets and liabilities. The estimates are reviewed on an ongoing basis. The estimates are based on historical experience and on various other assumptions which NeuroSearch believes to be reasonable under the circumstances. However, the actual results may differ significantly from these estimates. NeuroSearch believes that the basis of preparation and the accounting policies relating to revenue recognition, financial assets and deferred tax involve estimates or judgments by Management that could materially affect the reported financial position and results of operations.

Basis of preparation

The Annual Report is prepared on a going concern basis.

The operation of the Company is therefore continued at the lowest possible cost.

The Company's capital is considered to be sufficient to fund the current and future level of activity.

Financial assets

Under NeuroSearch's accounting policies, investments in financial assets, except for investments in subsidiaries and associates, are measured at fair value. For assets not measured at fair value in an active market, i.e. assets other than listed shares and bonds, the determination of fair values will be subject to a certain element of estimation. Subsequent trades or material contributions of fresh capital from independent third parties may be an indication of fair value. If it is not possible to reliably determine fair value, the investment is measured at cost, as Management believes there are no other reasonable methods that can be applied in the valuation of unlisted shares.

In connection with the reclassification of the interest in the former associate Atonomics A/S, Management assessed that it was not possible to reliably determine the fair value, for which reason reclassification was made at written-down value (DKK 0). Moreover, Management assesses that it has not subsequently been possible to determine a fair value, for which reason the value at 31 December 2015 was unchanged at DKK 0.

Revenue recognition

NeuroSearch receives fees from partnership and licence agreements for the performance of research services, licence option fees and licence fees such as up-front or milestone payments. Revenue is recognised from licence agreements and milestone payments if NeuroSearch has no continuing performance obligations and NeuroSearch is certain that the Company will receive the revenue.

Revenue from spin-offs is recognised in Gain from divestment of intellectual property. Revenues from conditional, non-refundable grants received from governmental agencies in advance of incurred expenses are recognised as deferred income. Revenues from funding received upon proof of incurred expenses are recognised when such expenses actually incurred.

In connection with the asset transfer agreement for the Huntexil® project, NeuroSearch is entitled to potential milestone payments from Teva of up to DKK 55 million. The income from future milestone payments will be recognised when the conditions have been met or when the income is received.

In addition, NeuroSearch is also entitled to any payments of up to 20% of milestones and royalties in respect of the development candidates NS2330 and NS2359, which Saniona took over in October 2014, and other milestone payments or royalties from Saniona in connection with the projects that were transferred to Saniona in 2012.

Deferred tax

Deferred tax assets are recognised when it is likely that there will be sufficient future taxable income to utilise the temporary differences and unutilised tax losses.

Management has assessed whether the tax assets should be recognised as income in the income statement and as an asset in the balance sheet. The tax assets are currently not deemed to meet the criteria for recognition. So far, the decision is to continue to disclose the size of the assets in the notes to the financial statements. Management will regularly reconsider whether the accounting criteria for recognising the assets in the balance sheet and the income statement have been met.

As of 31 December 2015, the Group had tax losses carried forward totalling approximately DKK 2,160 million which can be carried forward indefinitely. In addition, the Group had deductible temporary differences (net) of approximately DKK 118 million, a total of DKK 2,278 million. The carrying amount of unrecognised deferred tax assets was approximately DKK 501 million for the Group at a tax rate of 22% (2014: DKK 491 million).

Pending litigation

The litigation proceeded as follows in 2015 after NeuroSearch had appealed on 18 August 2014 the City Court of Copenhagen's decision of 8 August 2014 in which the Company was ordered to pay a fine of DKK 5 million for share price manipulation:

The Eastern Division of the Danish High Court delivered its judgment in the appeal case on 14 October 2015, in which it upheld the judgment of the City Court and ordered the Company to pay a fine of DKK 5 million for share price manipulation.

After a thorough review of the transcript of the judgment and impartial external legal advice, the Company decided to file an application with the Appeals Permission Board for leave of appeal to the Danish Supreme Court on 28 October 2015. It is expected that the Appeals Permission Board will make its decision shortly.

The provision of the fine of DKK 5 million, which was expensed in the financial statements for 2014, has been upheld

Notes to the financial statements (DKK thousands)

2 Staff	2015	2014
<i>Break down of staff costs:</i>		
Salaries and wages	1,702	1,945
Pension	109	213
Board fee	1,000	1,000
Social security costs	8	8
Other staff costs	4	2
Total	2,823	3,168
<i>Recognised in:</i>		
General and administrative costs	2,823	3,168
Total	2,823	3,168
Average number of employees	2	2
Number of employees at 31 December	2	2
<i>Remuneration to the registered CEO and the Board of Directors:</i>		
<i>Executive Management</i>		
Salaries	900	900
Pension costs	-	-
Total	900	900
<i>Board of Directors:</i>		
Fees	1,000	1,000
Total	1,000	1,000
Total remuneration to the CEO and Board of Directors	1,900	1,900

The Company's period of notice to the CEO is 3 months. The period of notice to be given by the CEO to the Company is 3 months. For additional information on remuneration to the Executive Management and the Board of Directors, see "Management Structure" in the Management's Review and the report on Corporate Governance on the Company's website.

Breakdown of number of NeuroSearch shares held by the members of the Board of Directors:

	Shares					End of period
	Beginning of period	Exercise of warrants	Purchase	Sale	Adjustment	
Allan Andersen	21,404	-	-	-	-	21,404
Total	21,404	0	0	0	0	21,404

Notes to the financial statements (DKK thousands)

3	Financial income	2015	2014
	Interest income	122	2,245
	Net foreign exchange adjustment	-	2,472
	Total	122	4,717

4	Financial expense	2015	2014
	Interest expense	251	2,010
	Net foreign exchange adjustment	195	-
	Total	446	2,010

5	Tax (DKK million)	2015	2014
	Calculated tax on the year's loss	-	-
	Tax credit received	-	(1)
	Change in deferred tax	-	-
	Tax on the year's loss (income)	0	(1)

As of 31 December 2015, the Group had tax losses carried forward of approximately DKK 2,160 million which can be carried forward indefinitely. In addition, the Group had net deductible temporary differences of approximately DKK 118 million.

In the Financial Statements, the value of the deferred tax asset has been written down to zero as a result of uncertainty as to the Group's ability to generate sufficient future taxable revenues for the tax asset to be utilised.

<i>The statement below shows the year's movements in the potential tax assets:</i>	2015	2014
Tax on pre-tax loss	1	2
Non-taxable income and other tax-deductible costs	-	(1)
Adjustment of deferred tax for prior years	6	(4)
Foreign exchange adjustment of deferred tax	3	(6)
Change in deferred tax asset (increase of potential tax asset)	10	(9)

<i>Breakdown of unrecognised deferred tax assets:</i>	2015	2014
Tax losses carried forward (available indefinitely)	2,160	2,022
Research and development costs	38	130
Non-current assets	54	54
Other	26	26
Total temporary differences	2,278	2,232
Calculated potential deferred tax asset at local tax rate	501	491
Write-down of deferred tax asset	(501)	(491)
Recognised deferred tax asset	0	0

Notes to the financial statements (DKK thousands)

6 Discontinued operations	2015	2014
On 27 September 2011, the Group announced a comprehensive restructuring and controlled discontinuation of some of the Company's other operations with the exception of Huntexil® in order to release as many financial and managerial resources as possible to complete the development of Huntexil®.		
Revenue	1,274	1,646
Costs	-	79
Net profit/(loss) of discontinued operations	1,274	1,567
Earnings per share, DKK (discontinued operations)*	0.05	0.06
Cash flow from operation	1,274	1,567
Cash flow from investments	-	-
Cash flow from financing	-	-
Net cash flow for the period	1,274	1,567

7 Earnings per share	2015	2014
Net profit/(loss) for continuing operations, DKK thousands	(6,812)	(9,309)
Net profit/(loss) for the year, DKK thousands	(5,538)	(7,742)
Average number of outstanding shares (in thousands)	24,554	24,554
Dilutive effect of outstanding warrants "in the money" (in thousands)*	-	-
Average number of outstanding shares including dilutive effect of warrants "in the money" (in thousands)	24,554	24,554
Earnings per share for continuing operations, DKK	(0.28)	(0.38)
Earnings per share for continuing operations, diluted, DKK	(0.28)	(0.38)
Earnings per share for the year, DKK	(0.23)	(0.32)
Earnings per share for the year, diluted, DKK	(0.23)	(0.32)

* Warrants have an anti-dilutive effect as a result of the loss for the year, and they have consequently not been taken into account in connection with the calculation of diluted earnings per share. The diluted earnings per share are therefore the same as the basic earnings per share.

Notes to the financial statements (DKK thousands)

8 Intangible assets	Development projects	Goodwill
Cost at 1 January 2015	44,566	46,113
Disposals	-	-
Cost at 31 December 2015	44,566	46,113
Amortisation and impairment at 1 January 2015	44,566	46,113
Amortisation	-	-
Impairment	-	-
Disposals	-	-
Amortisation and impairment at 31 December 2015	44,566	46,113
Carrying amount at 31 December 2015	0	0
Cost at 1 January 2014	44,566	46,113
Disposals	-	-
Cost at 31 December 2014	44,566	46,113
Amortisation and impairment at 1 January 2014	44,566	46,113
Amortisation	-	-
Impairment	-	-
Disposals	-	-
Amortisation and impairment at 31 December 2014	44,566	46,113
Carrying amount at 31 December 2014	0	0

Goodwill represents the amounts paid in excess of the carrying amounts of assets on acquisition of development projects in connection with the business combination. Goodwill is thus allocated fully to the activities in NeuroSearch Sweden AB where the acquired development projects are each considered independent cash-generating units.

Development projects represent the two development programmes Seridopidine and Ordopidine, which NeuroSearch acquired in connection with the acquisition of Carlsson Research in 2006. The assets have been assessed relative to the net sales price. It is not possible to estimate a reliable sales price, and goodwill and the development projects have consequently been written down to DKK 0.

No reason has been found as to reverse write downs made at an earlier stage.

Notes to the financial statements (DKK thousands)

9 Investments in associates 2015							NeuroSearch A/S's share			
Name	Registered office	Ownership interest (%)	Share capital	Equity	Assets	Revenue	Net profit/(loss)	Equity	Profit/(loss) before tax	Net profit/(loss)
NsGene A/S	Ballerup	26.8	14,357	8,228	11,194	10,121	10,232	2,205	2,870	2,742
							10,232	2,205	2,870	2,742
Write-down of investments in associates								(2,205)	(2,870)	(2,742)
Recognised value of investments in associates								0	0	0

Investment in associates 2014							NeuroSearch A/S's share			
Name	Registered office	Ownership interest (%)	Share capital	Equity	Assets	Revenue	Net profit/(loss)	Equity	Profit/(loss) before tax	Net profit/(loss)
NsGene A/S	Ballerup	26.8	14,357	(744)	21,968	9,150	9,581	(199)	(2,568)	(2,568)
							(744)	9,581	(199)	(2,568)
Reversal of share of negative net asset value in associates								199	2,568	2,568
Recognised value of investments in associates								0	0	0

10 Available-for-sale financial assets	2015	2014
Fair value at 1 January	-	-
Fair value adjustment for the year	-	-
Fair value at 31 December	0	0

Available-for-sale financial assets include the following

Unlisted shares in Atonomics A/S*	-	-
Fair value at 31 December	0	0

As at 9 September 2013, NeuroSearch's shares in Atonomics A/S were reclassified from associated companies to available-for-sale financial assets. The reclassification was made as NeuroSearch no longer has significant influence in the company as a result of ownership interest or board membership. It has not been possible to determine a reliable fair value as of the date of reclassification, for which reason reclassification was made at the written-down value of DKK 0.

* The fair value determination for Atonomics A/S is at Level 3 of the fair value hierarchy. The valuation models are primarily based on unobservable inputs.

Notes to the financial statements (DKK thousands)

11 Other receivables	2015	2014
Prepaid costs*	324	338
Other receivables	303	295
Total	627	633
Loan to Saniona A/S	2015	2014
Loan at 1 January	2,500	2,500
Disposals	2,500	-
Loan at 31 December	0	2,500
Depreciation and impairment at 1 January	2,500	2,500
Disposals	2,500	-
Depreciation and impairment at 31 December	0	2,500

* Prepaid costs concern insurance, subscriptions, etc.

** As the conditions for repayment of the loan had not been met by the end of 2015, the loan was cancelled in accordance with the terms of the loan agreement. The cancellation of the loan has no effect.

The carrying amount of other receivables largely corresponds to their fair values. Other receivables are not subject to material credit risk as they primarily concern receivables from large international partners, prepaid costs and VAT.

12 Cash and cash equivalents	2015	2014
Deposit	-	73,000
Money market accounts	77,967	10,397
Total	77,967	83,397

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount.

The credit risk involved in cash is handled by only collaborating with financial institutions with satisfactory creditworthiness. No significant credit risk is considered to exist in relation to cash as the counterparty is Nordea, which has Moody's ratings of P-1 and A1 short-term and long-term, respectively.

13 Fees to auditors appointed at the Annual General Meeting	2015	2014
Audit	250	250
Other assurance engagements	-	10
Tax advice	222	215
Non-audit services	197	311
Total	669	786

14 **Related-party transactions**

NeuroSearch's related parties

Related parties comprise the Company's Executive Management, Board of Directors, subsidiaries, and the associated company NsGene A/S. In addition, Kromann Reumert is considered a related party, as Christian Lundgren, who is a member of our Board of Directors, is a partner in the law firm.

Transactions with related parties

In addition to remuneration for work on the Board of Directors, DKK 1 million (2014: DKK 1.4 million) was paid to Kromann Reumert for work performed for NeuroSearch as the Company's lawyer.

For information on remuneration paid to the members of the Executive Management and the Board of Directors, please see note 2 "Staff".

There were no other transactions with related parties during the year.

15 **Contingent assets, contingent liabilities and commitments**

Contingent assets

The Group has an unrecognised potential deferred tax asset of approximately DKK 501 million (2014: DKK 491 million). See note 5 for a breakdown of the tax asset.

In addition, the Company has minor potential revenues from agreements entered into regarding some early-stage research projects classified as discontinued operations in the research division NsDiscovery back in 2011 and 2012.

Contingent liabilities

There are no other material outstanding contingent liabilities.

Information regarding takeover of control of NeuroSearch and contractual obligations

The EU Takeover Directive, which has been implemented as part of the Danish Financial Statements Act, includes certain rules requiring listed companies to provide information that may be of interest to the market and potential bidders, in particular in relation to information on change of control clauses.

For information on share capital and ownership, see "Shareholder information" in Management's Review. There are no change-of-control clauses in the contracts with the members of the Executive Management.

16 Financial risks

Based on the financial assets and liabilities, the Group is exposed to certain financial risks, primarily interest rate risks, liquidity risks and foreign currency risks. Group policy is to not actively conduct speculation in financial risks. Accordingly, the Group's financial management exclusively involves the management of financial risks that arise as a direct consequence of the Group's operations and financing. The general framework for the financial risk management is laid down in the annual strategic planning, which takes into account factors such as the scientific, commercial and financial risks. In this connection, reference is made to "Risk management and internal control" in the Management's Review.

For a description of the accounting policies and method applied, including the recognition criteria and basis of measurement, see the relevant section under "Accounting policies".

Interest rate risk

The general purpose of managing interest rate risk is to limit the adverse impact of interest rate fluctuations on earnings and the balance sheet. Fluctuations in the interest rate level affect both the Company's income statement and balance sheet. NeuroSearch is primarily exposed to interest rate risks in connection with interest-bearing assets and liabilities.

Foreign exchange risk

The general objective of currency risk management is to limit the short-term adverse impact of exchange-rate fluctuations on earnings and cash flows and thus increases the predictability of the financial results. The Company's transactions denominated in foreign currency are limited and are not deemed to have any significant impact on the income statement and balance sheet. However, the Group's policy is that Management regularly evaluates the need to hedge expected exchange rate risks as a result of future transactions denominated in foreign currency.

As at 31 December 2015, the Group had not entered into forward currency contracts.

Exchange rate risks primarily relate to project revenue and costs to and from foreign partners. It is Management's strategy to seek to offset exchange rate risks by matching revenue and costs in the same currencies.

The table below shows the effect on net profit/(loss) and equity of probable changes in the financial variables on the balance sheet date.

	2015		2014	
	Fluctuation	Effect	Fluctuation	Effect
EUR	+/- 2%	7	+/- 2%	3
GBP	+/- 5%	3	+/- 5%	9
SEK	+/- 5%	69	+/- 5%	28

The consolidated income statement is also affected by changes in the exchange rate of SEK to DKK, because the results of the subsidiary NeuroSearch Sweden AB are translated into DKK at the end of the year using average exchange rates.

Notes to the financial statements (DKK thousands)
Financial risks (continued)

A breakdown of the Company's aggregate liquidity risk on financial assets and liabilities based on contractual due dates is given below:

Liquidity risk:	<12 months	1-2 years	3-5 years	> 5 years	Total*	Fair value**	Carrying amount
<i>At amortised cost</i>							
Trade and other creditors	250	-	-	-	250	250	250
Other liabilities	5,944	-	-	-	5,944	5,944	5,944
Total financial liabilities at 31 December 2015	6,194	0	0	0	6,194	6,194	6,194
<i>Loans and receivables</i>							
Investments at fair value	-	-	-	-	0	0	0
Other receivables	627	-	-	-	627	627	627
Cash	77,967	-	-	-	77,967	77,967	77,967
Total financial assets at 31 December 2015	78,594	0	0	0	78,594	78,594	78,594
Net total at 31 December 2015	72,400	0	0	0	72,400	72,400	72,400
<i>At amortised cost</i>							
Trade and other creditors	1,021	-	-	-	1,021	1,021	1,021
Other liabilities	5,295	-	-	-	5,295	5,295	5,295
Total financial liabilities at 31 December 2014	6,316	0	0	0	6,316	6,316	6,316
<i>Loans and receivables</i>							
Investments at fair value	-	-	-	-	0	0	0
Other receivables	633	-	-	-	633	633	633
Cash	83,397	-	-	-	83,397	83,397	83,397
Total financial assets at 31 December 2014	84,030	0	0	0	84,030	84,030	84,030
Net total at 31 December 2014	77,714	0	0	0	77,714	77,714	77,714

* All cash flows are non-discounted and include all liabilities under contracts entered into, including, among other things, future interest payments on loans.

** The fair value of financial liabilities is determined as the discounted cash flows based on the market rates and credit conditions on the balance sheet date.

The Company ensures sufficient capital resources through a combination of cash management, highly liquid marketable securities and non-guaranteed and guaranteed credit facilities.

See the cash flow statement for a specification of capital resources as of 31 December 2015 and 2014.

The investment in Atonomics A/S is included in assets available for sale. It is not possible at the present time to calculate or estimate the timing of any future cash flows from the shares, for which reason level 3 measurement is applied and the shares have been valued at DKK 0.

Notes to the financial statements (DKK thousands)

17	Adjustments	2015	2014
	Financial income and expenses	324	(2,707)
	Tax for the year	-	(1,250)
	Currency adjustment	(179)	17
	Total	145	(3,940)

18 Risk management and internal control

NeuroSearch's risk management activities reflect the fact that the Company no longer actively conducts research in or develops pharmaceuticals. Consequently, a large number of risks that were previously relevant to the Company – namely development and commercial risks – are no longer relevant.

Financial risks

The financial risks are assessed regularly by the Company's Management and are included in reporting to the Board of Directors. Cash and treasury management are considered important.

The Board of Directors has adopted guidelines for the management of the Company's cash and cash equivalents, including securities. This treasury policy describes, among other things, in which securities investments can be made and that the investments must be handled and managed by investment departments of leading Danish banks. Furthermore, the treasury policy provides guidelines on the use of financial instruments. The Board of Directors reviews the document at least once a year to ensure that the guidelines are sound and in line with the Company's operations.

The Company was charged in July 2013 by the Public Prosecutor for Special Economic and International Crime (SEIC) with respect to an incident in the spring of 2010. On 8 August 2014, NeuroSearch was convicted and was concurrently ordered to pay a fine of DKK 5 million. The Company elected to appeal the decision of the City Court of Copenhagen to the Eastern High Court. The Eastern High Court delivered its judgment on 14 October 2015, in which it upheld the judgment of the City Court and the size of the fine. After a thorough review of the transcript of the judgment and impartial external legal advice, the Company decided on 28 October 2015 to file an application with the Appeals Permission Board for leave of appeal to the Danish Supreme Court. It is expected that the Appeals Permission Board will make its decision shortly. NeuroSearch has made a provision for the fine of DKK 5 million in 2014. The fine has not been paid and the Company is awaiting the decision of the Appeals Permission Board. NeuroSearch is not aware of any action for damages which has been or will be brought against the Company as a result of the judgment from the Eastern High Court.

Capital resources

The Board of Directors believes that the Company's capital resources will be sufficient to meet all currently known liabilities.

Management of selected risk areas

Securing the Company's operations and assets

NeuroSearch has taken out insurance to cover any operating losses, losses due to claims in connection with clinical studies and loss of assets in connection with fire, theft or the like. All insurance is handled by an external insurance broker who reports at least once a year as to whether the Company's insurance cover is considered to be sufficient and reasonable.

Main elements of internal control and risk management systems in relation to the financial reporting process in NeuroSearch

NeuroSearch has elected to publish the main elements of its internal control and risk management systems on the Company's website (www.neurosearch.com/default.aspx?ID=8247). In addition, NeuroSearch has elected to publish its statutory report on corporate governance, cf. section 107b of the Danish Financial Statements Act, on its website (www.neurosearch.com/default.aspx?ID=8477).

Notes to the financial statements (DKK thousands)

19 Statement of movements in equity

Share capital	2011	2012	2013	2014	2015
Share capital at 1 January	491,079	491,079	24,554	24,554	24,554
Equity issues	-	-	-	-	-
Capital reduction	-	(466,525)	-	-	-
Share capital at 31 December	491,079	24,554	24,554	24,554	24,554

The total number of shares is 24,553,947 (2014: 24,553,947) with a nominal value of DKK 1 each (2014: DKK 1 per share). All issued shares are fully paid up. All shares carry the same rights.

20 Other liabilities

Other liabilities primarily consist of the provision for the fine of DKK 5 million (2014: DKK 5 million).

21 Events after the balance sheet date

Saniona A/S announced in February 2016 that the company had entered into an agreement with Productos Medix S.A. de S.V. ("Medix") for the development and commercialization of NS2330 (tesofensine) in Mexico and Argentina. NeuroSearch transferred the rights to NS2330 (tesofensine) to Saniona A/S in October 2014 (Company announcement no. 13-14). NeuroSearch is entitled to 20% of the net amount of USD 1.25 million Saniona will receive in connection with the sale of the rights to Medix. The payment has not yet been received.

Additionally, no events have occurred after the end of the financial year that may have a material impact on the financial statements.

Financial Statements of the parent company

Accounting policies

for the period 1 January - 31 December (DKK thousands)

Basis of preparation

The Financial Statements of the parent company are presented in accordance with the Danish Financial Statements Act (reporting class D) and other accounting regulations applicable to companies listed on NASDAQ Copenhagen A/S.

The accounting policies of the parent company are the same as those of the Group, however, with the addition of the policies described below. The Group's accounting policies are described on pages 17-20 of the Annual Report.

Supplementary accounting policies for the parent company

Discontinued operations

In the Financial Statements of the parent company profit/(loss) from discontinued operations is recognised in the line items they relate to. Reference is made to note 14 for a breakdown of the amount by which discontinued operations are included in selected items.

Financial assets

Investments in subsidiaries and associates are recognised in the parent company financial statements under the equity method, i.e. at the proportionate share of the net asset value of these companies. Positive differences between historic cost and net asset value on the date of acquisition are recognised in the parent company's Financial Statements under financial assets as

part of the investments in subsidiaries (goodwill). Goodwill is amortised on a straight-line basis over the expected life of patents, estimated to be 20 years. Goodwill arising on acquisitions is amortised over the residual life of the patents.

A proportionate share of the profit/(loss) after tax less amortisation of goodwill and unrealised intra-group gains is recognised in the income statement under the line items "Share of profit/(loss) of subsidiaries" and "Share of profit/(loss) of associates".

Net revaluation of investments in subsidiaries and associates exceeding the dividend declared by the companies is recognised in equity as reserve for net revaluation according to the equity method.

Subsidiaries and associates with a negative carrying amount are recognised at DKK 0. A provision is made if the parent company has a legal or constructive obligation to cover the company's negative balance.

Statement of cash flows

In accordance with section 86(4) of the Danish Financial Statements Act, a separate statement of cash flows has not been prepared for the parent company as it is included in the Group. See the consolidated statement of cash flows.

Income statement for the period 1 January - 31 December (DKK thousands)

Note	2015	2014
Revenue	-	-
Total revenue	0	0
Gain on divestment of intellectual property	637	746
Total other income	637	746
1 General and administrative costs	6,272	12,979
Total costs	6,272	12,979
Operating profit/(loss)	(5,635)	(12,233)
5 Share of profit/(loss) of subsidiaries after tax	4,719	(4,529)
5 Share of profit/(loss) of associates	-	-
2 Financial income	112	8,775
3 Financial expense	4,734	1,005
Total financials	(97)	(3,241)
Profit/(loss)	(5,538)	(8,992)
4 Tax on profit/(loss) for the year	-	1,250
NET PROFIT/(LOSS)	(5,538)	(7,742)
Allocation of loss		
Reserve for net revaluation according to the equity method	0	0
Retained earnings	(5,538)	(7,742)
	(5,538)	(7,742)

No dividend has been paid during this or earlier reporting periods

Balance sheet at 31 December (DKK thousands)

Note	ASSETS	2015	2014
5	Investments in subsidiaries	10,123	5,300
5	Investments in associates	-	-
6	Available-for-sale financial assets	-	-
	Total fixed assets	10,123	5,300
7	Other receivables	625	625
8	Cash	77,868	83,282
	Total current assets	78,493	83,907
	TOTAL ASSETS	88,616	89,207
Note	EQUITY AND LIABILITIES	2015	2014
	Share capital	24,554	24,554
	Reserve for currency translation	13,964	13,740
	Retained earnings	33,882	369,420
	Total equity	72,400	77,714
13	Provisions	-	-
	Total provisions	0	0
	Trade and other payables	692	978
	Payables to Group companies	10,099	5,246
	Other liabilities	5,425	5,269
	Total current liabilities	16,216	11,493
	Total liabilities	16,216	11,493
	TOTAL EQUITY AND LIABILITIES	88,616	89,207
9	Fees to auditors appointed at the Annual General Meeting		
10	Related parties		
11	Contingent assets, contingent liabilities and commitments		
12	Financial risks		
14	Discontinued operations		

Statement of movements in equity (DKK thousands)

	Share capital	Reserve for currency translation	Retained earnings	2015 total	2014 total
Equity at 1 January	24,554	13,740	39,420	77,714	87,950
Foreign exchange adjustment of net investment in foreign subsidiary	-	224	-	-	(2,494)
Net profit/(loss)	-	-	(5,538)	(5,538)	(7,742)
Equity at 31 December	24,554	13,964	33,882	72,400	77,714

Share capital	2011	2012	2013	2014	2015
Share capital at 1 January	491,079	491,079	24,554	24,554	24,554
Capital reduction	-	(466,525)	-	-	-
Share capital at 31 December	491,079	24,554	24,554	24,554	24,554

The total number of shares is 24,553,947 (2014: 24,553,947) with a nominal value of DKK 1 each (2014: DKK 1 per share). All issued shares are fully paid up. All shares carry the same rights.

Notes to the financial statements (DKK thousand)

1	Staff	2015	2014
	<i>Breakdown of staff costs:</i>		
	Salaries and wages	1,702	1,945
	Pension	109	213
	Board fee	1,000	1,000
	Social security costs	8	8
	Other staff costs	4	2
	Total	2,823	3,168
	<i>Recognised in:</i>		
	General and administrative costs	2,823	3,168
	Total	2,823	3,168
	Average number of employees	2	2
	For a specification of remuneration to the Board of Directors and the Executive Management see note 2 to the Consolidated Financial Statements, as the specification for the parent company is identical to that for the Group.		
2	Financial income	2015	2014
	Interest income	102	234
	Intercompany interest income	10	374
	Net foreign exchange adjustments	-	8,167
	Total	112	8,775
3	Financial expense	2015	2014
	Interest expense	232	-
	Intercompany interest expense	174	1,005
	Net foreign exchange adjustments	4,327	-
	Total	4,734	1,005

4 Tax (DKK million)	2015	2014
Calculated tax on the year's loss	-	-
Tax credit received	-	(1)
Change in deferred tax	-	-
Tax on the year's loss	0	(1)

As of 31 December 2015, the parent company had tax losses carried forward of approximately DKK 1,675 million which can be carried forward indefinitely. In addition, the parent company had temporary net deductible differences of approximately 118 million.

In the Financial Statements, the value of the deferred tax asset has been written down to zero as a result of uncertainty as to the Company's ability to generate sufficient future taxable revenues for the tax asset to be utilised.

<i>The statement below shows the year's movements in the potential tax asset:</i>	2015	2014
Tax on pre-tax loss	1	2
Share of profit/(loss) of subsidiaries and associates	1	(1)
Non-taxable income and other tax-deductible costs	-	(2)
Change in deferred tax asset (increase of potential tax asset)	2	(1)

<i>Breakdown of unrecognised deferred tax assets:</i>	2015	2014
Tax losses carried forward (available indefinitely)	1,675	1,573
Research and development costs	38	130
Non-current assets	54	54
Other	26	26
Total temporary differences	1,793	1,783
Calculated potential deferred tax asset at local tax rate	394	392
Write-down of deferred tax asset	(394)	(392)
Recognised deferred tax asset	0	0

Notes to the financial statements (DKK thousands)

5 Investments in subsidiaries and associates	Subsidiaries		Associates	
	2015	2014	2015	2014
Cost at 1 January	348,482	335,913	64,744	64,744
Contribution recognised in the investment	-	12,569	-	-
Disposals	-	-	-	-
Cost at 31 December	348,482	348,482	64,744	64,744
Amortisation and impairment at 1 January	(403,413)	(396,390)	(64,744)	(64,744)
Net profit/(loss)	4,719	(4,529)	-	-
Foreign exchange adjustment	224	(2,494)	-	-
Reversal of amortisation and impairment on disposals	-	-	-	-
Amortisation and impairment at 31 December	(398,470)	(403,413)	(64,744)	(64,744)
Offset against receivables	60,111	60,231	-	-
Provisions for negative equity	-	-	-	-
Transfer for offset against receivables or provisions at 31 December	60,111	60,231	0	0
Carrying amount at 31 December	10,123	5,300	0	0

Accumulated amortisation and impairment of goodwill and development projects totalled DKK 91 million at 31 December 2015 (2014: DKK 91 million).

The carrying amount of intangible assets in connection with acquisitions was DKK 0 million at 31 December 2015 (2014 DKK 0 million). For information regarding the impairment test of the carrying amount of intangible assets, see note 8 to the Consolidated Financial Statements.

Subsidiaries:

Name	Registered office	Ownership	Share capital	Equity	Assets	Revenue	Net profit/(loss)
NeuroSearch Sweden AB	Gothenburg	100	1,980	10,123	10,170	0	4,602
Poseidon Pharmaceutical A/S	Hellerup	100	10,500	63,965	63,980	0	143
NsExplorer A/S	Hellerup	100	564	(3,628)	4	0	(26)

The specification of associates is identical to that of the Group, and reference is therefore made to note 10 to the Consolidated Financial Statements.

Notes to the financial statements (DKK thousands)

6 Available-for-sale financial assets

The specification for the parent company is identical to that of the Group, and reference is therefore made to note 10 to the Consolidated Financial Statements.

7 Other receivables	2015	2014
Prepaid costs*	303	338
Other receivables	322	287
Total	625	625

* Prepaid costs concern insurance, subscriptions, etc.

The carrying amount of other receivables largely corresponds to their fair values. Other receivables, etc. are not subject to any material credit risk as they primarily concern receivables from large international partners, prepaid costs and VAT.

As of 31 December 2015, there were no indications of impairment of other receivables.

8 Cash	2015	2014
Deposits	-	73,000
Money market accounts	77,868	10,282
Total	77,868	83,282

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount.

The credit risk involved in cash is handled by only collaborating with financial institutions with satisfactory creditworthiness. No credit risk is considered to exist in relation to cash as the counterparty is Nordea, which has Moody's ratings of P-1 and A1 short-term and long-term, respectively.

9 Fees to auditors appointed at the Annual General Meeting

A separate statement has not been prepared for the parent company of fees to the auditors appointed at the Annual General Meeting as the fees are included in the statement for the Group pursuant to section 96(3) of the Danish Financial Statements Act. See note 13 to the Consolidated Financial Statements for the statement for the Group.

10 Related parties

The specification for the parent company is identical to that of the Group, and reference is therefore made to note 14 to the Consolidated Financial Statements.

11 Contingent assets, contingent liabilities and commitments

Contingent assets

The parent company has an unrecognised deferred potential tax asset of DKK 394 million (2014: DKK 393 million). See note 4 for a breakdown of the tax asset.

Contingent liabilities

The parent company has issued letters of comfort for Poseidon Pharmaceuticals A/S, NsExplorer A/S and NeuroSearch Sweden AB stating that NeuroSearch A/S will cover the capital requirements of the companies within the budgeted activity limits. There are no material outstanding contingent liabilities.

Information regarding takeover of control of NeuroSearch and contractual obligations

The EU Takeover Directive, which has been implemented as part of the Danish Financial Statements Act, includes certain rules requiring listed companies to provide information that may be of interest to the market and potential bidders, in particular in relation to information on change of control clauses.

For information on share capital and ownership, see "Shareholder information" in Management's Review. See note 2 for information regarding "change of control" clauses in relation to the Company's warrant programme and contracts with the Executive Management.

12 Financial risks

See information in the Consolidated Financial Statements note 16.

13 Provisions	2015	2015
Provisions at 1 January	0	136
Additions	-	-
Disposals	-	-
Reversal	-	136
Provisions at 31 December	0	0

14 Discontinued operations

On 27 September 2011, the Group announced a comprehensive restructuring and controlled discontinuation of all the Company's operations with the exception of Huntexil® in order to release as many financial and managerial resources as possible to complete the development of Huntexil®.

	2015	2014
Revenue	637	746
Profit/(loss) for the period	637	768
Intangible and tangible assets	0	0
Currents assets	0	0
Provisions	0	0