NEUROSEARCH

Announcement

NeuroSearch A/S – Interim report for Q1 2010

Copenhagen, 28 April 2010 – The Board of Directors of NeuroSearch A/S (NEUR) today considered and adopted the company's interim report for the period 1 January to 31 March 2010.

The operating loss for the period was DKK 80.4 million (a loss of DKK 96.7 million in the same period of 2009).

The company's capital resources totalled DKK 907.3 million at 31 March 2010 (DKK 550.7 million at 31 March 2009), primarily consisting of highly liquid short-term bonds and guaranteed future payments from partners. Financial net income was positive and amounted to DKK 11.1 million, and also capital resources were positively affected by proceeds of DKK 27.1 million from the exercise of warrants.

Key events and activities in Q1 2010 and the subsequent period:

- Huntexil® (pridopidine) – Huntington's disease

  – Today, NeuroSearch has announced that further assessment of the data from the MermaiHD study, a large European Phase III study of 437 Huntington patients, shows that the significance value for the primary endpoint, the modified Motor Score (mMS) of p= 0.042 did not meet the pre-specified level of p< 0.025. With inclusion of the clinically relevant CAGn adjustment, the p-value is < 0.02 as previously communicated.

  – The revised statistical conclusion is limited to the primary endpoint with the statistical results as reported for the other endpoints being unchanged. Overall, the study results confirm the unique and clinically meaningful effect and good safety profile of Huntexil®.

  – Top-line results from the MermaiHD study were announced in February, demonstrating a significant improvement in Huntington patients' motor function after six months treatment. This included positive effects on both voluntary motor symptoms, dystonia and eye movements.

  – Additional MermaiHD study findings provide support for a disease modifying effect of Huntexil® and have provided the basis for the subsequent filing of additional intellectual property.

  – Enrolment into the HART study, a North American Phase II study, will be completed on 30 April 2010 with a total of approximately 220 patients. Top-line study results are expected in the second half of 2010.

  – A total of 353 patients are enrolled into the MermaiHD 26-week open-label extension study which is ongoing. Top-line results are expected in the second half of 2010.

  - There is interest from all of the eight European countries that participated in the MermaiHD study, to take part in the compassionate use programme for ex-study patients, and continued supply of Huntexil® is now approved in six countries.

- Tesofensine – Obesity

  - FDA has approved the initiation of a Phase III clinical programme including the use of sibutramine as active comparator, enabling NeuroSearch to start pivotal studies with tesofensine. However, management has decided to re-evaluate the development strategy to accommodate the emerging new competitive and regulatory landscape in obesity following EMA's withdrawal of the market authorisation for sibutramine in Europe and an expected FDA advisory hearing on the drug later this year.

  - A revised target product profile for tesofensine and the associated Phase III plan will be presented to the FDA later this year with the aim of establishing the optimal frame work for a competitive development programme for the product in weight management.

  - The revised development plan implies parallel initiation of a number of Phase III studies, and it has therefore been decided to start the pivotal programme when a commercial partner has been selected.

  - Management believes that FDA endorsement of the new target product profile and the revised development plan is essential to ensuring an attractive partnership agreement.

- ACR343 – Schizophrenia

  - NeuroSearch is finalising the planning and preparations for a clinical Phase II study with ACR343 as add-on to anti-psychotics for the treatment of schizophrenia.

- ACR325 – Parkinson's dyskinesias

  - In parallel with the ongoing Phase Ib study, NeuroSearch is planning a Phase II Proof of Concept study with ACR325 as a novel treatment for L-Dopa-induced dyskinesias in Parkinson's disease. This study is expected to start in the second half of 2010.

- Discovery and development alliances with Lilly, Janssen and GSK

  - The collaborations with Lilly and Janssen are progressing well and are expected to lead to the selection of new development candidates during 2010.

  - GSK has announced a significant refocusing of its drug discovery efforts in neuroscience area away from psychiatry disorders. GSK continues to pursue assets that are in clinical stage development but does not expect to exercise any early options for the compounds under the alliance. To the extent possible, these assets will in accordance with and to support the strategic focus of the company be re-profiled in areas, where NeuroSearch can undertake development through to market registration, or be developed in collaboration with other partners.

NeuroSearch retains its financial guidance for the full year 2010, expecting a loss before financials and other shares of results in the region of DKK 400 million.

Q1 Report 2010

In connection with the announcement of the Q1 report for 2010, Flemming Pedersen, CEO of NeuroSearch, commented:

"Following the positive results obtained in our Huntexil® programme, we are now engaging all possible efforts in ensuring the drug's optimal and prompt advancement towards the market and the patients. Further, we see a whole new drug class being established around Huntexil®, which is expected to lead to new development efforts targeting several CNS disorders with high medical needs. Also, we are focused on completing the re-positioning of tesofensine in the emerging new regulatory environment for weight management therapy where we see a continuous and growing need for novel and efficient treatment options."

Flemming Pedersen
CEO

Contact persons:

Flemming Pedersen, CEO, telephone: +45 4460 8214 or +45 2148 0118

Hanne Leth Hillman, Vice President, Director of Investor & Capital Market Relations, telephone: +45 4460 8212 or +45 4017 5103

Telephone conference:

The interim report for Q1 2010 will be presented at a telephone conference today at 10:30 am Copenhagen time (9:30 am London time, 4:30 am New York time). Participating in the conference will be CEO Flemming Pedersen, Vice President & CFO Anita Milland and Vice President and Director of Investor & Capital Market Relations Hanne Leth Hillman. The telephone conference will be conducted in English and the dial-in numbers are: UK and International +44 207 509 5139, US +1 718 354 1226, and DK +45 3271 4767.

The Q1 report will also be presented at the Annual General Meeting of NeuroSearch, held today at 4.00 pm CET at the Radisson Blu Falconer Hotel & Conference Center, Falkoner Allé 9, DK-2000 Frederiksberg, Copenhagen.

NeuroSearch – Company profile

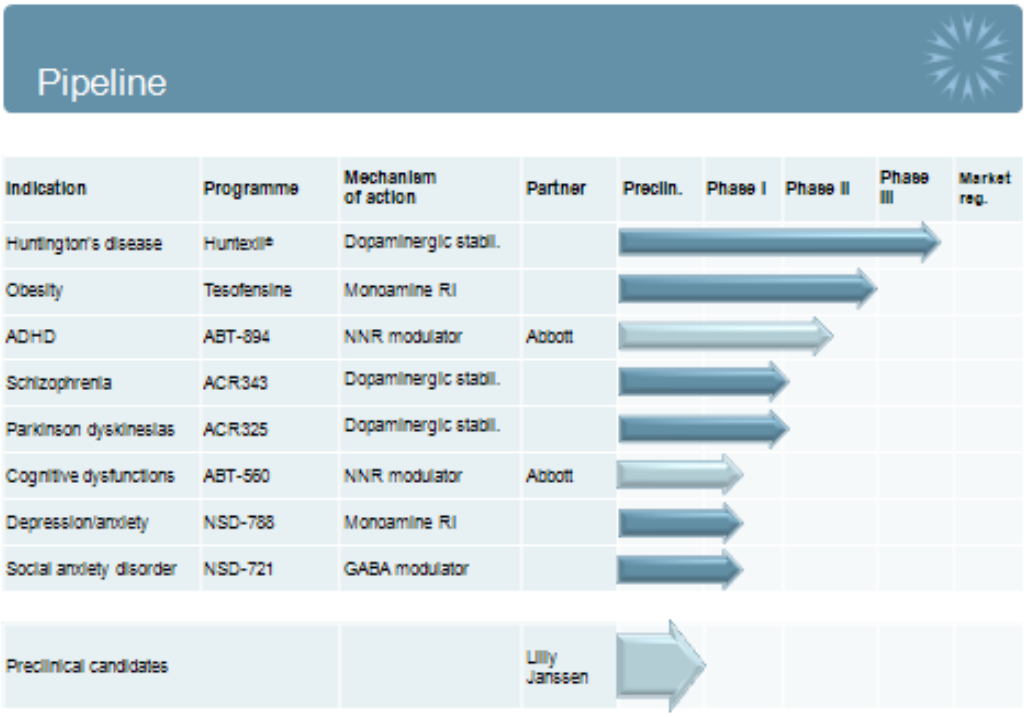
NeuroSearch (NEUR) is a Scandinavian biopharmaceutical company listed on NASDAQ OMX Copenhagen A/S. The company's core business covers the development of novel drugs, based on a broad and well-established drug discovery platform focusing on ion channels and central nervous system (CNS) disorders. A substantial share of the activities is partner financed through strategic alliances with Eli Lilly and Janssen and a license collaboration with Abbott. The drug pipeline comprises eight clinical (Phase I-III) development programmes: Huntexil® for Huntington's disease (Phase III), tesofensine for obesity (Phase III), ABT-894 for ADHD (Phase II) in partnership with Abbott, ACR343 for schizophrenia (Phase II ready), ACR325 to treat dyskinesias in Parkinson's disease (Phase Ib), ABT-560 for the treatment of cognitive dysfunctions (Phase I) in collaboration with Abbott, NSD-788 for anxiety/depression (Phase I) and NSD-721 for social anxiety disorder (Phase I). In addition, NeuroSearch has a broad portfolio of preclinical drug candidates and holds equity interests in several biotech companies.

Q1 Report 2010

MANAGEMENT REPORT

The drug pipeline

The NeuroSearch pipeline comprises eight novel drugs in clinical development (Phase I-III), all of which have been generated through the company's own drug discovery.



Huntexil® – Huntington's disease: In Phase III

Huntexil® is a dopaminergic stabiliser, which NeuroSearch has in Phase III development as a novel treatment for Huntington's disease; a hereditary and fatal central nervous system disorder. The disease leads to a broad range of severe motor, cognitive and psychiatric symptoms, and no effective therapy is currently available.

NeuroSearch holds the global commercial rights to Huntexil®, which has orphan drug status with both the FDA and EMA.

<u>Encouraging top-line results from the Phase III MermaiHD study</u>
In February 2010, NeuroSearch reported positive top-line results from the MermaiHD study, a randomised, double-blinded and placebo-controlled Phase III study, conducted in 32 centres in eight European countries and including a total of 437 Huntington patients. The results showed that 26 weeks' treatment with Huntexil® (45 mg twice daily) provided a clinically meaningful improvement of Huntington patients' motor function as measured against both the primary study endpoint, the modified Motor Score (mMS) and the Total Motor Score (TMS). Beneficial effects were demonstrated on both voluntary and involuntary motor symptoms, including significant improvement of dystonia and eye movements.

NeuroSearch has now completed further assessment and analyses of the data MermaiHD study, resulting in a revised statistical assessment for the primary endpoint, The previously communicated significance value of $p< 0.02$ is based on a clinically relevant baseline covariate adjustment for differences in patients' genetic disposition, i.e.

the length of CAG repeats (CAGn) in the diseased gene. This adjustment was judged to be clinically important and appropriate in ensuring a more meaningful representation of the data set. As the CAGn adjustment was pre-specified in the study protocol as a sensitivity analysis but not as part of the primary effects model, the statistical results have been re-assessed, demonstrating a formal p-value of 0.042 for the primary endpoint and consequently indicating that the study has not met the $p< 0.025$ significance level (Bonferroni adjustment) as pre-defined in the study protocol. As adjustments for CAGn are considered highly clinically relevant and recommended for the analysis of clinical trials in Huntington's disease, NeuroSearch will include the CAGn covariate adjusted analysis in the presentation of the MermaiHD study results to regulatory authorities.

The additional data assessment generally confirms the consistency and robustness of the study results and supports the overall positive clinical outcome of the MermaiHD study, including the following positive findings:

- Huntexil® demonstrates a superior treatment effect in patients with an elevated CAGn score (considered a surrogate marker for rate of progression and disease prognosis)
- The significant improvements observed in mMS are driven primarily by positive effects on fine motor skills, gait and balance
- Positive effects were also observed in certain cognitive and functional domains
- Significant benefit was observed on the independence scale in patients with higher CAGn scores

Huntexil® also demonstrated a very good safety profile and was shown to have no significant disadvantages in terms of worsening of other disease signs or symptoms.

The further data analysis from the MermaiHD study have provided early support for disease modifying properties of the drug, findings which have led to the filing of an additional intellectual property.

Ongoing activities under the development programme

In addition to the MermaiHD study, the development programme for Huntexil® also includes the HART study, a 12-week North American, multi-centre Phase IIb study. Study endpoints are the same as for the MermaiHD study, and a meta-analysis of 12-week data from both studies is planned.

Enrolment of patients into the HART study will be completed on 30 April 2010 with a total of approximately 220 patients expected to be enrolled. Top-line results are expected in the second half of 2010.

Treatment with Huntexil® is also ongoing in a 26-week open-label extension to the MermaiHD study to evaluate primarily the longer term safety of the drug. A total of 353 patients have now been enrolled and the last patients are expected to complete the full 12 months' treatment period in May 2010. Results are expected in the second half of 2010. In 2009, NeuroSearch initiated a compassionate use programme to ensure continued supply of Huntexil® to patients, who have completed treatment in the open-label extension to the MermaiHD study. There is interest from all of the eight participating countries to take part in the programme for ex-study patients, and continued supply of Huntexil® is now approved in six of the countries.

Regulatory process and preparation of commercial activities

Combined data from the MermaiHD study including also the open-label extension phase and from the HART study will all be available in second half of 2010 and will, if results

support it, form the basis for filings of market authorisation applications in both Europe and North America.

Once all data analyses from the MermaiHD study are completed, NeuroSearch will, in parallel with the completion of the HART study and the open-label extension study, initiate dialogue with regulatory authorities based on these results to discuss the continued process through to market registration of Huntexil®.

It is the primary objective for NeuroSearch to retain all commercial rights to Huntexil® and undertake the marketing and sale of the drug in house.

Tesofensine – Obesity: Ready for Phase III

Tesofensine has demonstrated a strong weight-reducing effect and a good safety profile in Phase II, and NeuroSearch has prepared the drug for Phase III development.

Obesity and overweight represent an area of high unmet medical need, but the field of medical anti-obesity therapy has seen a number of important set-backs over the past years. It is, however, management's belief that the market offers highly attractive commercial opportunities and that tesofensine has a unique and highly competitive profile as a novel weight management drug.

Results from TIPO-1 (published in The Lancet, November 2008) with 203 obese patients, showed that six months' treatment with tesofensine resulted in a weight loss of approximately 12% (approximately 10% when adjusted for placebo effect). The combined clinical safety database from 25 studies with tesofensine includes data from more than 1,300 individuals.

Revised development and regulatory strategy

In mid-2009, the comprehensive Phase II data package for tesofensine was, together with a pivotal Phase III development plan, discussed with and endorsed by the FDA. Subsequently in early 2010, NeuroSearch received FDA approval of the protocol for the first Phase III study with tesofensine, including sibutramine (marketed as Reductil/Meridia) as an active comparator.

Despite the regulatory go-ahead from the FDA, NeuroSearch has decided to re-evaluate the Phase III plan for tesofensine as a consequence of the decision by the EMA to withdraw the market authorisation for sibutramine in Europe. The re-evaluation will aim at accommodating for the emerging new competitive and regulatory landscape in obesity following from both EMA's decision and an expected FDA advisory meeting on the drug later this year.

A revised development and regulatory strategy including a new target product profile for tesofensine has been decided upon. The associated Phase III plan will be presented to the FDA later this year with the aim of establishing an optimal frame work for a competitive development programme for tesofensine in weight management and a selective commercial positioning of the drug.

The revised development plan implies the parallel initiation of a number of Phase III studies, and it has therefore been decided to start the pivotal programme when a commercial partner has been selected. Management believes that an endorsement by the FDA of the new target product profile and development plan is essential in ensuring an attractive partnership agreement.

NeuroSearch is preparing also to engage in dialogue with the European health authorities to discuss the developmental and regulatory pathway for tesofensine in Europe.

Q1 Report 2010

ABT-894 – ADHD: In clinical Phase II under collaboration with Abbott
ABT-894 is an α4β2 subtype-specific nicotinic receptor agonist, which Abbott is evaluating in Phase II for the treatment of ADHD. A Phase II study in adults with ADHD has been completed with positive results which demonstrated that treatment with ABT-894 led to a significantly improvement of the disease symptoms and that the drug was safe and generally well-tolerated.

With a view to initiating a Phase II study in children with ADHD, Abbott has worked to optimise the formulation of the compound and initiated preparatory clinical studies. These preparatory studies are progressing according to plan.

ABT-894 was identified and selected under earlier drug discovery collaboration between NeuroSearch and Abbott in the field of neuronal nicotinic receptors (NNR). Under the terms of the agreement, Abbott is responsible for and finances all clinical development, production and marketing of the products stemming from the collaboration, and NeuroSearch is eligible to receive milestone payments and royalties on Abbott's global sales of ABT-894.

ACR343 – Schizophrenia: In clinical Phase I
NeuroSearch plans for the initiation of a Phase II study in the second half of 2010 with the aim of developing ACR343 for the treatment of residual symptoms in schizophrenia patients on anti-psychotic medication.

ACR343 is a dopaminergic stabiliser, which has shown potential for the treatment of a number of psychiatric and neurological disorders. In particular, this drug has shown effect in several preclinical models of core schizophrenia disease features. Furthermore, another compound from the same drug class has shown efficacy as add-on to antipsychotics in a small placebo-controlled study in schizophrenia patients with stable residual symptoms.

The planned clinical Phase II study with ACR343 is a 12-week randomised placebo-controlled clinical trial aiming to demonstrate that ACR343 is an efficacious and safe therapeutic option for schizophrenia patients, who show only partial symptoms response after treatment with current antipsychotics.

At least 30% of schizophrenia patients show only partial response to existing treatment options, and the availability of new better tolerated and more efficacious antipsychotics would offer an improved long term perspective for the treatment of schizophrenia. Based on its pharmacological profile, ACR343 is expected to improve residual symptoms without inducing motor side effects or weight gain.

ACR325 – L-Dopa-induced dyskinesias in Parkinson's disease: In clinical Phase I
In accordance with the objective of building a pipeline of specialist drugs for the treatment of CNS disorders, NeuroSearch is evaluating ACR325 in a Phase Ib safety study with the aim of developing the drug as a better treatment of L-Dopa-induced dyskinesias in Parkinson's disease.

In parallel with the ongoing Phase Ib study, NeuroSearch is planning a Phase II Proof of Concept study with ACR325 expected to start in the second half of 2010.

ABT-560 – Cognitive dysfunctions: In Phase I under collaboration with Abbott
Like ABT-894, ABT-560 is an α4β2 subtype-selective nicotinic receptor agonist stemming from the earlier drug discovery collaboration with Abbott. Abbott has evaluated ABT-560

in Phase I studies and plans for continued development of this drug candidate for the treatment of cognitive disorders related to various CNS disorders, including Alzheimer's disease, schizophrenia and depression.

NSD-788 – Depression/anxiety: In clinical Phase I
NSD-788 is a monoamine reuptake inhibitor, which NeuroSearch has evaluated in Phase I studies, including a Proof of Mechanism study. Findings from these studies demonstrate that NSD-788 has a good safety profile in healthy volunteers and a unique efficacy profile, acting on both the serotonergic and the dopaminergic neurotransmitter systems in the brain with less activity on the noradrenergic system. Interactions with the noradrenergic transmitter system are believed to cause certain of the problematic psychiatric side effects which may occur during treatment with some of the currently used antidepressant drugs.

NeuroSearch is considering the continued clinical development of NSD-788 in treatment resistant depression.

NSD-721 – Social anxiety disorder: In clinical Phase I
NSD-721 is the first drug candidate from the company's large research programme within selective GABA receptor modulators, with potential to have an anxiety-reducing effect without the undesirable side effects of benzodiazepines.

Preliminary results from the ongoing Phase I study show that the compound is safe and well tolerated.

NSD-721 has been covered by the development alliance with GSK, but following GSK's revised strategy within the psychiatry area, they have opted out of the NSD-721 programme. NeuroSearch is now evaluating the further development of NSD-721 with a focus on speciality indications where the company has the resources to undertake development all the way through to registration.

Affiliates and other equity interests
At 31 March 2010, NeuroSearch held equity interests in the following companies: NeuroSearch Sweden AB (100%), NsExplorer A/S (100%), Poseidon Pharmaceuticals A/S (100%), Sophion Bioscience A/S (30.1%), NsGene A/S (26.8%), ZGene A/S (20.9%) and Atonomics A/S (18.8%).

NeuroSearch Sweden AB is based in Sweden. All other affiliated companies are based in Denmark.

Organisation
NeuroSearch has its head office in Ballerup, Denmark, and a total number of 234 employees at 31 March 2010.

As of today, NeuroSearch has agreed with Dr. Dieter Meier that he will resign from his position as Executive Vice President and Chief Medical Officer in the company. Dr. Meier's duties will be taken on by internal replacements, until a permanent successor has been found.

FINANCIAL REVIEW

The Q1 2010 interim report is presented in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for listed companies' interim reports. The accounting policies are consistent with those applied in the Annual Report 2009. The Annual Report 2009 contains the full description of the accounting policies. This interim report is unaudited and unreviewed.

An operating loss of DKK 80.4 million was posted for the period (a loss of DKK 96.7 million in the same period of 2009). A loss after tax of DKK 56.9 million was posted (a loss of DKK 90.5 million in the same period of 2009).

At 31 March 2010, capital resources stood at DKK 907.3 million (DKK 550.7 million at 31 March 2009), primarily consisting of highly liquid short-term bonds and guaranteed future payments from partners.

The revenues for the period 1 January to 31 March 2010 of DKK 17.5 million (DKK 8.5 million in the same period of 2009) mainly consisted of revenue from the partnership agreements with Lilly and Janssen, which are recognised during the terms of the agreements.

Total costs amounted to DKK 97.9 million (DKK 105.2 million in the same period of 2009). Total costs include a calculated cost of DKK 1.6 million (DKK 3.9 million in the same period of 2009) relating to warrants granted from 2007 to 2009. This item has no cash flow effect. Development costs were DKK 45.0 million, which is at the same level as in Q1 2009. About half of the development costs in Q1 2010 are primarily attributable to the completion of the Huntexil® development programme, while the other half primarily relates to the preparation of tesofensine for Phase III as well as the preparation of ACR343 and ACR325 for Phase II. Research costs amounted to DKK 43.9 million (DKK 56.3 million in the same period of 2009). General and administrative costs for the period were on the same level as in Q1 2009.

Other financials amounted to a net income of DKK 11.1 million (DKK 3.7 million in the same period of 2009). This included interest expenses relating to mortgages on the company's property totalling DKK 2.1 million (DKK 2.3 million in the same period of 2009). The financial element of contingent consideration related to NeuroSearch Sweden AB was an expense of DKK 3.1 million (DKK 1.0 million in the same period of 2009). The financial element of contingent consideration has no cash flow effect. Income recognised in relation to other financials mainly relate to a higher interest income from securities.

The Group's investments in tangible and intangible assets in Q1 2010 totalled DKK 3.2 million (DKK 5.9 million in the same period of 2009).

In March 2010, NeuroSearch increased its share capital by the issue of 174,439 new shares of DKK 20 nominal value each at a price of DKK 156.04 per share as a consequence of the exercise of warrants granted to the Board of Directors, the Executive Management and other employees in 2005. The net proceeds to NeuroSearch of the capital increase totalled DKK 27.1 million. At the end of March 2010 the total nominal value of the NeuroSearch A/S share capital was DKK 491,078,940 distributed on 24,553,947 shares with a nominal value of DKK 20 each and corresponding to 491,078,940 votes. NeuroSearch holds 265,946 treasury shares, equivalent to 1.08% of the total outstanding share capital.

In Q1 2010, NeuroSearch invested DKK 1.8 million in associated companies (DKK 1.8 million in the same period of 2009).

NeuroSearch expects a loss before financials and other shares of results in the region of DKK 400 million in 2010. NeuroSearch expects a continuously high level of activity in the development and commercialisation of Huntexil® and an increased level of activity for other pipeline programmes. The drug discovery activities are expected at the same level as in 2009 and to be related primarily to programmes covered by agreements with external partners.

NEUROSEARCH

Q1 Report 2010

FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP		
	Q1 2010 (3 months)	Q1 2009 (3 months)	2009 (12 months)
Income statement:			
Revenue	17.5	8.5	84.6
Research costs	43.9	56.3	217.0
Development costs	45.0	39.5	184.6
Operating profit/(loss)	(80.4)	(96.7)	(355.8)
Net financials	8.7	(2.4)	24.6
Profit/(loss) before taxes	(71.8)	(99.1)	(331.2)
Net profit/(loss) for the period	(56.9)	(90.5)	(287.1)
Total income for the period	(35.4)	(92.3)	(276.9)
Balance sheet:			
Total assets	1,639.4	1,285.7	1,630.0
Cash and cash equivalents, securities and investments	**767.3	505.2	808.5
Equity	1,167.1	844.3	1,173.8
Investments in property, plant and Equipment	2.4	5.9	19.8
Per share ratios (DKK):			
Earnings per share*	(2.28)	(5.69)	(16.39)
Diluted earnings per share	(2.28)	(5.69)	(16.39)
Net asset value	41.88	51.88	48.15
Market price at end of period	169.0	69.5	77.0
Market price/net asset value	4.0	1.34	1.6
Average number of employees	232	246	235

* Per share of DKK 20 nominal value.

** Capital resources, including unused credits and furture guaranteed payments from partners, total DKK 907.3 million.

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

NEUROSEARCH

Q1 Report 2010

CONDENSED TOTAL INCOME STATEMENT

Income statement (DKK million)	GROUP		
	Q1 2010 (3 months)	Q1 2009 (3 months)	2009 (12 months)
Revenue	17.5	8.5	84.6
Research costs	43.9	56.3	217.0
Development costs	45.0	39.5	184.6
General and administrative costs	9.0	9.4	38.8
Total costs	97.9	105.2	440.4
Operating profit/(loss)	**(80.4)**	**(96.7)**	**(355.8)**
Share of profit/(loss) of associates	(2.4)	(6.0)	(13.1)
Gain, losses and impairment on sale of available-for-sale assets	-	-	13.4
Net other financials	11.1	3.7	24.3
Tax on income	14.8	8.5	44.1
Net profit/(loss)	**(56.9)**	**(90.5)**	**(287.1)**
Statement of comprehensive income:			
Net profit/(loss)	(56.9)	(90.5)	(287.1)
Other comprehensive income			
Fair value adjustment of available-for-sale financial assets	-	(1.7)	(5.3)
Fair value adjustment of hedging Instruments	(1.5)	-	(0.9)
Exchange rate adjustment of new investment in foreign subsidiary	28.2	0.3	22.0
Fair value adjustment of hedge of net investment in foreign subsidiary	(5.2)	(0.4)	(5.6)
Total other comprehensive income	**21.5**	**(1.8)**	**10.2**
Total comprehensive income	**(35.4)**	**(92.3)**	**(276.9)**
Earnings per share, DKK	**(2.28)**	**(5.69)**	**(16.39)**
Diluted earnings per share, DKK	**(2.28)**	**(5.69)**	**(16.39)**

NEUROSEARCH

Q1 Report 2010

CONDENSED BALANCE SHEET

Balance sheet (DKK million)	GROUP		
	31 March 2010	31 March 2009	31 December 2009
Intangible assets	642.5	559.6	592.9
Property, plant and equipment	203.4	204.0	204.3
Investments	6.0	5.9	6.2
Receivables	20.2	11.0	18.1
Cash and cash equivalents and securities	767.3	505.2	808.5
Total assets	**1,639.4**	**1,285.7**	**1,630.0**
Equity	1,167.1	844.3	1,173.8
Non-current liabilities	172.8	264.5	237.0
Current liabilities	299.5	176.9	219.2
Total equity and liabilities	**1,639.4**	**1,285.7**	**1,630.0**

CONDENSED CASH FLOW STATEMENT

Cash flow statement (DKK million)	GROUP		
	Q1 2010 (3 months)	Q1 2009 (3 months)	2009 (12 months)
Cash flows from operating activities	(74.7)	(34.1)	(241.4)
Cash flows from investing activities	62.4	54.3	(586.1)
Cash flows from financing activities	28.1	101.9	612.8
Net cash flow	15.8	122.1	(214.6)
Unrealised gain/(loss) on securities	10.3	(11.5)	6.1
Net change in cash and cash equivalents	26.1	110.6	(208.6)
Cash and cash equivalents at beginning of period	28.7	237.1	237.1
Foreign exchange adjustments of cash and cash equivalents	0.2	0	0.2
Cash and cash equivalents at end of period	55.0	347.7	28.7
Securities at the end of period	712.3	141.1	779.7
Other available-for-sale financial asets at the end of period	-	11.5	-
Other capital reserves at the end of period*	140.0	50.4	159.2
Capital resources at end of period	**907.3**	**550.7**	**967.6**

* Other capital reserves relate to unused credits and furture guaranteed payments form partners.

For a breakdown of “cash and cash equivalents” and “securities” as of 31 March 2010 see notes 2 and 3.

NEUROSEARCH

Q1 Report 2010

MOVEMENTS IN EQUITY

2010 GROUP (DKK million)	Share capital	Share premium	Currency translation reserve	Other re serves	Retained earnings	Total
Equity at 1 January 2010	487.6	0	(35.1)	(0.9)	722.2	1,173.8
Total recognised income for the period	-	-	23.0	(1.5)	(56.9)	(35.4)
Right issue	-	-	-	-	-	0
Employee warrant programme	3.5	23.6	-	-	1.6	28.7
Transfer	-	(23.6)	-	-	23.6	0
Equity at 31 March 2010	**491.1**	**0**	**(12.1)**	**(2.4)**	**690.5**	**1,167.1**

2009 GROUP (DKK million)	Share capital	Share premium	Currency translation reserve	Other re-serves	Retained earnings	Total
Equity at 1 January 2009	314.9	0	(51.5)	5.3	575.5	844.2
Total recognised income for the period	-	-	(0.1)	(1.7)	(90.5)	(92.3)
Right issue	10.6	77.9	-	-	-	88.5
Employee warrant programme	-	-	-	-	3.9	3.9
Transfer	-	(77.9)	-	-	77.9	0
Equity at 31 March 2009	**325.5**	**0**	**(51.6)**	**3.6**	**566.8**	**844.3**

Q1 Report 2010

NOTES

1. Accounting estimates and judgments

The preparation of interim consolidated financial statements in accordance with IAS 34 requires the making of estimates and judgments that affect the reporting of assets. liabilities and expenses. The estimates are reviewed on an ongoing basis. 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 the estimates.

The principles used to make estimates and judgments in the interim consolidated financial statements have been consistently applied in the interim financial statements and the Annual Report 2009. The principles are described in the Annual Report 2009 in note 1 to the financial statements (pages 64).

2. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	31 March 2010	31 March 2009	31 December 2009
Money market accounts	55.0	93.2	28.7
Fixed-term deposits	-	250.6	-
Escrow account regarding building project	-	3.9	-
Cash and cash equivalents end of period	**55.0**	**347.7**	**28.7**

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount. No credit risk is considered to exist in relation to cash as the counterparties are Nordea and Danske Bank which are covered by the temporary Danish government guarantee.

3. Securities

Securities can be specified as follows:

(DKK million)	31 March 2010	31 March 2009	31 December 2009
Danish mortgage bonds	712.3	78.1	779.7
Unit trusts	-	63.0	-
Total securities end of period	**712.3**	**141.1**	**779.7**

4. Treasury shares

(DKK thousand)	Number of shares	Nominal value	Precentage of share capital	Market value DKK million
1 January 2010	265,946	5,318,920	1.09	20.5
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	(0.01)	24.4
Treasury shares at 31 March 2010	**265,946**	**5,318,920**	**1.08**	**44.9**

The acquisition of own shares is part of the company's share buyback programme, which was initiated in May 2009 with the objective of covering any future milestone payments to the sellers of Carlsson Research, which NeuroSearch A/S acquired in 2006.

NEUROSEARCH

Q1 Report 2010

MANAGEMENT STATEMENT

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 31 March 2010.

The interim report which is unaudited and unreviewed is presented in accordance with the international accounting standard IAS 34 as adopted by the EU and additional Danish interim financial reporting requirements for listed companies.

We consider the accounting policies to be appropriate and the overall presentation in the interim report to be adequate to the effect that the interim report gives a true and fair view of the Group's assets and liabilities, financial position, results of operations and cash flows for the period 1 January to 31 March 2010.

Furthermore, in our opinion the management's report gives a true and fair statement of the developments in the Group's activities and financial affairs, the results of operations and the Group's financial position as a whole as well as a description of the significant risks and uncertainties the Group faces.

Copenhagen, 28 April 2010

Executive Management

Flemming Pedersen
CEO

_____

Board of Directors

Thomas Hofman-Bang Chairman	Allan Andersen	Torbjörn Bjerke
_____	_____	_____
Ian Talmage	Anders Ullman	Torben Skov
_____	_____	_____
Lars Siim Madsen	Mads Peder Gersdorff Korsgaard	
_____	_____	