NEUROSEARCH

Announcement

NeuroSearch A/S – Interim report for H1 2010

Copenhagen, 25 August 2010 – Today, the Board of Directors of NeuroSearch A/S (NEUR) considered and adopted the company's interim report for the period 1 January to 30 June 2010.

The operating result for the period was a loss of DKK 168.0 million (a loss of DKK 204.1 million in the same period of 2009). The company's capital resources totalled DKK 808.4 million at 30 June 2010 (DKK 488.9 at 30 June 2009), consisting primarily of highly liquid short-term bonds and guaranteed future payments from partners. Financial net income for the period positively affected net results by DKK 20.5 million.

Key business events and development in the second quarter of 2010 and the subsequent period:

- Huntexil® (pridopidine) – Huntington's disease

  – End of April, NeuroSearch announced that the results from the Phase III MermaiHD study demonstrated a unique and positive effect on Huntington patients' motor function after 26 weeks' treatment with Huntexil® but that the primary study endpoint, the modified Motor Score, mMS, had not been met. Without adjustment for differences in patients' genetic disposition (CAGn), the effect on mMS reached a p-value of 0.042 against a pre-specified significance level of $p < 0.025$. Treatment with Huntexil® demonstrated a highly significant effect ($p < 0.005$) on the Total Motor Score, TMS, and a good safety profile.

  – The 26-week open-label extension to the MermaiHD study, having enrolled 353 patients to assess the safety of Huntexil® after 12 months' treatment, has been completed. Study results are expected within the coming month.

  – At the beginning of August, 12 weeks' treatment of 227 patients in the North American HART study was completed. The study results are expected to be available in connection with the 4th Annual Huntington Disease Clinical Research Symposium which will take place on 16 October 2010 in La Jolla, USA.

  – When the results from the open-label MermaiHD and the HART studies are available in the fourth quarter of 2010, NeuroSearch will initiate dialogue with the regulatory authorities in both Europe and North America to define the most appropriate strategy to obtain marketing approval for Huntexil®.

  – The European compassionate use programme for ex-MermaiHD study patients is now established in all the eight countries where the study was conducted. At this time, almost 40% of the patients who completed the open-label extension phase have – in consultation with their treating physicians – elected to continue treatment with Huntexil®.

  – In the US and Canada, there is also a keen interest for continued treatment among ex-HART study patients, and NeuroSearch is working to give also these patients early access to the drug.

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- Tesofensine – Obesity

  – A new Phase III plan is in preparation and in this relation NeuroSearch is closely following the US regulatory authorities' evaluation of other drugs to treat obesity. A revised Phase III plan is expected to be ready for discussion with the US and the European regulatory authorities in the fourth quarter of 2010.

  – NeuroSearch will continue the dialogue with potential partners with the aim of signing a licensing agreement before the initiation of Phase III.

- Other clinical programmes

  – ACR343 (seridopidine) – Schizophrenia;
  Concurrently with the preparation of a Phase II study in the treatment of schizophrenia, NeuroSearch has decided to investigate also the potential for ACR343 in the treatment of selected neurologic and psychiatric speciality indications. Phase II is expected to be initiated in the first half of 2011.

  WHO has granted ACR343 the generic name *seridopidine*, supporting the establishment of dopaminergic stabilisers as a novel class of pharmaceutical agents designated *dopidines.*

  – ACR325 (ordopidine) – Parkinson's dyskinesias;
  NeuroSearch has initiated preparations for 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 first half of 2011.

  ACR325 is also a dopaminergic stabiliser and has been granted the generic name *ordopidine*.

- Discovery and development alliances with Eli Lilly and Janssen Pharmaceutica

  – The collaborations with Eli Lilly and Janssen Pharmaceutica are progressing satisfactorily and are expected to lead to the selection of new development candidates within the coming 6-12 months.

- Associated companies

  – In the beginning of August, NsGene A/S (27% owned by NeuroSearch) announced the signing of an extended collaboration agreement with Biogen Idec concerning Neublastin, which is in Phase I development. In connection with the signing of the expanded agreement, NsGene received an upfront payment of USD 6 million.

- Organisation

  – On 24 August, NeuroSearch announced the appointment of Patrik Dahlen as new CEO of the company. Patrik Dahlen brings more than 17 years of broad-based managerial experience from the international life science industry and with effect from 15 September replaces Flemming Pedersen, who will take up a new position in another company.

  – NeuroSearch is also working to appoint a new CMO and announcement is expected in the second half of 2010.

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NeuroSearch adjusts the financial guidance for the year 2010 to a loss before financials and other shares of results of approximately DKK 350 million from DKK 400 million as previously announced. NeuroSearch maintains a high level of activity but an enhanced focusing has reduced certain research and development costs.

Flemming Pedersen	Thomas Hofman-Bang
CEO	Chairman of the Board

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Telephone conference

The interim report for H1 2010 will be presented at a telephone conference today at 3 pm Copenhagen time (2 pm London time, 9 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.

NeuroSearch – Company profile

NeuroSearch A/S is a leading CNS focused and European based biopharmaceutical company listed on NASDAQ OMX Copenhagen A/S (NEUR). The company's core business is development of novel drugs to treat diseases of the central nervous system (CNS), and the pipeline comprises eight products in clinical development (Phase I-III). These include Huntexil® (pridopidine), a unique orphan drug in Phase III development for the treatment of Huntington's disease, and tesofensine ready for Phase III development as a novel treatment of obesity.

NeuroSearch is founded on a well-established drug discovery platform in the field of ion channels and monoamine transporters, ensuring the continuous production of novel preclinical development candidates. The company has strategic drug discovery alliances with Janssen Pharmaceutica and Eli Lilly as well as a licence collaboration with Abbott. Further, NeuroSearch has equity interests in a number of private companies in the Life Science industry.

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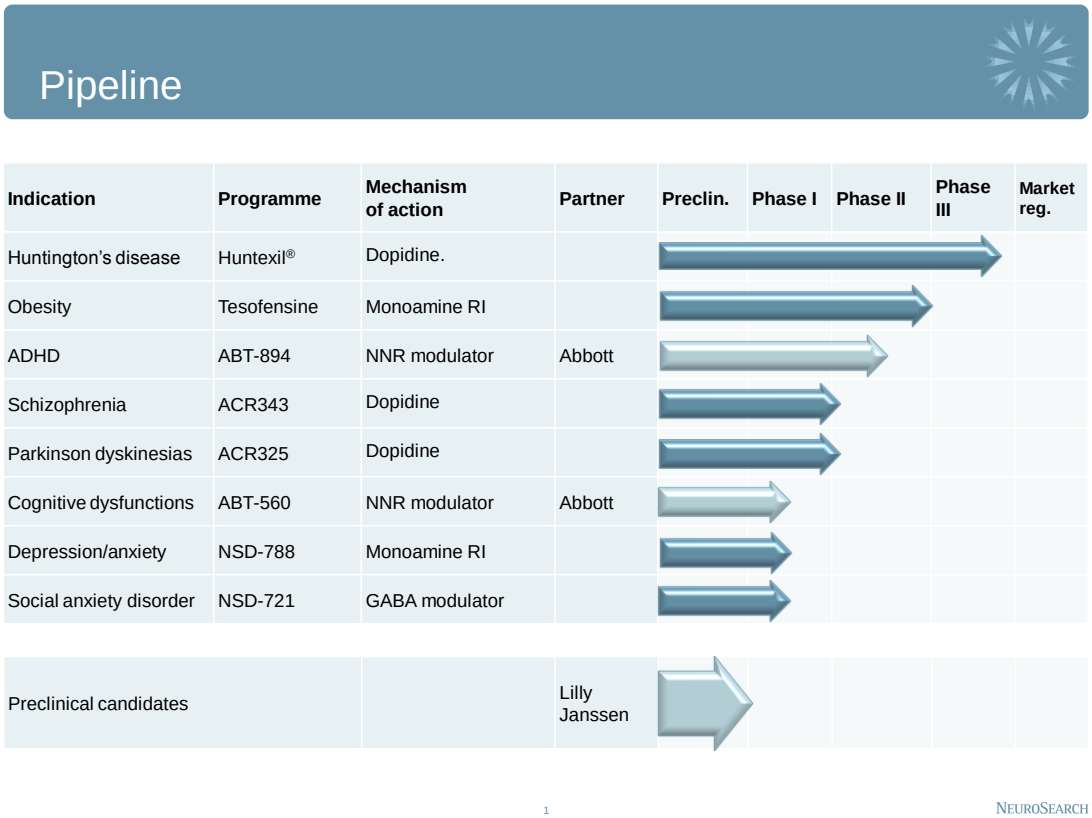
MANAGEMENT REPORT

The pipeline of drugs in development

The NeuroSearch product pipeline comprises eight novel drugs in clinical development (Phase I-III), which have all been generated through the company's own drug discovery. In addition, the company holds a pipeline of preclinical drug candidates under preparation for clinical development.



Huntexil® (pridopidine) – Huntington's disease: In Phase III
Huntexil® (pridopidine), the first product within the class of dopidines (previously designated dopaminergic stabilisers), is in Phase III for the treatment of Huntington's disease.

Huntington's disease is a hereditary neurological disorder with a prevalence of about 1:10.000 in the Western World. For most patients, the onset of symptoms occurs between 35 and 45 years of age and leads to severe motor disturbances and loss of motor function, cognitive impairment and psychiatric disorders. After symptoms manifestation, the disease progresses gradually and leads to an early death. Today, only limited treatment options are available.

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

<u>Phase III MermaiHD study results</u>
The results from the MermaiHD study, a randomised, double-blinded and placebo-controlled Phase III study with the participation of 437 Huntington patients from eight European countries, showed that 26 weeks' treatment with Huntexil® (45 mg twice daily) provides a unique improvement of the patients' motor function. For the first time in this

indication, it has been possible to demonstrate a beneficial effect on both voluntary and involuntary motor symptoms including a significant improvement of dystonia and eye movements.

The effect on the primary endpoint, the modified Motor Score, mMS, demonstrated a p-value of 0.042 but did not reach the predefined level of statistical significance ($p< 0.025$). On the Total Motor Score, TMS, which includes the mMS, the results demonstrated a high statistical significance ($p< 0.005$). In an analysis including adjustments for individual differences in the patients' genetic disposition (n= 393), defined as the number of CAG repeats in the gene for Huntington's disease (CAGn score), a higher significance level for the effect on mMS corresponding to $p< 0.02$ was seen. Physicians consider this adjustment to be clinically relevant and necessary to ensure a more precise and meaningful presentation of the results.

In the study, Huntexil® also demonstrated a good safety profile, and no treatment related disadvantages in terms of worsening of other disease signs or symptoms.

Additional data analysis from the MermaiHD study has also provided early support for potential disease modifying properties of Huntexil®. This includes the observation of a superior treatment effect in patients with an elevated CAGn score (considered a surrogate marker for a faster disease progression and a poorer prognosis). In addition, significant improvements on the independence scale were observed for the same group of patients. Based on these findings, NeuroSearch has filed an additional patent application on the compound.

Ongoing clinical studies with Huntexil®

In addition to the MermaiHD study, the development programme for Huntexil® also includes the HART study, a North American, multi-centre Phase IIb study. In the HART study, 12 weeks' treatment of all 227 patients was completed at the beginning of August and the results are expected to be available in connection with the 4th Annual Huntington Disease Clinical Research Symposium), which will take place on 16 October 2010 in La Jolla, USA. The primary endpoint in the HART study is the same as for the MermaiHD study, and a meta analysis of the 12-week results from both studies is planned.

The open-label extension of the MermaiHD study, including a total of 353 (87%) patients, who have completed the randomised 26 weeks' treatment, has also been completed. In the extension phase, all patients have been treated with Huntexil® (45 mg twice daily) for an additional 26 weeks with the aim of evaluating the compound's safety profile after a 12 months' treatment period. NeuroSearch expect to be able to announce the first 12 months' results before the end of September.

Other activities under the development programme

NeuroSearch has established a compassionate use programme in Europe to ensure continued access to Huntexil® for the Huntington patients who have completed treatment in the open-label extension to the MermaiHD study. Access to continued treatment via the programme is now established in all the eight European countries where the MermaiHD study was conducted. At this time, almost 40% of the patients who completed the open-label extension phase have – in consultation with their treating physicians – elected to continue treatment with Huntexil®.

In the US and Canada, there is also a keen interest for continued treatment among ex-HART study patients, and NeuroSearch is working to be able to supply the product also to these patients.

Regulatory process and commercial activities

When all results from both the MermaiHD study, including the 26 weeks' open-label extension phase, and from the HART study are available in the second half of 2010,

NeuroSearch will initiate dialogue with the regulatory authorities in both Europe and North America to define the most appropriate strategy to obtain marketing approval for Huntexil®.

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

Tesofensine – Obesity: Ready for Phase III
In Phase II, tesofensine has demonstrated a strong weight-reducing effect and a good safety profile, and NeuroSearch has subsequently prepared the drug for continued development for the treatment of obesity. A Phase III plan is in preparation with the aim of discussing it with the regulatory authorities in the fourth quarter of 2010.

Obesity and overweight lead to a number of serious diseases and represent an area of high unmet medical need. During the past years, however, the market for medical treatment of obesity has seen a number of serious set-backs, and the health authorities have shown increased caution with focus on safety. It is still, however, management's belief that tesofensine represents a unique and promising product possibility.

Clinical results
In TIPO-1, a Phase II study comprising 203 obese patients (BMI > 30), six months' treatment with tesofensine (0.5 mg once daily) resulted in a weight loss of 11.3% (9.3% more than placebo). More than 50% of the patients in the study lost more than 10 kg compared to 7% in the placebo group. The TIPO-1 results are published in The Lancet.

NeuroSearch has performed a number of additional and supportive studies with tesofensine, and the combined clinical safety database from a total of 25 studies includes data from approximately 1,700 individuals.

Phase III strategy and plans
At a meeting with the FDA in mid-2009, the data package on tesofensine was presented, and a Phase III development plan was endorsed by the authorities. In early 2010, NeuroSearch also obtained FDA approval of the protocol for the first Phase III study which included an existing anti-obesity drug, sibutramine, as an active comparator.

Subsequently, however, the efficacy and safety profile of sibutramine was questioned, and the product was withdrawn from the European market.

As a consequence, NeuroSearch in the spring decided to revise the development strategy and the Phase III plan for tesofensine. In relation hereto, NeuroSearch is awaiting the outcome of a scheduled FDA hearing regarding sibutramine and is also closely following the authorities' evaluation of other new anti-obesity drugs for which marketing authorisation has been applied. It is expected that a new Phase III plan for tesofensine can be ready for discussion with the authorities in the US and Europe within 2010.

Concurrently, NeuroSearch will continue the dialogue with potential collaboration partners with the aim of signing a licensing agreement before the initiation of Phase III.

ABT-894 – ADHD: In clinical Phase II under collaboration with Abbott
ABT-894 is being developed under a licensing agreement with Abbott as a new treatment of ADHD. A Phase II study in adults with ADHD has demonstrated positive results and Abbott is now preparing the compound with a view to conducting a Phase II study also in children with ADHD.

ABT-894 is an α4β2 subtype-specific nicotinic receptor agonist, which was identified under an earlier drug discovery collaboration between NeuroSearch and Abbott within the field of neuronal nicotinic receptors. Under the terms of the license agreement, Abbott is responsible for and finances all clinical development, production and marketing, and NeuroSearch is eligible to receive milestone payments and royalties on Abbott's global sales of ABT-894.

ACR343 (seridopidine) – Schizophrenia: Under preparation for clinical Phase II
As a new compound in the class of dopidines, ACR343 has by the WHO been granted the generic name INN name *seridopidine*.

Seridopidine has shown effect in several preclinical models representing the primary disease characteristics related to schizophrenia. Based on its pharmacological profile, the compound is expected to be able to treat certain symptoms of schizophrenia patients, which today cannot be treated efficiently without experiencing loss of motor function or weight gain. NeuroSearch is working on preparing seridopidine for clinical Phase II in the treatment of schizophrenia.

Concurrently with the above preparations, NeuroSearch has decided to evaluate the potential of seridopidine also in treating selected neurologic speciality indications.

The first Phase II study is expected to be initiated in the first half of 2011.

ACR325 (ordopidine) – L-Dopa-induced dyskinesias in Parkinson's disease: Under preparation for clinical Phase II
ACR325 also belongs to the class of dopidines and has been granted the INN name *ordopidine.*

NeuroSearch is completing a Phase Ib tolerability study which is being conducted with the aim of evaluating the safety profile of ordopidine in Parkinson patients with L-Dopa-induced dyskinesias. In parallel, NeuroSearch has initiated the planning and preparation of a Phase II efficacy study with ordopidine within the same indication, and the study is expected to start in the first half of 2011.

Other drug candidates in clinical development

ABT-560 – Cognitive dysfunctions: In clinical Phase I under the collaboration with Abbott
Like ABT-894, ABT-560 is an α4β2 subtype-selective nicotinic receptor agonist stemming from an earlier drug discovery collaboration with Abbott. Under the licence agreement, Abbott has evaluated this drug candidate in Phase I studies aiming for continued development of the product to treat cognitive disorder related to among other Alzheimer's disease, schizophrenia and depression.

NSD-788 – Depression: In clinical Phase I
NSD-788 is a monoamine reuptake inhibitor, which NeuroSearch has evaluated in Phase I studies, demonstrating that NSD-788 has a good safety profile. Further, a Proof of Mechanism study to elucidate the compounds biological mechanism of action has shown that NSD-788 has a uniquely balanced effect on the brain neurotransmitter systems.

NeuroSearch is evaluating the possibility for continued clinical development of NSD-788 in treatment resistant depression.

NSD-721 – Anxiety: In clinical Phase I

NSD-721 is the first drug candidate from the company's large research programme in the field of selective GABA receptor modulators, which have potential as anxiety-reducing drugs, but without the side effects known from existing drugs.

Results from a Phase I study show that the compound is safe and well tolerated and NeuroSearch is now evaluating the future development of NSD-721, including the compound's potential within psychiatric speciality indications.

Associated companies

At 30 June 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 associated companies are based in Denmark.

At the beginning of August 2010, NsGene signed a new and expanded agreement with Biogen Idec on Neublastin, which is a novel therapeutic protein currently in Phase I development for the treatment of neurophatic pain. The expanded agreement secures NsGene an upfront payment of USD 6 million and an annual maintenance fee of USD 1.5 million until the first regulatory filing for approval of a Neublastin-based product. In addition, NsGene will receive increased royalties on the future sales of Neublastin products from Biogen Idec as well as development milestone payments.

Organisation

NeuroSearch has its head office in Ballerup, Denmark, and a total number of 240 employees at 30 June 2010.

As announced on 31 May 2010, CEO Flemming Pedersen has decided to resign from his position at NeuroSearch to take up a new position in another company. With effect from 15 September, he will be replaced by Patrik Dahlen, who has been appointed as new CEO of the company. Patrik Dahlen brings more than 17 years of broad-based managerial experience from the international life science industry.

NeuroSearch is also in the process of appointing a new CMO for the company after the resignation of the company's former CMO in April 2010. It is expected that announcement of a new CMO can be made during the second half of 2010.

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FINANCIAL REVIEW

A loss before financials and other shares of results of DKK 168.0 million was posted for the first half-year 2010 (H1 2009: a loss of DKK 204.1 million). For H1 2010, a loss after tax of DKK 120.2 million was posted (H1 2009: a loss of DKK 178.0 million).

Capital resources totalled DKK 808.4 million on 30 June 2010 (DKK 488.9 million on 30 June 2009) primarily consisting of highly liquid short-term bonds and guaranteed future payments from partners.

The revenue for H1 2010 of DKK 34.8 million (H1 2009: DKK 19.3 million) mainly consisted of revenue from the partnership agreements with Eli Lilly and Janssen, which will be recognised during the terms of the agreements.

Total costs for H1 2010 amounted to DKK 202.8 million (H1 2009: DKK 223.4 million) of which development costs were DKK 85.3 million (H1 2009: DKK 91.9 million). About half of the development costs were primarily attributable to the Huntexil® development programme, while the other half primarily related to the preparation of Phase II of seridopidine (ACR343) and ordopidine (ACR325) and development of late-stage preclinical drug candidates. Research costs amounted to DKK 95.9 million (H1 2009: DKK 111.6 million). General and administrative costs for the period were on the same level as in H1 2009.

Other financials amounted to a net income of DKK 20.5 million (H1 2009: net income DKK 12.1 million). This included interest expenses relating to mortgages on the company's property totalling DKK 4.2 million (H1 2009: DKK 4.6 million). The financial element of contingent consideration related to NeuroSearch Sweden AB was an expense of DKK 3.0 million (H1 2009: an expense of DKK 2.0 million). The financial element of contingent consideration has no cash flow effect. The holding of securities increased from DKK 262.8 million at 30 June 2009 to DKK 631.3 million at 30 June 2010, which increased the financial income compared to the same period last year.

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 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 June 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.

NeuroSearch adjusts the financial guidance for the year 2010 to a loss before financials and other shares of results of approximately DKK 350 million from DKK 400 million as previously announced. NeuroSearch maintains a high level of activity but an enhanced focusing has reduced certain research and development costs.

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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP				
	Q2 2010 (3 months)	Q2 2009 (3 months)	H1 2010 (6 months)	H1 2009 (6 months)	2009 (12 months)
Income statement:					
Revenue	17.3	10.8	34.8	19.3	84.6
Research costs	52.0	55.3	95.9	111.6	217.0
Development costs	40.3	52.4	85.3	91.9	184.6
Operating profit/(loss)	(87.6)	(107.4)	(168.0)	(204.1)	(355.8)
Net financials	10.7	7.8	19.4	5.5	24.6
Profit/(loss) before taxes	(76.9)	(99.6)	(148.6)	(198.6)	(331.2)
Net profit/(loss)	(63.3)	(87.5)	(120.2)	(178.0)	(287.1)
Statement of comprehensive income:					
Other comprehensive income	3.6	13.6	25.1	11.8	10.2
Total income for the period	(59.7)	(73.9)	(95.1)	(166.2)	(276.9)
Balance sheet:					
Total assets			1,539.2	1,213.9	1,630.0
Cash and cash equivalents, securities and investments			**666.1	418.6	808.5
Equity			1,109.0	762.7	1,173.8
Investments in property, plant and equipment	2.4	3.7	4.5	9.6	19.8
Per share ratios (DKK):					
Earnings per share*	(2.58)	(5.37)	(4.91)	(11.06)	(16.39)
Diluted earnings per share	(2.58)	(5.37)	(4.91)	(11.06)	(16.39)
Net asset value			45.17	46.86	48.15
Market price at end of period			90.0	107.0	77.0
Market price/net asset value			1.99	2.28	1.6
Average number of employees			230	236	235

* Per share of DKK 20 nominal value.
** Capital resources, including unused credits and furture guaranteed payments from partners, total DKK 808.4 million.

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

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CONDENSED TOTAL INCOME STATEMENT

(DKK million)	GROUP				
	Q2 2010 (3 months)	Q2 2009 (3 months)	H1 2010 (6 months)	H1 2009 (6 months)	2009 (12 months)
Income statement:					
Revenue	17.3	10.8	34.8	19.3	84.6
Research costs	52.0	55.3	95.9	111.6	217.0
Development costs	40.3	52.4	85.3	91.9	184.6
General and administrative costs	12.6	10.5	21.6	19.9	38.8
Total costs	104.9	118.2	202.8	223.4	440.4
Operating profit/(loss)	**(87.6)**	**(107.4)**	**(168.0)**	**(204.1)**	**(355.8)**
Share of profit/(loss) of associates	1.3	(0.6)	(1.1)	(6.6)	(13.1)
Gain, losses and impairment on sale of avaible-for-sale assets	-	-	-	-	13.4
Net other financials	9.4	8.4	20.5	12.1	24.3
Tax on income	13.6	12.1	28.4	20.6	44.1
Net profit/(loss)	**(63.3)**	**(87.5)**	**(120.2)**	**(178.0)**	**(287.1)**
Statement of comprehensive income:					
Net profit/(loss)	(63.3)	(87.5)	(120.2)	(178.0)	(287.1)
Other comprehensive income					
Fair value adjustment of available-for-sale financial assets	-	7.1	-	5.4	(5.3)
Fair Value adjustment of hedging instruments	(2.9)	(0.5)	(4.4)	(0.5)	(0.9)
Exchange rate adjustment of new investment in foreign subsidiary	9.2	7.5	37.4	7.8	22.0
Fair value adjustment of hedge of net investment in foreign subsidiary	(2.7)	(0.5)	(7.9)	(0.9)	(5.6)
Total other comprehensive income	**3.6**	**13.6**	**25.1**	**11.8**	**10.2**
Total comprehensive income	**(59.7)**	**(73.9)**	**(95.1)**	**(166.2)**	**(276.9)**
Earnings per share, DKK	**(2.58)**	**(5.37)**	**(4.91)**	**(11.06)**	**(16.39)**
Diluted earnings per share, DKK	**(2.58)**	**(5.37)**	**(4.91)**	**(11.06)**	**(16.39)**

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CONDENSED BALANCE SHEET

(DKK million)	GROUP		
	30 June 2010	30 June 2009	31 December 2009
Intangible assets	645.4	565.3	592.9
Property, plant and equipment	201.3	203.3	204.3
Investments	7.5	6.7	6.2
Receivables	18.9	20.0	18.1
Cash and cash equivalents and securities	666.1	418.6	808.5
Total assets	**1,539.2**	**1,213.9**	**1,630.0**
Equity	1,109.0	762.7	1,173.8
Non-current liabilities	160.1	207.8	237.0
Current liabilities	270.1	243.4	219.2
Total equity and liabilities	**1,539.2**	**1,213.9**	**1,630.0**

CONDENSED CASH FLOW STATEMENT

(DKK million)	GROUP		
	H1 2010 (6 months)	H1 2009 (6 months)	2009 (12 months)
Cash flows from operating activities	(180.9)	(125.2)	(241.4)
Cash flows from investing activities	140.3	(72.0)	(586.1)
Cash flows from financing activities	33.2	98.7	612.8
Net cash flow	**(7.4)**	**(98.5)**	**(214.7)**
Unrealised gain/(loss) on securities	13.3	(1.4)	6.1
Net change in cash and cash equivalents	5.9	(99.9)	(208.6)
Cash and cash equivalents at beginning of period	28.7	237.1	237.1
Foreign exchange adjustments of cash and cash equavilens	0.2	-	0.2
Cash and cash equivalents at end of period	34.8	137.2	28.7
Securities at the end of period	631.3	262.8	779.7
Other available-for-sale financial asets at the end of period	-	18.7	-
Other capital reserves at the end of period*	142.3	70.2	159.2
Capital resources at end of period	**808.4**	**488.9**	**967.6**

* Other capital reserves relate to unused credits and guaranteed future payments from collaboration partners.

For a breakdown of “cash and cash equivalents” and “securities” as of 30 June 2010 see notes 2 and 3.

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	-	-	29.5	(4.4)	(120.2)	(95.1)
Employee warrant programme	3.5	23.6	-	-	3.2	30.3
Transfer	-	(23.6)	-	-	23.6	0
Equity at 30 June 2010	**491.1**	**0**	**(5.6)**	**(5.3)**	**628.8**	**1,109.0**

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	575.4	844.1
Total recognised income for the period	-	-	6.9	4.9	(178.0)	(166.2)
Own shares	-	-	-	-	(15.8)	(15.8)
Right issue	10.6	77.8	-	-	-	88.4
Employee warrant programme	-	-	-	-	12.2	12.2
Transfer	-	(77.8)	-	-	77.8	0
Equity at 30 June 2009	**325.5**	**0**	**(44.6)**	**10.2**	**471.6**	**762.7**

NOTES

1. Accounting policies

Basis of preparation
The interim financial statements contain a condensed of the consolidated finanacial statements for NeuroSearch A/S. The interim consolidated financial statements are presented in accordance with IAS 34 about interim financial statements and additional Danish interim financial reporting requirements for listed companies.

This interim report has not be audited or reviewed by the company's independent auditor.

Accounting policies
The accounting policies in the interim consolidated financial statments are consistent with those applied in the Annual Report 2009. The Annual Report 2009 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For further information please see the Annual Report 2009 page 56-59.

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 and judgments are reviewed on an ongoing basis. Estimates and judgments are based on historical results 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 remain unchanged compared to those used in 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)	30 June 2010	30 June 2009	31 December 2009
Money market accounts	34.8	33.0	28.7
Fixed-term deposits	-	100.3	-
Escrow account regarding building project	-	3.9	-
Cash and cash equivalents end of period	**34.8**	**137.2**	**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 banks which are covered by the temporary Danish government guarantee.

3. Securities

Securities can be specified as follows:

(DKK million)	30 June 2010	30 June 2009	31 December 2009
Danish mortgage bonds	631.3	178.6	779.7
Unit trusts	-	84.2	-
Total securities end of period	**631.3**	**262.8**	**779.7**

4. Own 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)	3.4
Treasury shares at 30 June 2010	**265,946**	**5,318,920**	**1.08**	**23.9**

The purchase of own shares is part of the NeuroSearch share purchase programme, which was launched in May 2009 to cover possible future milestone payments to the sellers of Carlsson Research. Carlsson Research was acquired by NeuroSearch in 2006.

H1 Report 2010

MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2010. The interim report has not been audited or reviewed by the company's independent auditor.

The interim report which contains an abstract of the full consoldiated financial statement for NeuroSearch A/S is presented in accordance with IFRS as adopted by the EU, IAS 34 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.

Therefore in our opinion the interim report gives a true and fair view of the Group's assets and liabilities and financial position as at 30 June 2010 and of the results of operations and cash flows for the period 1 January to 30 June 2010 and Q2 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, as well as a description of the significant risks and uncertainties the Group faces.

Ballerup, 25 August 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	
_____	_____	