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Announcement

NeuroSearch A/S – Interim report for Q3 2010

Copenhagen, 18 November 2010 – Today, the Board of Directors of NeuroSearch A/S (NEUR) considered and approved the company's interim report for the period 1 January to 30 September 2010.

The operating result for the first nine month of 2010 was a loss of DKK 237.3 million (a loss of DKK 260.0 million in the same period of 2009). The company's capital resources totalled DKK 709.4 million at 30 September 2010 (DKK 703.5 million at 30 September 2009), consisting primarily of highly liquid short-term bonds and guaranteed future payments from collaboration partners. Financial net income for the period positively affected net results by DKK 23.4 million.

Important business events and pipeline progress in the third quarter of 2010 and the subsequent period:

- Huntexil® (pridopidine) – Huntington's disease

  – Mid October, NeuroSearch reported the results from the HART study, a North American Phase IIb study. The results showed significant effect on Huntington patients' total motor function measured on the Total Motor Score, TMS, after 12 week's treatment with Huntexil®, although the primary endpoint, the modified Motor Score, mMS, was not met. The study also demonstrated a significant dose-response relationship and overall provides firm support to the previous clinical results from the Phase III MermaiHD study.

  – Based on the results from the MermaiHD and the HART studies, NeuroSearch is convinced that Huntexil® represents a highly promising new treatment for Huntington's disease with unique and beneficial effects on the patients' core motor functions and a favourable safety profile.

  – NeuroSearch is analysing all available clinical data on Huntexil® and will subsequently initiate discussions with regulatory authorities in the US and in Europe with a view to defining the best way forward to obtaining marketing approvals for the product. It is expected that these regulatory discussions will take place during the first quarter of 2011.

  – As reported mid September, the results from a 26-week open-label safety extension to the Phase III MermaiHD study showed that Huntexil® was well tolerated and had a good safety profile in patients with Huntington's disease over 12 months' treatment

  - To meet requests for continued access to treatment with Huntexil® from patients and investigators, who have participated in the HART study, NS has decided to initiate an open-ended open-label study for those patients, who have completed the HART study. The first patients are expected to start treatment in the open study in the first quarter of 2011.

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- Tesofensine – Obesity

  – NeuroSearch is preparing a revised Phase III plan for tesofensine, aiming in the first half of 2011 to reach an agreement with the regulatory authorities in the US and in Europe on the way forward for the programme in obesity. In parallel, talks with potential partners on the programme have been intensified.

  – Supported also by a number of experts in the field, it is the evaluation of NeuroSearch that tesofensine represents a promising and attractive new treatment for obesity. Given the difficult regulatory environment for novel products for medical treatment of obesity and the considerable financial burden associated with Phase III studies, however, it has been decided that NeuroSearch will not invest further in this programme before a partner has been selected.

- Other clinical programmes

  – Seridopidine – Schizophrenia:
    NeuroSearch is evaluating the potential for seridopidine (previously designated ACR343) within schizophrenia and in parallel, also in the treatment of selected CNS speciality indications. The company plans to initiate the first Phase II study with seridopidine in the course of the first half of 2011.

  – Ordopidine – Dyskinesias in Parkinson's disease:
    NeuroSearch expects to complete the ongoing Phase Ib safety study with ordopidine (previously designated ACR325) in Parkinson patients suffering from L-Dopa-induced dyskinesias in the beginning of 2011. Concurrently, a Phase II study is in preparation with the objective of demonstrating Proof of Concept for the treatment effect of ordopidine in this indication. The Phase II-study is expected to be initiated in the first half of 2011.

- Discovery and development activities

  – NeuroSearch is evaluating the development possibilities for NSD-788 and NSD-721, after the two compounds have demonstrated a good tolerability and safety profile in Phase I.

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

- Organisation

  – As of 15 September, Patrik Dahlen joined NeuroSearch as new CEO of the company.

According to Article 4a of the company's Articles of Association, the Board of Directors has decided to issue up to 650,000 warrants to the Executive Management and other employees, entitling the holders to subscribe NeuroSearch shares at the ratio of 1:1 and corresponding to a total nominal value of up to DKK 13 million. The allocation between the Executive Management and other employees has not yet been decided upon. The Board of Directors has decided that warrants will no longer be issued to Board members.

The exercise price of the warrants has been fixed as the average market price of the NeuroSearch shares in the period from 11-24 November 2010. In accordance with Article 4a, the exercise price must not be fixed below the average market price of the shares on 18 November 2010.

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NeuroSearch maintains the financial guidance for the full year 2010 of a loss before financials and other shares of results of approximately DKK 350 million.

Patrik Dahlen	Thomas Hofman-Bang
CEO	Chairman of the Board

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Telephone conference

The interim report for Q3 2010 will be presented at a telephone conference today at 11 am Copenhagen time (10 am London time, 5 am New York time). Participating in the telephone conference will be CEO Patrik Dahlen, 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.

About NeuroSearch

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, 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 drug to treat 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 and development 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

Pipeline overview

The NeuroSearch pipeline comprises eight novel drug candidates in clinical development (Phase I-III) targeting disease areas relating to the central nervous system (CNS). Furthermore, the company has a portfolio of preclinical candidates in preparation for clinical development. All pipeline products stem from the company's own drug discovery.

Two of the clinical development candidates are coved by a license agreement with Abbott, who has the full responsibility for the clinical development and the related financing. The major part of the preclinical portfolio is covered by drug discovery and drug development agreements with Eli Lilly and Janssen.

Indication	Product	Mechanism of action	Partner	PC	Phase I	Phase II	Phase III	Market reg.
Huntington's disease	Huntexil®	Dopidine						
Obesity	Tesofensine	Monoamine RI						
ADHD	ABT-894	NNR modulator	Abbott					
Schizophrenia a.o.	Seridopidine	Dopidine						
PD dyskinesias (LID)	Ordopidine	Dopidine						
CNS disorders	ABT-560	NNR modulator	Abbott					
Depression/anxiety	NSD-788	Monoamine RI						
Social anxiety disorder	NSD-721	GABA modulator						
Preclinical candidates			Lilly Janssen					

Huntexil® (pridopidine) – Huntington's disease: In Phase III

Huntexil® (pridopidine) is a novel drug which has shown unique and beneficial effects on core motor symptoms associated with Huntington's disease and a favourable safety profile. In an extensive Phase II/III programme, comprising of the MermaiHD study (26 weeks) and the HART study (12 weeks) and reported during 2010, Huntexil® showed significant effect on overall motor function in patients with Huntington's disease measured on the Total Motor Score, TMS, although the effect on the primary endpoint, the modified Motor Score, mMS, did not meet statistical significance in the two studies.

NeuroSearch is now analysing all available clinical data on Huntexil® and will subsequently initiate discussions with regulatory authorities in the US and Europe with a view to defining the best way forward to obtaining marketing approval for the product as a novel treatment for Huntington's disease. It is expected that the regulatory path for Huntexil® will be defined during the first quarter of 2011.

Huntington's disease is a hereditary and fatal neurodegenerative disorder which leads to excessive disablement of patients' motor functions as well as cognitive impairment and psychiatric disorders. The disease has a prevalence of about 1:10.000 in the Western World. The onset of symptoms is typically around 35–45 years of age, after which the patients' condition continuously deteriorates over a period of 10–20 years with premature death as a consequence. Today, only very limited treatment options are available for patients with Huntington's disease with only one drug registered, which solely treats chorea symptoms. In addition, only a few new drugs are in development.

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Huntexil® is the furthest advanced product from a novel class of pharmaceutical agents called dopidines and characterised by their psychomotor function stabilising properties, and the first to have been evaluated for clinical effect.

Clinical Phase II/III results: The MermaiHD and HART studies
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 and beneficial effect on the patients' motor function.

On the Total Motor Score, TMS, for Huntington's disease, the treatment effect was highly statistically significant ($p < 0.005$). On the primary endpoint, the modified Motor Score, mMS, a strong trend in effect was seen (p-value of 0.042), however, without reaching the predefined statistical significance level of $p < 0.025$.

In addition to the MermaiHD study, the clinical programme for Huntexil® also includes the HART study, a randomised, double blinded and placebo controlled Phase IIb study (dose finding) conducted in North America. In this study, 227 Huntington patients were treated for a period of 12 weeks with three different doses of Huntexil® (10 mg, 22.5 mg or 45 mg – all twice daily) or placebo. In this study, a significant effect was observed on the patients total motor function as measured on the TMS ($p < 0.05$) as well as a strong trend in effect on the primary endpoint, mMS ($p = 0.078$). Thus, the results from the HART study support the clinical results from the MermaiHD study.

The HART results also showed that the effects seen on the composite motor endpoints, TMS and mMS, were driven by significant improvements in clinically important motor symptoms such as gait, balance and hand movements.

In both studies, Huntexil® also demonstrated a favourable tolerability and safety profile, and no treatment related disadvantages in terms of worsening of other disease signs or symptoms were observed. The results from a 26-week open-label safety extension to the MermaiHD study, showed that 12 months' treatment with Huntexil® (45 mg twice daily) was also safe and well tolerated in patients with Huntington's disease.

With the results from the MermaiHD and the HART studies, it is the first time ever in Huntington's disease that a beneficial effect has been shown on patients' core motor symptoms with improvements on both voluntary and involuntary movements and no worsening of other symptoms associated with the disease.

Some results from the Phase II/III programme have also shown indications of potentially disease modifying properties of Huntexil®. Based on these findings, NeuroSearch has filed an additional patent application for the compound covering the potential ability of Huntexil® to slow down the disease progression in symptomatic Huntington patients as well as prevent the occurrence of symptoms in pre-manifest patients.

Other activities
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. The programme is active and running satisfactorily in all of the eight European countries where the MermaiHD study was conducted.

Also patients and treating physicians, who have participated in the HART study, have expressed a wish for continued treatment with Huntexil®. In order to be able to meet these requests, NeuroSearch has decided to initiate an open-ended open-label clinical study in the US and Canada, designated the Open HART study. In this study all patients who have completed treatment in the HART study will be offered to restart treatment with

Huntexil® until marketing approval has been obtained in the countries in question. The first patients are expected to start treatment in the open study in the first quarter of 2011.

Commercial outlook
NeuroSearch owns all rights to Huntexil® which has orphan drug status with both the American (FDA) and the European (EMA) health authorities.

It is the primary objective for NeuroSearch to retain commercial rights to Huntexil® and to undertake the marketing and sale of the drug via an in-house sales organisation in selected core markets.

Tesofensine – Obesity: Ready for Phase III
In Phase II, tesofensine has demonstrated a strong weight-reducing effect in patients with obesity, which resulted in a significant improvement of metabolic parameters as well as of quality of life for the patients. Tesofensine has also shown an acceptable safety profile, and supported by a number of experts, advising NeuroSearch in the field, it is the company's evaluation that the product represents a promising and attractive profile as a new medical treatment of obesity.

As a consequence of a number of serious regulatory set-backs for other medical products for the treatment of obesity, NeuroSearch is working on a revised Phase III plan for tesofensine with the aim in the first half of 2011 of reaching an agreement with the regulatory authorities in the US and Europe regarding the future development. In spite of broad political attention to prevent the important health economic burden of obesity, the regulatory health authorities both in the US and Europe are very cautious in their approach of approving new products for medical treatment of obesity. Given the currently very difficult regulatory environment and the considerable financial burden related to Phase III development, the Management of NeuroSearch has decided not to invest further in the programme before a partner has been selected. Therefore, the partnering activities for tesofensine have been intensified with the aim of signing a collaborative partnership agreement on the programme before the end of 2011.

Obesity entails a number of serious diseases including diabetes, cardiovascular complications, raised blood pressure and cancer, and the WHO considers obesity to be one of the 21st century's most important health challenges. In large parts of the world, including North America and Europe, the prevalence of obesity has tripled during the past two decades and the number of overweight and obese persons including children is still increasing at a high rate in many regions. In the US and several European countries, obesity is responsible for 2-8% of all health costs – especially as a consequence of the alarming increase in the number of patients with Type 2 diabetes – and is the underlying reason for about 10% of all deaths.

Clinical results
In TIPO-1, a randomised, double blinded and placebo-controlled Phase II study comprising 203 obese patients (BMI > 30) and reported in 2007, six months' treatment with 0.5 mg tesofensine resulted in an average weight loss of 11.2%. Almost 9 out of 10 (87%) of the patients in this treatment group lost more than 5 kg and more than half (53%) of the patients lost more than 10 kg. This compares to respectively 29% and 7% of the patients in the placebo group. The TIPO-1 results are published in The Lancet.

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

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ABT-894 – ADHD: In clinical Phase II under collaboration with Abbott
ABT-894 is an α4β2 subtype selective neuronal nicotinic receptor (NNR) agonist in Phase II development as a new type of treatment for ADHD under a license agreement with Abbott.

In a Phase II study in adults with ADHD, ABT-894 has demonstrated a good efficacy and a better safety profile compared to atomoxetine (Strattera), an existing ADHD drug. Following these results, Abbott has worked to optimise the formulation of ABT-894 that could be used for a Phase II dose-finding study in children with ADHD.

ABT-894 was identified under a previous drug discovery collaboration between NeuroSearch and Abbott within the field of neuronal nicotinic receptors. In accordance with the terms of the license agreement, Abbott is responsible for all clinical development, production and marketing of ABT-894 as well as the financing thereof, and NeuroSearch is eligible to receive milestone payments as well as royalties on the global sales of the drug.

Seridopidine – Schizophrenia: In preparation for clinical Phase II
Like Huntexil®, seridopidine (previously designated ACR343) belongs to the new class of drugs called dopidines established by NeuroSearch.

Seridopidine has shown effect in preclinical models representing some of the primary disease characteristics associated with schizophrenia. The compound's unique pharmacological profile is expected to make seridopidine particularly qualified to treat certain symptoms of schizophrenia patients, who today cannot be treated efficiently and without the adverse events related to motor function or weight gain which are often seen with existing drugs for the treatment of schizophrenia.

Concurrently with the preparation of seridopidine for clinical Phase II in the treatment of schizophrenia, NeuroSearch is also evaluating the potential for this drug candidate for in the treatment of selected speciality CNS indications.

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

Ordopidine – L-Dopa-induced dyskinesias in Parkinson's disease:
In preparation for clinical Phase II
Ordopidine (previously designated ACR325) also belongs to the class of dopidines. The results from preclinical studies with ordopidines indicate that this compound has its primary potential within the treatment of Parkinson's disease and especially dyskinesias which are strong involuntary movements emerging in Parkinson's patients after some years of treatment with L-Dopa which is the current standard treatment for Parkinson's disease.

NeuroSearch is evaluating ordopidine in a Phase Ib tolerability study which is being conducted with the aim of demonstrating that the compound has a good safety profile in Parkinson patients with L-Dopa-induced dyskinesias. In parallel, NeuroSearch has initiated the planning 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.

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Other drug candidates in clinical development

ABT-560 – CNS disorders: In clinical Phase I under the collaboration with Abbott

ABT-560 is another α4β2 subtype selective NNR agonist that was indentified during the previous drug discovery collaboration between NeuroSearch and Abbott. The compound is currently in development under the same license terms as ABT-894.

ABT-560 has shown a good tolerability and safety profile in Phase I studies, and Abbott is considering alternative clinical options for the drug, including continued development for the treatment of various CNS disorders.

NSD-788 – Depression: In clinical Phase I

NSD-788 is a monoamine reuptake inhibitor with a uniquely balanced effect on the brain transmitter systems. NeuroSearch has evaluated NSD-788 in Phase I studies, and also in a PET study to evaluate the compound's absorption in the brain, with good results and NeuroSearch is now considering the possible development options with a focus on treatment resistant depression.

NSD-721 – Anxiety: In clinical Phase I

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

Results from a Phase I study show that NSD-721 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 September 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%).

Except from NeuroSearch Sweden AB, which is based in Sweden, all other associated companies are based in Denmark.

Organisation

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

On 15 September, Patrik Dahlen joined NeuroSearch as the company's new CEO.

The process to find and appoint a new Chief Medical Officer to the company is ongoing.

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FINANCIAL REVIEW

A loss before financials and other shares of results of DKK 237.3 million was posted for the period 1 January to 30 September 2010 (a loss of DKK 260.0 million in the same period 2009). For the first nine months, a loss after tax of DKK 176.2 million was posted (a loss of DKK 197.3 million in the same period 2009).

Capital resources totalled DKK 709.4 million on 30 September 2010 (DKK 703.5 million on 30 September 2009) primarily consisting of highly liquid short-term bonds and guaranteed future payments from collaboration partners.

The revenue for the period 1 January to 30 September 2010 of DKK 52.1 million (DKK 65.8 million in the same period 2009) 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 the period amounted to DKK 289.4 million (DKK 325.8 million in the same period 2009) of which development costs were DKK 114.6 million (DKK 134.6 million in the same period 2009). About half of the development costs were attributable to the completion of 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 146.0 million (DKK 164.4 million in the same period 2009). General and administrative costs for the period were on the same level as for the first nine months in 2009.

Other financials amounted to a net income of DKK 23.4 million (net income DKK 21.2 million in the same period 2009). This included interest expenses relating to mortgages on the company's property totalling DKK 6.3 million (DKK 6.9 million in the same period 2009). The financial element of contingent consideration related to NeuroSearch Sweden AB was an expense of DKK 4.0 million (an expense of DKK 3.0 million in the same period 2009). The financial element of contingent consideration has no cash flow effect. The year's average holding of securities was higher than in the same period last year, which has increased the financial income.

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 September 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 retains its financial guidance for the full year 2010, expecting a loss before financials and other shares of results in the region of DKK 350 million.

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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP				
	Q3 2010 (3 months)	Q3 2009 (3 months)	Q1-Q3 2010 (9 months)	Q1-Q3 2009 (9 months)	2009 (12 months)
Income statement:					
Revenue	17.3	46.5	52.1	65.8	84.6
Research costs	50.1	52.8	146.0	164.4	217.0
Development costs	29.3	42.7	114.6	134.6	184.6
Operating profit/(loss)	(69.3)	(55.9)	(237.3)	(260.0)	(355.8)
Net financials	0.2	23.0	19.6	28.5	24.6
Profit/(loss) before taxes	(69.1)	(32.9)	(217.7)	(231.5)	(331.2)
Net profit/(loss)	(56.1)	(19.3)	(176.2)	(197.3)	(287.1)
Statement of comprehensive income:					
Other comprehensive income	12.7	3.7	37.8	15.5	10.2
Total income for the period	(43.3)	(15.6)	(138.4)	(181.8)	(276.9)
Balance sheet:					
Total assets			1,466.9	1,332.2	1,630.0
Cash and cash equivalents, securities and investments			**569.3	507.9	808.5
Equity			1,067.4	858.2	1,173.8
Investments in property, plant and equipment	1.4	0.6	5.9	10.2	19.8
Per share ratios (DKK):					
Earnings per share*	(2.28)	(1.04)	(7.19)	(12.10)	(16.39)
Diluted earnings per share	(2.28)	(1.04)	(7.19)	(12.10)	(16.39)
Net asset value			43.47	49.79	48.15
Market price at end of period			82.5	149.5	77.0
Market price/net asset value			1.9	3.0	1.6
Average number of employees			231	230	235

* Per share of DKK 20 nominal value.
** Capital resources, including unused credits and furture guaranteed payments from partners, total approx. DKK 709.4 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				
	Q3 2010 (3 months)	Q3 2009 (3 months)	Q1-Q3 2010 (9 months)	Q1-Q3 2009 (9 months)	2009 (12 months)
Income statement:					
Revenue	17.3	46.5	52.1	65.8	84.6
Research costs	50.1	52.8	146.0	164.4	217.0
Development costs	29.3	42.7	114.6	134.6	184.6
General and administrative costs	7.2	6.9	28.8	26.8	38.8
Total costs	86.6	102.4	289.4	325.8	440.4
Operating profit/(loss)	**(69.3)**	**(55.9)**	**(237.3)**	**(260.0)**	**(355.8)**
Share of profit/(loss) of associates	(2.7)	(2.1)	(3.8)	(8.7)	(13.1)
Gain, losses and impairment on sale of avaible-for-sale assets	-	16.0	-	16.0	13.4
Net other financials	2.9	9.1	23.4	21.2	24.3
Tax on income	13.1	13.6	41.5	34.2	44.1
Net profit/(loss)	**(56.0)**	**(19.3)**	**(176.2)**	**(197.3)**	**(287.1)**
Statement of comprehensive income:					
Net profit/(loss)	(56.0)	(19.3)	(176.2)	(197.3)	(287.1)
Other comprehensive income					
Fair value adjustment of available-for-sale financial assets	-	(10.7)	-	(5.3)	(5.3)
Fair Value adjustment of hedging instruments	(1.8)	0.1	(6.2)	(0.4)	(0.9)
Exchange rate adjustment of new investment in foreign subsidiary	19.6	19.6	57.0	27.4	22.0
Fair value adjustment of hedge of net investment in foreign subsidiary	(5.1)	(5.3)	(13.0)	(6.2)	(5.6)
Total other comprehensive income	**12.7**	**3.7**	**37.8**	**15.5**	**10.2**
Total comprehensive income	**(43.3)**	**(15.6)**	**(138.4)**	**(181.8)**	**(276.9)**
Earnings per share, DKK	**(2.28)**	**(1.04)**	**(7.19)**	**(12.10)**	**(16.39)**
Diluted earnings per share, DKK	**(2.28)**	**(1.04)**	**(7.19)**	**(12.10)**	**(16.39)**

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CONDENSED BALANCE SHEET

(DKK million)	GROUP		
	30 September 2010	30 September 2009	31 December 2009
Intangible assets	669.3	595.4	592.9
Property, plant and equipment	201.3	199.7	204.3
Investments	6.1	5.9	6.2
Receivables	20.9	23.3	18.1
Cash and cash equivalents and securities	569.3	507.9	808.5
Total assets	**1,466.9**	**1,332.2**	**1,630.0**
Equity	1,067.4	858.2	1,173.8
Non-current liabilities	149.1	195.7	237.0
Current liabilities	250.4	278.3	219.2
Total equity and liabilities	**1,466.9**	**1,332.2**	**1,630.0**

CONDENSED CASH FLOW STATEMENT

(DKK million)	GROUP		
	Q1-Q3 2010 (9 months)	Q1-Q3 2009 (9 months)	2009 (12 months)
Cash flows from operating activities	(275.6)	(153.0)	(241.4)
Cash flows from investing activities	231.6	(250.0)	(586.1)
Cash flows from financing activities	40.9	204.5	612.8
Net cash flow	**(4.0)**	**(198.5)**	**(214.7)**
Unrealised gain/(loss) on securities	8.4	8.5	6.1
Net change in cash and cash equivalents	4.4	(190.0)	(208.6)
Cash and cash equivalents at beginning of period	28.7	237.1	237.1
Foreign exchange adjustments of cash and cash equavilens	0.3	0.2	0.2
Cash and cash equivalents at end of period	33.4	47.3	28.7
Securities at the end of period	535.9	460.6	779.7
Other available-for-sale financial asets at the end of period	-	-	-
Other capital reserves at the end of period*	140.1	195.6	159.2
Capital resources at end of period	**709.4**	**703.5**	**967.6**

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

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

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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	-	-	44.0	(6.2)	(176.2)	(138.4)
Employee warrant programme	3.5	23.6	-	-	4.9	32.0
Transfer	-	(23.6)	-	-	23.6	0
Equity at 30 September 2010	**491.1**	**0**	**8.9**	**(7.1)**	**574.5**	**1,067.4**

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	-	-	21.2	(5.7)	(197.3)	(181.8)
Own shares	-	-	-	-	(27.5)	(27.5)
Right issue	29.9	170.0	-	-	-	199.9
Employee warrant programme	-	-	-	-	23.5	23.5
Transfer	-	(170.0)	-	-	170.0	0
Equity at 30 September 2009	**344.8**	**0**	**(30.3)**	**(0.4)**	**544.1**	**858.2**

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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 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)	30 September 2010	30 September 2009	31 December 2009
Money market accounts	33,4	47.3	28.7
Cash and cash equivalents end of period	**33,4**	**47.3**	**28.7**

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

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3. Securities

Securities can be specified as follows:

(DKK million)	30 September 2010	30 September 2009	31 December 2009
Danish mortgage bonds	535,9	369.8	779.7
Unit trusts	-	90.8	-
Total securities end of period	**535,9**	**460.6**	**779.7**

4. Own shares

(DKK thousand)	Number of shares	Nominal value	Percentage of share capital	Market value DKK million
1 January 2010	265,946	5,318,920	1.09	20.5
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	(0.1)	1.4
Treasury shares at 30 September 2010	**265,946**	**5,318,920**	**1.08**	**21.9**

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

NEUROSEARCH

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MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 September 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 September 2010 and of the results of operations and cash flows for the period 1 January to 30 September 2010 and Q3 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, 18 November 2010

Executive Management

Patrik Dahlen
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	
_____	_____	