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Announcement

NeuroSearch A/S – H1 Report 2007

Today, the Board of Directors adopted the interim report for the period 1 January to 30 June 2007.

A loss after tax of DKK 149.1 million (a loss of DKK 98.5 million in the same period of 2006) was posted. The comparative figures for H1 2006 do not include NeuroSearch Sweden AB, which was acquired in Q4 2006.

The company's capital resources stood at DKK 354.9 million at 30 June 2007 (DKK 350.1 million at 30 June 2006).

Activities in the company's drug discovery and development programmes continue to be at a very high level in 2007, and NeuroSearch has achieved a number of important milestones related to drug products under development during the period since the turn of the year:

- For ACR16, full documentation including chronic safety results was obtained for the initiation of Phase III clinical studies in Huntington's disease.
- The treatment of all patients in the Phase IIb efficacy study with tesofensine for the treatment of obesity (TIPO-1) has been completed. The processing of data is in progress.
- Three new Phase II clinical studies have been initiated.
- Two Phase II clinical studies have been completed and reported.
- Three new Phase I clinical programmes have been initiated, including the start-up of clinical studies with two new drug candidates.
- Under the terms of the option agreement, GlaxoSmithKline (GSK) has accepted NSD-644 as a CEEDD (Center of Excellence for External Drug Discovery) candidate for further development.

The research organisation has been very productive, and the development pipeline has been expanded to include four new drug candidates from the drug discovery programmes since the turn of the year.

NeuroSearch's pipeline now includes 19 development programmes (or 16 drug candidates) under development in a large number of disease areas. Nine of these are being developed and funded under licence agreements with multinational pharmaceutical groups and with significant earnings potential for NeuroSearch by way of milestone payments totalling DKK 2.3-2.4 billion and royalties on future turnover by the partners.

The company's management considers the performance since the turn of the year to be highly satisfactory.

Key events in H1 2007 and until the release of this interim report:

- ACR16 (Huntington's disease): NeuroSearch has completed six months of toxicology studies with satisfactory results which support data from earlier safety studies. Thus, all preclinical safety studies necessary for the initiation of Phase III studies have now been completed, and applications for the start-up of Phase III are being prepared.

- NS2359 (depression): In April NeuroSearch's collaboration partner GSK initiated the second of two clinical Phase II studies evaluating the drug candidate NS2359 as a new treatment for depression (MDD). The combined Phase IIb programme is highly ambitious and will involve approx. 900 patients.

- Tesofensine (obesity/type 2 diabetes): In the Phase II efficacy study (TIPO-1), treatment of all patients participating in the study has now been completed, and results from the study are expected in September. Moreover, NeuroSearch has initiated a further clinical study (TIPO-4), in which all patients who have completed TIPO-1 will be offered a further six months of treatment. The enrolment of patients is progressing according to plan.

- ABT-894 (ADHD and pain): In March 2007, NeuroSearch's development and license partner, Abbott initiated a Phase IIb clinical study with the drug candidate ABT-894 for the treatment of Attention Deficit Hyperactivity Disorder (ADHD) in adults. The ADHD study is progressing according to plan. Abbott is also planning for the initiation of a second Phase II study with this drug candidate in neuropathic pain.

- NS1209 (epilepsy/pain): NeuroSearch has completed two minor Phase IIa clinical studies of NS1209 in status epilepticus and neuropathic pain, respectively. Following a thorough evaluation of the combined data package etc., it has been decided to seek a partner focusing on these specialist indications for the future development of NS1209.

- ACR16 (schizophrenia): NeuroSearch's development and licence partner, Astellas, has initiated a clinical Phase Ib multiple dosing study with ACR16 in patients suffering from schizophrenia. Astellas holds the global rights to ACR16 in all indications, except for Huntington's disease, for which NeuroSearch holds the rights in North America and Europe.

- ABT-107 (CNS disorders): In May, Abbott initiated a clinical Phase I study with ABT-107, a novel neuronal nicotinic receptor (NNR) modulator which has treatment potential within a variety of CNS disorders. The Phase I study is progressing according to plan.

- ABT-560 (cognitive dysfunctions): End July, Abbott initiated a clinical Phase I study with ABT-560, another novel NNR modulator with potential to treat cognitive dysfunctions in specific patient populations. ABT-560 is the third drug candidate to be brought into clinical development under the license agreement between Abbott and NeuroSearch covering NNR modulators.

- Four new development candidates: During H1 2007, three new drug candidates were selected from the drug discovery programmes: NSD-708 for the treatment of anxiety, NSD-788 for the treatment of anxiety and other psychiatric disorders and NSD-726 for the treatment of autoimmune diseases. Most recently, also NSD-721 from the drug discovery programme in GABA modulators was selected for development for the treatment of anxiety, epilepsy and pain. GSK holds options to develop all four compounds under the expanded option agreement from November 2006. TopoTarget and NeuroSearch have decided to stop the further development of NSD-551 due to insufficient efficacy in cancer models.

NeuroSearch has decided to change the practice for financial guidance and will no longer include revenues from partnership agreements until they are realised. The reason is that, pursuant to our strategy, we wish to have the greatest flexibility possible when negotiating new partnership agreements and, in addition, the timing of milestone payments in general is subject to significant uncertainty. To this should be added that the international financial reporting rules and the interpretation thereof entail uncertainty with respect to the allocation and recognition of initial payments over the term of licence agreements.

The previous financial guidance for 2007 has included probability-adjusted expected revenues from partnership agreements of approx. DKK 150 million. NeuroSearch still expect to generate additional revenue from licence agreement in the second half of the year, but have elected not to include yet un-secured revenues in its full year guidance. Therefore, the financial guidance for 2007 has been adjusted to a loss in the range of DKK 230-250 million (previous guidance of a loss in the range of DKK 80-100 million) before recognition of associates and other equity interests. If earnings from licence agreements are realised, the forecast will be increased continuously as and when such earnings are achieved.

The Board of Directors has resolved to issue up to 325,000 warrants pursuant to article 5a of the Articles of Association entitling the holders to subscribe for shares with a nominal value of up to DKK 6,500,000 to the Board of Directors, executive management and employees. The allocation between the Board of Directors, executive management and employees has not yet been made. The exercise price will be fixed as the average trading price during the period 15-28 August 2007 plus 10% p.a. Pursuant to article 5a of the Articles of Association, the exercise price cannot be fixed lower than DKK 361.

Asger Aamund
Chairman of the Board of Directors

Telephone conference
A teleconference will be held today 22 August 2007 at 3 pm Copenhagen time (2 pm London time, 9 am New York time). Flemming Pedersen, CEO, Anita Milland, Vice President & CFO and Hanne Leth Hillman, Vice President & Director of IR & Corporate Communications, will present the H1 report and answer questions. The telephone conference will be conducted in English and the telephone number is +44 (0)20 7162 0025. The corresponding PowerPoint presentation will be available via www.neurosearch.com.

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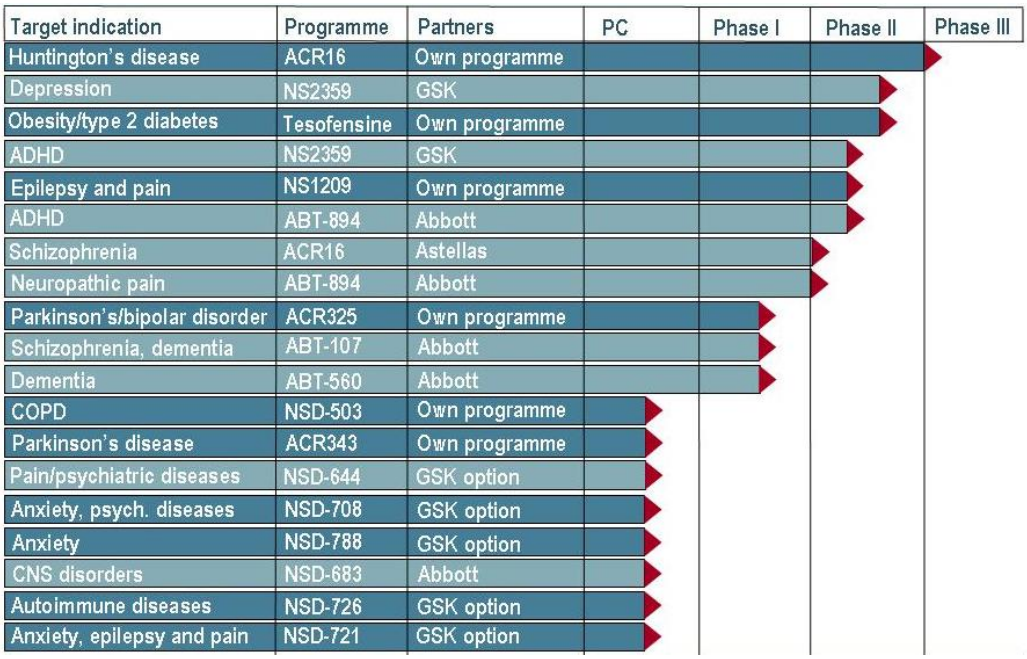
NeuroSearch (NEUR) is a Scandinavian biopharmaceutical company listed on the OMX Nordic Exchange Copenhagen A/S. Our core business covers the development of novel drugs, based on a broad and well-established drug discovery platform focusing on ion channels and CNS disorders. A substantial part of the company's activities are partner financed through a broad alliance with GlaxoSmithKline (GSK) and collaborations with among others Abbott and Astellas. The drug pipeline comprises 11 clinical (Phase I-III) development programmes: ACR16 in Huntington's disease (Phase III preparation), tesofensine in obesity/type 2 diabetes (Phase II), NS2359 in depression (Phase II) and ADHD (Phase II) in partnership with GSK, NS1209 in epilepsy and pain (Phase II), ABT-894 in ADHD (Phase II) and pain (Phase I) in partnership with Abbott, ACR16 in schizophrenia (Phase I) in partnership with Astellas, ACR325 in Parkinson's disease and bipolar disorder (Phase I) and ABT-107 as well as ABT-560 for the treatment of various CNS diseases – both (Phase I) in collaboration with Abbott. In addition, NeuroSearch has a broad portfolio of preclinical drug candidates and holds equity interests in several biotech companies.

MANAGEMENT'S REPORT

Drug candidates in development

NeuroSearch's pipeline of drug candidates in development includes 19 programmes within the treatment of a large number of diseases – primarily related to the central nervous system (CNS). The pipeline grew considerably in 2006, and this favourable trend has continued during the period since the turn of the year. Eleven of the drug programmes are in clinical development, the largest number in the company's history. Moreover, eight preclinical drug candidates are expected to be transferred to clinical development within the next 3-12 months.



ACR16 – Huntington's disease: Ready for clinical Phase III

NeuroSearch has completed six months of toxicology studies with satisfactory results which support data from earlier safety studies. Thus, all animal safety studies necessary for the initiation of Phase III studies have now been completed, and applications for the start-up of Phase III are being prepared. The dialogue with the health authorities and interest groups in the United States as well as Europe has also supported these plans, and NeuroSearch is in the process of completing applications for Phase III clinical studies with a view to initiating the treatment of Huntington's patients in the final clinical development phase in the course of the second half of 2007.

Huntington's disease is a fatal and incurable genetic disease characterised by symptoms such as serious motor disturbances, dementia (cognitive disturbances) and psychoses, depression and anxiety. There are some 70,000 diagnosed patients and a minimum of 400,000 additional persons in the risk group in Europe and the United States, and no approved treatment exists for Huntington's disease.

ACR16 is a dopaminergic stabiliser which can both promote and inhibit dopamine dependent functions in the brain. Beneficial effects of dopaminergic stabilisers in general have been demonstrated in clinical and preclinical studies in a number of psychiatric and neurological disorders, and ACR16 has specifically demonstrated promising results in several clinical studies, including in a Phase II clinical study in Huntington's disease.

The planned Phase III programme will include randomised, double-blinded, placebo-controlled studies involving up to 600 Huntington's patients at a total of 60 treatment centres in Europe and the United States. The maximum treatment time will be six months, and the primary efficacy goal will be improvement of the motory functions in patients with Huntington's disease. Secondarily, the effect on behaviour, depression symptoms, anxiety and the cognitive functions as well as the safety and tolerability of the compound will be assessed.

NeuroSearch holds the rights to ACR16 for Huntington's disease in North America and Europe. The health authorities in both Europe (EMEA) and the United States (FDA) have granted "orphan drug" status to the programme, which gives NeuroSearch the opportunity to maintain a closer dialogue with the authorities and to complete the clinical development and the registration procedures faster than normally.

Concurrently with the preparations of the final Phase III studies, NeuroSearch has initiated the preparation of marketing plans for the product.

NS2359 (GSK372475) – Depression and ADHD: In clinical Phase II

NS2359 is a monoamine re-uptake inhibitor with a triple mode of action, affecting the three neurotransmitters serotonin, noradrenaline and dopamine. This mode of action has the potential to produce a better and faster reduction of the symptoms associated with depression than seen with existing antidepressants. Following successful development, it is expected that drugs with a triple mode of action will become the future standard in the treatment of depression, and to our knowledge NS2359 is the most advanced drug in this class.

Under the terms of the option agreement, GlaxoSmithKline (GSK) has the worldwide rights to develop and market NS2359, and GSK is conducting an extensive Phase II programme with the drug candidate in major depressive disorder (MDD). The programme consists of two Phase II clinical studies, in total involving approximately 900 patients.

The first Phase II study started enrolling patients suffering from MDD in late 2006 in a randomised, double-blinded parallel study, in which, during a ten-week treatment period, NS2359 will be compared with placebo and paroxetine, an SSRI marketed by GSK under the product name of Paxil®/Seroxat®. The second Phase II study was initiated in mid-April 2007, and in this study, during a ten-week treatment period, NS2359 will be compared with venlafaxine XR, an SNRI (serotonin, noradrenaline reuptake inhibitor) which is also on the market to treat depression. Both studies are progressing according to plans.

GSK also holds the rights to NS2359 for the treatment of other disease areas including ADHD. In an earlier clinical trial conducted by NeuroSearch, NS2359 has demonstrated an improvement in attention, concentration and memory in ADHD patients.

Under the terms of the licence agreement, GSK is financing all development costs relating to NS2359, and NeuroSearch is entitled to sizeable payments on the attainment of development milestones as well as attractive royalties on GSK's global sales of the product.

Tesofensine - obesity/type 2 diabetes: In Phase IIb

NeuroSearch holds all the rights to the drug candidate tesofensine, which is being evaluated in three Phase II clinical studies for the treatment of obesity and type 2 diabetes, respectively.

In TIPO-1, a randomised, placebo-controlled, six-month efficacy study (0.25 mg; 0.5 mg; 1 mg) to evaluate the efficacy of tesofensine on overweight and obesity comprising more than 200 obese patients (BMI > 30), treatment of all patients has now been completed. The results from the study will be available in September 2007. NeuroSearch received regulatory approval in Q2 2007 and initiated a six-month extension study, TIPO-4, with tesofensine. In TIPO-4, patients who have completed TIPO-1, are given the option to continue in a further six-month daily treatment with 0.5 mg tesofensine with a possible increase of the daily dose to 1 mg. Patient

enrolment in TIPO-4 is progressing according to plan, and combined 12-month data from TIPO-1 and TIPO-4 are expected in H1 2008.

NeuroSearch is also evaluating the efficacy of tesofensine on a number of metabolic parameters such as energy conversion, glucose tolerance and various important parameter for the metabolism of lipids in a small Phase II clinical study called TIPO-2. TIPO-2 includes 32 overweight healthy volunteers, and the results from this study are also expected in H2 2007.

Tesofensine is a monoamine re-uptake inhibitor which enhances the function of the mediators dopamine, serotonin and noradrenaline ("triple mode of action") in the brain. The compound has potential for the treatment of obesity and type 2 diabetes and expectedly also for a number of CNS diseases.

An analysis of data from four previous Phase II studies comprising a total of 312 overweight Alzheimer's and Parkinson's patients showed a significant, dose-related weight loss after 14 weeks' treatment with tesofensine. The registered weight loss was on a level with the effect of existing anti-obesity drugs. NeuroSearch subsequently demonstrated in a preclinical study that treatment with tesofensine led to a weight loss and a direct positive effect on metabolism parameters such as glucose tolerance and lipids (fats) in the blood, which is relevant in the prevention and treatment of type 2 diabetes.

Overall, tesofensine has been studied in more than 1,500 persons, and the compound has a very good and well-documented safety profile. A data monitoring committee (DMC) consisting of external experts and attached to the TIPO-1 study made a favourable interim assessment of the safety and tolerability of tesofensine in Q1 2007. Many published data and the company's own preclinical data predict that tesofensine and other compounds with this mechanism of action have an antidepressant effect, which would indicate a superior side-effect profile compared with rimonabant (Acomplia®), which did not obtain approval in the United States, among other things due to the risk that the compound may lead to depression and anxiety disorders.

When data from the TIPO-1 study are available, NeuroSearch intends to start negotiations with potential licence partners for the further clinical Phase III development programme. Concurrently with this, NeuroSearch is planning and preparing in-house pivotal (pre-registration) Phase III studies.

ABT-894 – ADHD/neuropathic pain: In clinical Phase II

NeuroSearch's development and licence partner, Abbott, is conducting a Phase II clinical study with the drug candidate ABT-894 for the treatment of ADHD in adults. The study is a randomised, double-blinded, placebo-controlled dose-ranging study to evaluate the efficacy of ABT-894 as a new treatment for ADHD. Patient enrolment has been completed in the study.

Further to the ADHD programme, Abbott is also initiating a Phase II clinical study with ABT-894 in patients with neuropathic pain (severe chronic pain conditions).

ABT-894 is a subtype selective NNR-modulator, which has shown promising effects in preclinical models for pain and other central and peripheral nervous system diseases.

Under the terms of the licence agreement, Abbott is responsible for the clinical development and commercialisation of ABT-894 and will finance all development costs. NeuroSearch will receive milestone payments as well as royalties on global sales.

NS1209 – epilepsy (status epilepticus)/pain: In Phase II

NS1209 is an AMPA antagonist inhibiting the binding of the neurotransmitter glutamate to one of its subtype AMPA receptors. This mechanism of action offers opportunities for the treatment of a variety of neurological disorders, including stroke, epilepsy and neuropathic pain.

NeuroSearch has studied NS1209 in two minor Phase II studies in status epilepticus, a severe form of epilepsy, and in a Phase I/II study in neuropathic pain. In the pain study, NS1209 showed to be significantly superior to placebo in alleviating some key symptoms of neuropathic pain. Following a thorough evaluation of the combined clinical data material and an assessment of the future development requirements combined with the necessary prioritisation of the company's financial and development resources, NeuroSearch has decided to seek a partner focusing on these indications for the future development of NS1209.

ACR16 – schizophrenia: In Phase Ib

NeuroSearch's development and licence partner, Astellas holds worldwide rights to ACR16 for all indications except for Huntington's disease, for which NeuroSearch holds the rights in North America and Europe.

In April 2007, Astellas initiated a Phase Ib clinical study with ACR16 with a view to developing the drug candidate as a novel treatment for schizophrenia. The Phase Ib study is a placebo-controlled, multiple-dose study to evaluate the safety and tolerability of ACR16 in patients with schizophrenia. The study is being performed in the USA and will include up to 60 patients. While this study assesses primarily the safety and tolerability of ACR16, scores on the PANSS (Positive and Negative Symptoms' Scale) will be included as an efficacy measure.

ACR16 is a novel compound, belonging to a new class of CNS active drugs, referred to as dopaminergic stabilisers, which can both enhance and counteract dopamine dependent function in the brain. ACR16 represents a new treatment principle for schizophrenia. NeuroSearch has previously successfully evaluated the drug candidate in a double-blinded, placebo-controlled single-dose Phase Ib study in patients suffering from schizophrenia, and ACR16 has also demonstrated efficacy in several preclinical models of schizophrenia, whilst no effect was seen on normal behaviour. This means that ACR16 has a limited risk of inducing the side effects of existing anti-psychotics.

According to the terms of the license agreement, Astellas finances all development costs related to indications except for Huntington's disease, and NeuroSearch will receive up to EUR 84 million in milestones (of which EUR 10 million was already received) as well as royalties on Astellas' global sales of the product.

ACR325 – Parkinson's disease and bipolar disorder: In Phase I

NeuroSearch is evaluating ACR325 in Phase I clinical studies with a view to developing the compound as a new treatment for Parkinson's disease and psychoses, including bipolar disorder, for which disease existing therapies have only limited effect and considerable adverse side effects.

ACR325 is a dopaminergic stabiliser, which has demonstrated promising results in disease models for motor functions and psychoses. The compound significantly increases the level of dopamine and noradrenalin in the forebrain and concurrently inhibits the over-activity of dopamine in other regions of the brain without unwanted inhibitory effect on motor activity. This indicates that, compared to marketed antipsychotics, ACR325 could have advantages in clinical effect profile with limited adverse side effects.

During the first half of 2007, NeuroSearch completed a single-dose study involving 16 healthy volunteers who received one of three different doses of ACR325 or placebo. The results of the study show that treatment with ACR325 was well tolerated and that the drug candidate has a satisfactory kinetic profile. A multiple-dose study with ACR325 to further determine the safety profile of the compound and a PET study to evaluate the mechanism of action has been initiated in the summer 2007. It is expected that the first Phase II clinical study will be initiated in the first half of 2008.

Other drug programmes under the collaboration with Abbott in the field of neuronal nicotinic receptor modulators (NNR): ABT-107, ABT-560 and a development candidate selected end 2006 (NSD-683)

In addition to ABT-894 (in Phase II), Abbott is developing three other NNR modulators under the terms of the development and license agreement with NeuroSearch, counting four drug candidates in total.

ABT-107 was selected as a new development candidate in the first quarter of 2006, and Abbott has initiated a clinical Phase I study with the compound in Q2 2007. In preclinical studies, ABT-107 has demonstrated potential to treat a variety of CNS indications. The Phase I programme is progresses according to plan.

Also ABT-560 was selected as a new development candidate for the treatment of a variety of CNS disorders in 2006. After completion of preclinical development studies, Abbott initiated a clinical Phase I study in late July 2007.

In addition to the three clinical NNR-programmes, Abbott is conducting preclinical development studies with another drug candidate, NSD-683, which was selected from the combined pool of NNR-modulators in the end of 2006.

Under the terms of the agreement, Abbott is responsible for all clinical development and commercialisation of all products from the collaboration. Abbott will also pay milestones to NeuroSearch as well as royalties on global sales.

Other preclinical drug candidates: ACR343, NSD-644, NSD-503, NSD-708, NSD-788, NSD-726 and NSD-721

Since the turn of the year, NeuroSearch has selected four new development candidates from the drug discovery programmes. This increased the total number of drug candidates in preclinical development to eight (including NSD-683 which is being developed in a partnership with Abbott). Below are brief descriptions of the seven preclinical programmes handled by NeuroSearch alone:

- ACR343 is a dopaminergic stabiliser for the treatment of Parkinson's disease. NeuroSearch has ACR343 in final preclinical studies with a view to initiating Phase I clinical studies in H2 2007.
- NSD-644 is a selective monoamine reuptake inhibitor in development for the treatment of pain and psychiatric disorders. Under the terms of the option agreement, GSK has accepted NSD-644 as a CEEDD (Center of Excellence for External Drug Discovery) candidate for further development and Phase I studies are planned to be initiated in H2 2007.
- NSD-503 is a specific ion channel opener which has showed promising results in the treatment of smokers' lungs. As previously announced, NeuroSearch is conducting supplementary preclinical studies of another compound which is expected to have a better therapeutic potential with a view to subsequently selecting the most promising drug candidate.
- NSD-708 is a GABA modulator for the treatment of anxiety etc. GSK holds an option for NSD-708 within the framework of the option agreement.
- NSD-788 is a selective monoamine reuptake inhibitor in development for the treatment of anxiety and other psychiatric disorders. GSK holds an option for NSD-788 within the framework of the option agreement.
- NSD-726 is a specific ion channel blocker which has been selected for development for the treatment of autoimmune diseases. NSD-726 also falls within the framework of the option agreement with GSK.
- NSD-721, which is a subtype selective GABA modulator for the treatment of anxiety, epilepsy and pain, is the latest development candidate selected from the company's drug

discovery programmes. NSD-721 has demonstrated promising results in several disease models, and GSK also holds an option for this drug candidate.

NeuroSearch's preclinical development activities are progressing very satisfactorily. Since the turn of the year, two of the company's preclinical candidates, ABT-107 and ABT-560, have been progressed to clinical development in collaboration with Abbott, and it is expected that clinical studies can be initiated with one or more additional preclinical development candidates before the end of 2007. TopoTarget and NeuroSearch have decided to stop the further development of NSD-551 due to insufficient efficacy in cancer models. All rights to NSD-551 will revert to NeuroSearch.

For all drug candidates developed under the option agreement with GSK and in accordance with the terms of the option agreement, NeuroSearch is going to be in charge of development through Phase IIa with substantial milestone payments from GSK beginning from the start-up of Phase I. After Phase IIa, GSK will take over the full operational and financial responsibility for the further development and commercialisation of the products and pay sizeable milestones and royalties on its global sales of the products.

Affiliates and other equity interests

NeuroSearch had equity interests in the following companies as of 30 June 2007: NeuroSearch Sweden AB (100%), NsExplorer A/S (100%); NeuroScreen ApS (100%) and Poseidon Pharmaceuticals A/S (100%), NsGene A/S (25.2%), Sophion Bioscience A/S (29.6%), Atonomics A/S (18.8%), Bavarian Nordic A/S (1.3%), PainCeptor Pharma Corporation Inc. (2.3%) and ZGene A/S (17.7%).

All the companies are based in Denmark with the exception of NeuroSearch Sweden AB, which is based in Sweden, and PainCeptor Pharma Corporation Inc., which is headquartered in Canada.

Associates

In 2006, NeuroSearch provided convertible loans to Sophion Bioscience A/S. As of 31 March 2007, the loans, totalling DKK 5.4 million including interest, were converted into shares in the company. This brought the ownership interest in the company to 29.6%. In Q2 NeuroSearch provided a convertible loan to Sophion Bioscience A/S of DKK 1.3 million including interest. The loan, on which no instalments are paid, falls due on 30 June 2008.

ZGene A/S completed a capital increase in May 2007, raising a total of DKK 6 million of fresh capital. NeuroSearch contributed DKK 2 million to the capital increase, and the ownership interest in the company is now 17.7%.

Atonomics A/S completed a capital increase in January 2007, raising a total of EUR 4.5 million (DKK 33.5 million) of fresh capital. NeuroSearch contributed EUR 750 thousand (DKK 5.6 million) to the capital increase, and the ownership interest in the company is now 18.8%.

NsGene A/S collaborates with BiogenIdeq on the development of Neublastin, a unique neuronal growth factor. The preclinical development programme has now been completed, and Phase I clinical studies are expected to be initiated in H2 2007.

Other Investments

NeuroSearch holds 100,102 shares in Bavarian Nordic A/S, equivalent to 1.3% of the shares and a value of DKK 52.1 million based on the 29 June 2007 closing price of DKK 520 per share. In connection with Bavarian Nordic's rights issue in March this year, NeuroSearch sold subscription rights with a value of DKK 2.8 million.

As of 21 August 2007, the value of NeuroSearch's interest in Bavarian Nordic was DKK 43.6 million (DKK 436 per share).

Organisation

NeuroSearch had 230 employees at 30 June 2007. The affiliated companies had a total of 120 employees.

As a result of the growth in our development activities and the growing number of clinical studies of new drug candidates, we have decided to extend our R&D facilities at Ballerup, Denmark, in order to meet the increased demand for facilities. Construction is expected to begin in the autumn with planned completion in late 2008.

Outlook for 2007

NeuroSearch has decided to change the practice for financial guidance and will no longer include revenues from partnership agreements until they are realised. The reason is that, pursuant to our strategy, we wish to have the greatest flexibility possible when negotiating new partnership agreements and, in addition, the timing of milestone payments in general is subject to significant uncertainty. To this should be added that the international financial reporting rules and the interpretation thereof entail uncertainty with respect to the allocation and recognition of initial payments over the term of licence agreements.

The previous financial guidance for 2007 has included probability-adjusted expected revenues from partnership agreements of approx. DKK 150 million. NeuroSearch still expect to generate additional revenue from licence agreement in the second half of the year, but have elected not to include yet un-secured revenues in its full year guidance. Therefore, the financial guidance for 2007 has been adjusted to a loss in the range of DKK 230-250 million (previous guidance of a loss in the range of DKK 80-100 million) before recognition of associates and other equity interests. If earnings from licence agreements are realised, the forecast will be increased continuously as and when such earnings are achieved.

Shareholder information

NeuroSearch made a capital increase on 13 March 2007 of DKK 2,513,100 nominal value, equivalent to 125,655 shares with a nominal value of DKK 20 each as a result of employee exercise of warrants granted in 2003. The new shares were subscribed at DKK 126.40 per share of DKK 20 nominal value. This brought the share capital of NeuroSearch A/S to DKK 248,903,420 nominal value, equivalent to 12,445,171 shares.

The Board of Directors has resolved to issue up to 325,000 warrants pursuant to article 5a of the Articles of Association entitling the holders to subscribe for shares with a nominal value of up to DKK 6,500,000 to the Board of Directors, executive management and employees. The allocation between the Board of Directors, executive management and employees has not yet been made. The exercise price will be fixed as the average trading price during the period 15-28 August 2007 plus 10% p.a. Pursuant to article 5a of the Articles of Association, the exercise price cannot be fixed lower than DKK 361.

Shareholdings

On 30 June 2007, the members of the Board of Directors, the Executive Management and the employees held shares in the company as shown below:

Shareholders	Number of shares
Asger Aamund, Chairman	637,952
Other Board members (6 persons)	110,333
Executive Management (5 persons)	64,604
Other employees	184,433
Total	997,322(1)

(1) Equivalent to 8.0% of the outstanding share capital of 12,445,171 shares.

NeuroSearch does not hold any treasury shares.

Warrants granted in 2004, 2005, 2006 and 2007 made up at 30 June 2007

Year	Exercise price DKK	Exercise period	Board of Directors	Executive Manage-ment	Other employees	Total (DKK 20 each)	Market value (1)
2004	262.19	Nov. 2007 March 2008 Sept. 2008 March 2009	7,026	24,003[2]	115,105[4]	146,134[4]	10.6
2005	191.30	Nov. 2008 May 2009 Nov. 2009 March 2010	7,026	27,165	116,309[4]	150,500[4]	19.1
2006	213.51	Nov. 2008 May 2009 Nov. 2009 March 2010	0	0	11,709	11,709	1.3
2007	402.00	May 2010 Aug./Sept. 2010 March 2011	0	39,000[5]	199,031[4]	238,031[4]	14.9
Total			**14,052**	**90,168**	**442,154**	**546,374**[3]	**45.9**

1) The market value has been determined in DKK million at the end of the exercise period. The calculation was made using the Black & Scholes model, applying an average market price at 29 June 2007 of DKK 279.70 per share and a volatility rate of 38.48%, equivalent to the volatility of the price of NeuroSearch's shares over the last three years before the balance sheet date. Source: Danske Markets.
2) The Executive Management was increased from four to five persons in 2004.
3) The aggregate warrant programme corresponds to 4.4% of the current share capital.
4) Warrants to other employees have been determined as a net figure less those of employees who are no longer with the company.
5) The grant was made to the Executive Management consisting of four persons as of 1 January 2007 (Flemming Pedersen, Jørgen Drejer, Frank Wätjen and Finn Eggert Sørensen).

FINANCIAL REVIEW

The interim report is presented in accordance with the recognition and measurement requirements of IFRS as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The accounting policies are consistent with those applied in the annual report for 2006. The interim report is unaudited.

A loss after tax of DKK 149.1 million was posted (a loss of DKK 98.5 million in the same period of 2006). The comparative figures for H1 2006 do not include NeuroSearch Sweden AB, which was acquired in Q4 2006.

Capital resources totalled DKK 354.9 million at 30 June 2007 (DKK 350.1 million at 30 June 2006).

Revenue for the period 1 January to 30 June 2007 was DKK 46.9 million. DKK 32.9 million of this amount was guaranteed revenue from the partnership agreement with GSK. The remaining DKK 14 million was milestone payments from Abbott in connection with the initiation of a Phase II clinical study in March of the development candidate ABT-894 for the treatment of ADHD and, in addition, the initiation of a Phase I clinical study in May of the development candidate ABT-107.

Costs totalled DKK 172.2 million (DKK 116.0 million in the same period of 2006), of which DKK 33.2 million related to activities in NeuroSearch Sweden AB. Development costs rose by DKK 34.4 million, primarily as a result of increased activity in the acquired development project ACR16 (Huntington's disease) and increased activity in the tesofensine project (obesity/type 2 diabetes).

Other financials amounted to an expense of DKK 6.4 million, down from an expense of DKK 6.5 million in H1 2006. Out of the DKK 6.4 million, interest on mortgages on the company's property accounted for DKK 3.8 million and amortisation of the consideration for NeuroSearch Sweden AB accounted for DKK 5.4 million.

In connection with Bavarian Nordic's rights issue in March this year, NeuroSearch sold subscription rights, and the proceeds from this contributed a profit of DKK 2.8 million to the net loss.

NeuroSearch chose not to buy shares in an offering made by Painceptor Inc., and the value of NeuroSearch's shares has therefore been impaired as a result of dilution. This impairment increased the net loss for the period by DKK 10.8 million without having any cash flow effect. Following the offering, NeuroSearch's interest in Painceptor Inc. is 2.3%.

Financial highlights, per share ratios and movements in equity
The interim report for H1 2007 is presented in accordance with the recognition and measurement requirements of IFRS as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The accounting policies are consistent with those applied in the annual report for 2006. The interim report is unaudited.

Financial highlights (DKK million)	**GROUP**				
	Q2 2007 (3 months)	Q2 2006 (3 months)	H1 2007 (6 months)	H1 2006 (6 months)	2006 (12 months)
Income statement:					
Revenue	21.9	16.5	46.9	33.0	66.3
Research costs	50.2	42.8	99.0	82.0	172.3
Development costs	32.4	12.9	55.3	20.9	54.8
Operating profit/(loss)	(70.9)	(45.6)	(125.3)	(83.0)	(186.7)
Net financials	(21.5)	(7.1)	(23.8)	(15.5)	(25.5)
Profit/(loss) before taxes	(92.4)	(52.7)	(149.1)	(98.5)	(212.2)
Net profit/(loss)	(92.4)	(52.7)	(149.1)	(98.5)	(212.2)
Balance sheet:					
Total assets			1,192.1	572.9	1,267.5
Cash and cash equivalents, securities and investments			295.9	349.2	387.0
Equity			514.2	312.1	657.7
Investments:					
Payments to acquire equipment	1.4	4.9	3.6	6.4	12.9
Statement of cash flows:					
Cash flows from operating activities	(62.3)	(49.8)	(88.6)	(46.0)	(166.4)
Cash flows from investing activities	52.8	(22.0)	69.2	(27.8)	(335.5)
Cash flows from financing activities	(3.7)	7.0	9.2	5.3	365.2
Cash and cash equivalents at end of period			(15.3)	68.3	(7.2)
Other capital resources:					
Securities			237.2	235.0	318.8
Other available-for-sale financial assets at end of period			52.1	45.9	58.7
Other capital reserves at					

end of period			80.9	0.9	133.3
Capital resources at end of period			354.9	350.1	503.6
Per share ratios (DKK):					
Earnings per share (EPS)*	(7.44)	(6.66)	(12.03)	(12.46)	(24.17)
Diluted earnings per share	(7.44)	(6.66)	(12.03)	(12.46)	(24.17)
Net asset value			41.32	39.44	53.38
Market price at end of period			281	169	321.5
Market price/net asset value			6.80	4.29	6.02
Average number of employees			226	189	199

* Per share of DKK 20 nominal value.

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

Statement of movements in equity (DKK million)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained loss	Total
Equity at 1 January 2007	246.4	0	5.1	54.3	351.9	657.7
Other equity items	2.5	13.3	(6.4)	(10.6)	6.8	5.6
Net profit/(loss) for the period	-	-	-	-	(149.1)	(149.1)
Transfer	-	(13.3)	-	-	13.3	0
Equity at 30 June 2007	**248.9**	**0**	**(1.3)**	**43.7**	**222.9**	**514.2**

Statement of movements in equity (DKK million)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained loss	Total
Equity at 1 January 2006	157.8	0	0	43.3	206.9	407.9
Other equity items	0.5	0.8	-	(1.8)	3.2	2.7
Net profit/(loss) for the period	-	-	-	-	(98.5)	(98.5)
Transfer	-	(0.8)	-	-	0.8	0
Equity at 30 June 2006	**158.3**	**0**	**0**	**41.5**	**112.4**	**312.1**

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 2007.

The interim report, which is unaudited, is presented in accordance with the recognition and measurement requirements of the International Financial Reporting Standards as adopted by the EU and additional Danish interim financial reporting requirements for listed companies.

We consider the accounting policies to be appropriate 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.

Ballerup, 22 August 2007

Executive Management

Flemming Pedersen

_____

Board of Directors

Asger Aamund	Marianne Philip	Allan Andersen
_____	_____	_____
Jørgen Buus Lassen	Torbjørn Bjerke	Lars Siim Madsen
_____	_____	_____

Torben Skov

_____

Appendix 1 – Summary income statement

Income statement (DKK million)	**GROUP**		
	H1 2007 (6 months)	H1 2006 (6 months)	2006 (12 months)
Revenue	46.9	33.0	66.3
Research costs	99.0	82.0	172.3
Development costs	55.3	20.9	54.8
General and administrative costs	17.9	13.1	25.9
Total costs	172.2	116.0	253.0
Operating profit/(loss)	**(125.3)**	**(83.0)**	**(186.7)**
Share of profit/(loss) of associates	(9.5)	(9.0)	(20.7)
Value adjustment of securities	(7.9)	-	-
Net other financials	(6.4)	(6.5)	(4.8)
Tax on income	-	-	**-**
Net profit/(loss)	**(149.1)**	**(98.5)**	**(212.2)**

Appendix 2 – Summary balance sheet and statement of cash flows

Balance sheet (DKK million)	**GROUP**		
	H1 2007 (6 months)	H1 2006 (6 months)	2006 (12 months)
Intangible assets	687.1	9.1	657.8
Property, plant and equipment	165.9	166.3	169.7
Investments	22.3	38.9	29.7
Receivables	20.9	9.3	23.3
Cash and cash equivalents and securities	295.9	349.2	387.0
Total assets	**1,192.1**	**572.8**	**1,267.5**
Equity	514.2	312.1	657.7
Non-current liabilities	296.9	126.7	435.7
Current liabilities	381.0	134.0	174.1
Total equity and liabilities	**1,192.1**	**572.8**	**1,267.5**

Statement of cash flows (DKK million)			
Cash flows from operating activities	(88.6)	(46.0)	(166.4)
Cash flows from investing activities	69.2	(27.8)	(335.5)
Cash flows from financing activities	9.2	5.3	365.2
Unrealised gain/(loss) on securities and foreign exchange rate adjustment of cash and cash equivalents	2.1	(0.7)	0
Net change in cash and cash equivalents	(8.1)	(69.2)	(136.7)
Cash and cash equivalents at beginning of period	(7.2)	137.5	129.5
Cash and cash equivalents at end of period	(15.3)	68.3	(7.2)
Other investments,			

securities and liquidity reserves	370.2	281.8	510.8
Capital resources at end of period	**354.9**	**350.1**	**503.6**