NEUROSEARCH

Announcement

17.11.2011

NeuroSearch A/S – Q3 report 2011

NeuroSearch (NEUR) is committed to creating a profitable, specialty pharmaceutical company building on the platform that the company would achieve from marketing of Huntexil®(pridopidine).

On 27 September, NeuroSearch provided an update on the Huntexil® development programme for the treatment of motor symptoms associated with Huntington's disease. At the same time, the company announced a comprehensive restructuring and controlled discontinuation of the company's other activities in order to optimise financial and managerial resources to complete the development and marketing of Huntexil®.

In the future, the company's financial guidance and reporting will make distinction between loss from continuing operations and loss from discontinuing activities.

The Board of Directors today considered and adopted the company's interim report for the nine months ended on 30 September 2011. An operating loss of DKK 337 million was reported for the first three quarters (a loss of DKK 126 million in the same period 2010). One-off costs with no cash effect of approximately DKK 240 million incurred in Q3 are related to the restructuring and relate to impairment of goodwill, intangible assets and property, plant and equipment.

Net financials for the period amounted to DKK 36 million (net financials of DKK 20 million in the same period 2010).

Discontinuing activities amounted to a loss of DKK 345 million for the period (a loss of DKK 111 million in the same period 2010) concerning costs from loss-making collaborations, salaries to employees under notice, leasing obligations, etc.

On 30 September 2011, the company's cash and cash equivalents including securities totalled DKK 305 million (DKK 569 million at 30 September 2010). Securities primarily consist of highly liquid short-term bonds. In addition, NeuroSearch will receive a total of DKK 46 million in payments for staff working on projects under the alliance with Janssen. Moreover, the company has unused credits of DKK 29 million.

Financial expectations for 2011
NeuroSearch maintains its financial expectations for the full year 2011 as announced by the end of September in connection with the restructuring of the company. For the full year 2011, NeuroSearch forecasts an operating loss of approximately DKK 370 million of which approximately 240 million represent one-off costs with no cash effect. In addition, NeuroSearch forecasts a loss relating to discontinuing activities of approximately DKK 345 million in 2011.

Value of cash and cash equivalents including securities are expected to be in the range of DKK 230 million by the end of 2011.

Financial expectations for 2012
For 2012, the company foresees an operating loss relating to the continuing activities in the range of DKK 150-175 million. No other costs are expected in connection with discontinuing activities in 2012.

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Important events in Q3

- On 27 September, NeuroSearch announced a comprehensive restructuring, which – when fully implemented in 2013 – will result in an organisation of approximately 35 employees. The aim of the restructuring is primarily to focus the company's financial and managerial resources on the final development and marketing of Huntexil®.

- On 27 September, NeuroSearch also announced the company's plans for the next development step for in the form the Phase III Prime-HD study. This study is planned to enrol approximately 630 Huntington patients who will be dosed with placebo, 45 mg Huntexil® or 67.5 mg Huntexil® – all twice daily. The primary study endpoint will be the Total Motor Score (the TMS).

  Prime-HD is planned for initiation during the first half of 2012, provided that funding for the completion of the study is secured by then.

- The Multiple Ascending Dose (MAD) study, whose aim is to test the effect of high doses of Huntexil® in healthy volunteers, was initiated at the end of September, and NeuroSearch expects to be able to report results from this study in Q1 2012.

- The Open HART study, the safety extension study which was planned and initiated following the end of the North American HART study, has continued its enrolment of patients, and as of 14 November, 109 former HART-study patients continued their treatment with Huntexil®. NeuroSearch plans to continue the enrolment until mid-December 2011.

- The compassionate use programme, which followed the MermaiHD extension study, has now enrolled 130 patients who receive treatment with Huntexil®.

- Earlier this year, NeuroSearch and all other shareholders sold Sophion Bioscience A/S to Biolin Scientific AB. The company's profit from the sale amounts to DKK 41 million of which DKK 32 million were received in September 2011, and the remaining DKK 9 million are expected to be received before the end of 2012.

Events after the balance sheet date

- The announced restructuring will result in a reduction of the employee headcount to a size necessary to primarily continue the development and marketing of Huntexil®. All affected employees were given notice of termination at the end of October 2011. An important part of those employees has been given extended notice in order for NeuroSearch to be able to observe the company's obligations relating to the alliances with Lilly and Janssen.

- On 8 November, the MermaiHD study was published in the distinguished medical journal The Lancet Neurology, and the journal found the article worthy of a separate press release.

Patrik Dahlen, CEO of NeuroSearch, states as follows in connection with the release of the Q3 report:
"The restructuring of the company progresses as planned. All affected employees have been given notice and have dealt with the situation in a very professional way. The work of bringing Huntexil® to the market runs according to plan and the next important step will be our interaction with the FDA which will determine the last details in our Prime-HD study protocol".

Patrik Dahlen
CEO

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Teleconference
NeuroSearch will host a conference call today at 9.30 am CET (8.30 pm UK time, 3.30 am New York time) during which the Q3 report will be presented. Participating in the call will be CEO Patrik Dahlen and EVP & CFO René Schneider.

The conference call will be conducted in English and the dial-in numbers are:

UK and international:	+44 207 509 5139
US:	+1 718 354 1226
Denmark	+45 3271 4767

Listening to the teleconference is also possible via the company's website.

The corresponding presentation will be available at the company's website at the time of the teleconference.

Contact persons
Patrik Dahlen, CEO, telephone: +45 4460 8214 or +45 2629 7296
René Schneider, EVP & CFO, telephone: +45 4460 8700 or +45 2911 2097

About NeuroSearch

NeuroSearch is a European-based biopharmaceutical company listed on NASDAQ OMX Copenhagen A/S (NEUR) and specialising in central nervous system (CNS) disorders. The vision is to develop NeuroSearch into a profitable specialty pharmaceutical company. The strategy is primarily to complete the development and subsequently to market Huntexil®, a unique drug in clinical Phase III for the treatment of the motor symptoms of Huntington's disease.
Among discontinuing activities, NeuroSearch also has a portfolio of assets for outlicensing or divestment. This includes tesofensine which has shown outstanding efficacy in the treatment of obesity, the Integrative Screening Process (ISP), which is a proprietary systems biology approach, as well as a broad range of ion channel technologies and patented compounds identified as ion channel modulators.

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MANAGEMENT REPORT

Huntexil® is under development by NeuroSearch as a unique and novel drug with potential to become a frontrunner in the treatment of motor symptoms associated with disease. Huntexil® is the company's primary product candidate and below NeuroSearch presents a consolidated report on the clinical development and market potential of Huntexil®.

Huntington's disease

Patients with Huntington's disease experience a wide variety of symptoms typically grouped into three categories: motor, cognitive and psychiatric – often referred to as the "symptoms triad". The motor symptoms include both loss of voluntary movements (parkinsonism, dystonia, gait and balance problems and later swallowing difficulties) and also involuntary movements (hyperkinesias, including chorea, muscle spasms and tics).

The motor symptoms have large negative impact on daily living, such as difficulties in maintaining a job, need for extensive care and social isolation.

Prevalence and number of patients

Due to the nature of the symptoms and the stigmatisation related thereto, the prevalence of Huntington's disease is widely believed to be underreported. There is also an ethnic variability with very few cases in Asian populations whereas the highest prevalence reported among Caucasians with up to 12.4 per 100,000 (Rawlins M. Lancet 2010;376:1372-3). Patient organisations like Huntington's Disease Society of America (HDSA) and European Huntington's Disease Network (EHDN) generally state a prevalence of 1 per 10,000 inhabitants in North America and Europe.

NeuroSearch has estimated a patient population of approximately 35,000 in North America, 45,000 in Europe and 30,000 in the rest of the world based on the above assumptions and the respective population sizes.

Clinical results

In order to investigate the efficacy and safety of Huntexil®, the two largest studies ever undertaken in Huntington's disease were conducted:

- The MermaiHD study was a randomised, double-blind and placebo-controlled Phase III study enrolling 437 patients in eight European countries who were treated for 26 weeks with Huntexil® (45 mg once or twice daily)

- The HART study was a randomised, double-blind and placebo-controlled Phase IIb study in which 227 patients in the United States and Canada were treated for 12 weeks with Huntexil® (10, 22.5 or 45 mg twice daily)

The endpoints were the same in the MermaiHD and HART studies, with the modified motor score (mMS) as the primary endpoint and the total motor score (TMS) among the other endpoints. The TMS is a scale that measures the total motor function in Huntington patients, and it is the most commonly used scale to assess movement disorders related to the disease. The mMS is a score measuring the voluntary motor function in Huntington patients and is a subset of the components from the TMS.

Clinical study results

	mMS	TMS
MermaiHD	1.0 (p = 0.042)	3.0* (p = 0.004)
HART	1.2 (p = 0.078)	2.8* (p = 0.039)

* Significant effect

Both studies showed that Huntexil® is safe and well-tolerated, and with the results from the MermaiHD and the HART studies, a beneficial effect on Huntington patients' motor symptoms has been demonstrated for the first time without a concurrent deterioration of

other symptoms.

NeuroSearch designs a Phase III development programme for Huntexil®
NeuroSearch has designed the continued development programme for Huntexil® based on the recommendations from both the FDA and the EMA, the results of the HART and MermaiHD studies, and on discussions with leading experts in the field. The protocol for the confirmatory efficacy study, called Prime-HD, will be submitted for informal protocol review to the FDA during Q4 2011 and the feedback will determine the final details of the study.

The results of the full development programme will form the basis for the application for marketing authorisation with the regulatory authorities in regions such as the United States and Europe.

Highlights of the confirmatory Prime-HD Phase III efficacy study
The planned efficacy study is a randomised, double-blind and placebo-controlled three-arm Phase III clinical study of 26 weeks' duration.

The primary objective of Prime-HD is to confirm the efficacy of Huntexil® measured according to the TMS. A significant effect of Huntexil® (45 mg twice daily) on TMS was seen both in the HART and MermaiHD studies. In both studies the TMS was included as secondary and tertiary endpoint, respectively.

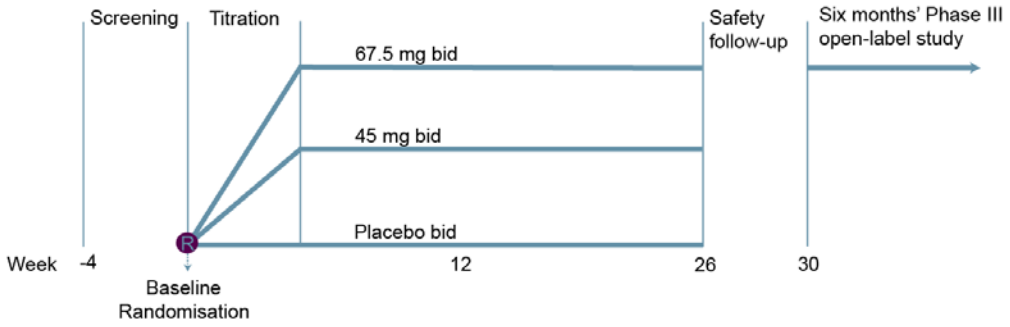
To further evaluate the clinical relevance of the effect, an assessment will be made of the patients overall function. This function is measured using the Clinical Global Impression (CGI) scale, for which a trend towards effect of Huntexil® (45 mg twice daily) was seen in HART. The CGI score will be based on interviews performed by the doctor based on a defined semi-structured interview, the so-called Clinician's Interview-Based Impression of Change (CIBIC).

Two Huntexil® doses will be investigated: 45 mg and 67.5 mg, both twice daily. The efficacy of the two doses measured according to the TMS and CGI will be tested within a closed testing procedure to ensure an overall significance level of 5%.

The study is designed to confirm the efficacy on TMS of Huntexil® administered as a 45 mg twice-daily dose, with a power of 90%.

NeuroSearch expects to initiate patient dosing in Prime-HD in the first half of 2012 provided that the company has secured funding for completion of the entire development programme.

Patient enrolment is expected to take about 12 months and the study design is outlined below.



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Additional Huntexil® clinical studies
The scheduled development programme includes four complementary studies to support the registration applications. The studies can be completed independently of the Prime-HD study and comprise a Multiple Ascending Dose (MAD) study, a TQT heart study, an abuse potential study and a bioequivalence study. The MAD study was initiated in September 2011.

Competitive assessment
There is no cure or effective treatment for Huntington's disease, and Huntexil® is the first compound to address the debilitating motor symptoms. Physicians frequently prescribe various medications off label, e.g. antipsychotics and antidepressants, in an attempt to control movement and psychiatric problems. Those drugs have limited effect and are associated with adverse effects. Tetrabenazine (Xenazine®) is currently the only approved drug for Huntington's disease, and for the treatment of chorea only. As such, the market is underserved with a high unmet medical need.

A competitor pipeline analysis reveals about 30 products in research and development. Of those only very few are being evaluated in clinical studies and the primary symptoms addressed are non-motor functions or neuroprotection.

Commercialisation
NeuroSearch holds all the commercial rights to Huntexil®, which has been granted orphan drug designation by both the US and European health authorities. This status implies that NeuroSearch has exclusivity on those markets for seven and ten years respectively from the time of approval.

Pricing
NeuroSearch regards Huntexil® as a unique therapy in an orphan indication and expects the pricing of Huntexil® to be at least on the level of tetrabenazine (Xenazine®).

To support the commercial strategy, NeuroSearch and University of Lyon have initiated the first Huntington's disease cost-of-illness study ever. The study aims to document the societal costs of Huntington's disease and to identify the primary cost drivers. The results from this study will be included in the documentation related to the pricing and reimbursement negotiations with payers. The study currently covers the UK, Germany, Italy, France, Poland, Portugal, Spain and Sweden with a recent expansion to cover the USA and Australia.

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MANAGEMENT STATEMENT

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 September 2011. 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 of 30 September 2011 and of the results of operations and cash flows for the period 1 January to 30 September 2011. Furthermore, in our opinion, the management 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, 17 November 2011

Executive Management

Patrik Dahlen
CEO

_____

Board of Directors

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

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FINANCIAL REVIEW

Liquidity and capital resources
As of 30 September 2011, cash and cash equivalents including securities totalled DKK 305 million (DKK 569 million in the same period 2010). Securities primarily consist of highly liquid short-term bonds. In addition, NeuroSearch has contingent future payments from staff working on projects under the alliance with Janssen of DKK 46 million and unused credits of DKK 29 million.

Income statement
An operating loss on continuing activities of DKK 337 million (a loss of DKK 126 million in the same period 2010) was reported. A loss after tax on continuing activities of DKK 301 million was posted (a loss of DKK 65 million in the same period 2010).

Revenue
No revenue has been generated in the period, neither in the same period in 2010.

Costs
Consolidated costs totalled DKK 337 million (DKK 126 million in the same period 2010) of which development costs amounted to DKK 229 million (DKK 114 million in the same period 2010). The development costs were primarily attributable to the Huntexil® development programme. Of the consolidated totalled costs DKK 240 million are one-off costs with no cash effect. The one-off costs are primarily related to impairment of goodwill, intangible assets and property, plant and equipment.

Net financials
Financials amounted to a net income of DKK 36 million (DKK 20 million in the same period 2010).

The Group's shares of results of associates – NsGene A/S, Sophion Bioscience A/S and Atonomics A/S – are recognised in the income statement as a combined income of DKK 28 million (a loss of DKK 4 million in the same period 2010) of which DKK 33 million is an income from sale of Sophion Bioscience A/S. The proceeds are DKK 41 million of which DKK 32 million were received in September 2011 and the remaining DKK 9 million is expected to be received before end of 2012.

By the end of Q3 2011, other financials amounted to an income of DKK 8 million (income of DKK 23 million in the same period 2010).

Discontinuing activities
Total loss of discontinuing activities was approximately DKK 345 million consisting of consolidated costs related to discontinuing activities of approximately DKK 441 million and a revenue approximately DKK 96 million. The revenue mainly related the collaboration agreements with Lilly and Janssen. In 2011, allocations have thus been made for all discontinuing activities.

Net profit
Net loss of continuing and discontinuing activities amounted to DKK 646 million (a loss of DKK 176 million in the same period 2010).

Balance sheet
By the end of the third quarter 2011, the balance sheet stood at DKK 934 million (DKK 1,467 million in the same period 2010).

In the first nine months of 2011, the Group invested DKK 3 million in tangible assets (DKK 6 million in the same period 2010), which primarily is related to discontinuing activities. The Group has also invested DKK 2 million in associates (DKK 3 million in the same period 2010).

Subsidiaries and associated companies
At 30 September 2011, NeuroSearch held equity interests in the following companies: NeuroSearch Sweden AB (100%), NsExplorer A/S (100%), Poseidon Pharmaceuticals A/S (100%), NsGene A/S (26.8%) and Atonomics A/S (18.9%).

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

Organisation
NeuroSearch has its head office in Ballerup, Denmark. At 27 September, NeuroSearch announced a restructuring of the company's operations. As a result, the employee headcount is reduced to a size necessary to primarily continue the development of Huntexil®. The employees affected are given notice end of October 2011. A large part of the employees were terminated with extended notices with the aim of NeuroSearch to be able to fulfil the obligations under the alliances with Lilly and Janssen. Total number of employees for the group was 197 as of 30 September 2011 and is expected to be reduced to about 35 employees, when the restructuring is fully and finally implemented in mid-2013.

Financial expectations for 2011
NeuroSearch maintains its financial expectations for the full financial year 2011, which were reported in connection with the announcement of the restructuring. For the full year 2011, NeuroSearch expects an operating loss (EBIT) of approximately DKK 370 million of which approximately DKK 240 million are a one-off cost with no cash effect. In addition, the company expects a loss on discontinuing activities of approximately DKK 345 million in 2011.

Financial expectations for 2012
For 2012, the company foresees an operating loss relating to the continuing activities in the range of DKK 150-175 million. No other costs are expected in connection with discontinuing activities in 2012.

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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP				
	Q3 2011 (3 months)	Q3 2010 (3 months)	Q1-Q3 2011 (9 months)	Q1-Q3 2010 (9 months)	2010 (12 months)
Income statement:					
Development costs	173.5	34.9	229.2	113.7	152.4
Operating profit/(loss)	(274.3)	(41.2)	(336.8)	(125.9)	(167.6)
Net financials	40.8	0.2	***35.8	19.6	21.8
Profit/(loss) of continuing activites before taxes	(233.5)	(41.0)	(300.9)	(106.3)	(145.8)
Net profit/(loss) of continuing activites	(233.5)	(27.9)	(300.9)	(64.8)	(98.6)
Net profit/(loss) of discontinuing activites	(265.0)	(28.2)	(345.0)	(111.4)	(160.4)
Profit/(loss) for the period	(498.5)	(56.1)	(645.9)	(176.2)	(259.0)
Statement of comprehensive income:					
Other comprehensive income	(19.8)	12.7	(32.1)	37.8	42.3
Total comprehensive income for the period	(518.3)	(43.4)	(678.0)	(138.4)	(216.7)
Balance sheet:					
Total assets			934.4	1,466.9	1,391.5
Cash and cash equivalents and securities			**305.4	569.3	480.6
Equity			332.2	1,067.4	994.1
Investments in tangible assets	1.4	1.4	3.2	5.9	10.8
Per share ratios (DKK):					
Earnings per share*	(20.30)	(2.28)	(26.31)	(7.19)	(10.56)
Diluted earnings per share	(20.30)	(2.28)	(26.31)	(7.19)	(10.56)
Net asset value			13.53	43.47	40.49
Market price at end of period			22.2	82.5	95.0
Market price/net asset value			1.64	1.9	2.35
Average number of employees			193	231	235

* Per share of DKK 20 nominal value.
** Capital resources total DKK 380.3 million (including contingent payments for staff working on projects under the alliance with Janssen of DKK 46.1 million and unused credits of DKK 28.8 million).
*** For further specification of "net financials" as of 30 September 2011, please see note 6.

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

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CONDENSED STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSES

(DKK million)	GROUP				
	Q3 2011 (3 months)	Q3 2010 (3 months)	Q1-Q3 2011 (9 months)	Q1-Q3 2010 (9 months)	2010 (12 months)
Income statement:					
Revenue	-	-	-	-	-
Development costs	173.5	34.9	229.2	113.7	152.4
General and administrative costs	100.8	6.3	107.6	12.2	15.2
Total costs	274.3	41.2	336.7	125.9	167.6
Operating profit/(loss)	**(274.3)**	**(41.2)**	**(336.7)**	**(125.9)**	**(167.6)**
Share of profit/(loss) of associates	31.5	(2.7)	27.6	(3.8)	(1.6)
Net other financials	9.3	2.9	8.2	23.4	23.4
Tax on income	-	13.1	-	41.5	47.2
Net profit/(loss) of continuing activities	**(233.5)**	**(27.9)**	**(300.9)**	**(64.8)**	**(98.6)**
Profit/(loss) of discontinuing activites	(265.0)	(28.2)	(345.0)	(111.4)	(160.4)
Net profit/(loss)	**(498.5)**	**(56.1)**	**(645.9)**	**(176.2)**	**(259.0)**
Statement of comprehensive income:					
Net profit/(loss)	(498.5)	(56.1)	(645.9)	(176.2)	(259.0)
Other comprehensive income:					
Fair value adjustment of hedging instruments	(13.2)	(1.8)	(15.1)	(6.2)	(2.1)
Exchange rate adjustment of new investment in foreign subsidiary	(7.2)	19.6	(19.8)	57.0	58.9
Fair value adjustment of hedge of net investment in foreign subsidiary	0.6	(5.1)	2.8	(13.0)	(14.5)
Total other comprehensive income	**(518.3)**	**12.7**	**(32.1)**	**37.8**	**42.3**
Total comprehensive income	**(518.3)**	**(43.4)**	**(678.0)**	**(138.4)**	**(216.7)**
Earnings per share, DKK	(20.30)	(2.28)	(26.31)	(7.19)	(10.56)
Diluted earnings per share, DKK	(20.30)	(2.28)	(26.31)	(7.19)	(10.56)

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Earnings per share, DKK (continuing activies)		(9.51)	(1.13)	(12.26)	(2.65)	(4.02)
Diluted earnings per share, DKK (continuing activites)		(9.51)	(1.13)	(12.26)	(2.65)	(4.02)

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CONDENSED BALANCE SHEET

(DKK million)	GROUP		
	30 September 2011	30 September 2010	31 December 2010
Intangible assets	*499.7	669.3	669.6
Property, plant and equipment	63.2	201.3	200.9
Investments	1.7	6.1	9.6
Receivables	64.4	20.9	30.8
Cash and cash equivalents and securities	305.4	569.3	480.6
Total assets	**934.4**	**1,466.9**	**1,391.5**
Equity	332.2	1,067.4	994.1
Non-current liabilities	247.6	149.1	203.9
Current liabilities	354.6	250.4	193.5
Total equity and liabilities	**943.4**	**1,466.9**	**1,391.5**

* Intangible assets consist of the development programme Huntexil®, which NeuroSearch acquired in connection with the acquisition of Carlsson Research in 2006, and goodwill represents the amounts paid in excess of the acquisition.

CONDENSED CASH FLOW STATEMENT

(DKK million)	GROUP		
	Q1-Q3 2011 (9 months)	Q1-Q3 2010 (9 months)	2010 (12 months)
Cash flows from operating activities	(205.5)	(276.5)	(358.5)
Cash flows from investing activities	219.9	231.6	307.6
Cash flows from financing activities	(9.0)	40.9	48.5
Net cash flow	**5.4**	**(4.0)**	**(2.4)**
Unrealised gain/(loss) on securities	3.7	8.4	(0.3)
Net change in cash and cash equivalents	9.1	4.4	(2.7)
Cash and cash equivalents at beginning of period	26.3	28.7	28.7
Foreign exchange adjustments of cash and cash equivalents	0.0	0.3	0.3
Cash and cash equivalents at end of period	35.4	33.4	26.3
Securities at the end of period	270.0	535.9	454.3
Cash and cash equivalents and securities at end of period	***305.4**	**569.3**	**480.6**

* Capital resources total DKK 380.3 million (including contingent payments for staff working on projects under the alliance with Janssen of DKK 46.1 million and unused credits of DKK 28.8 million).

For a breakdown of “cash and cash equivalents” and “securities” as of 30 September 2011, see notes 3 and 4.

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MOVEMENTS IN EQUITY

2011 GROUP (DKK million)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total
Equity at 1 January 2011	491.1	0	9.3	(3.0)	496.7	994.1
Total recognised income for the period	-	-	(17.0)	(15.1)	(645.9)	(678.0)
Employee warrant programme	-	-	-	-	16.1	16.1
Transfer	-	-	-	-	-	0
Equity at 30 September 2011	**491.1**	**0**	**(7.7)**	**(18.1)**	**(133.1)**	**332.2**

2010 GROUP (DKK million)	Share capital	Share premium	Currency translation reserve	Other reserves	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**

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NOTES

1. Accounting estimates and judgements

Basis of preparation
The interim financial statements contain a condensed of the consolidated financial 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 statements are consistent with those applied in the Annual Report 2010 except for supplement of accounting policies for segment reporting, which has been described in connection with the segment reporting in note 2. The Annual Report 2010 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 2010, pages 42-45.

Estimates and judgements
The preparation of interim consolidated financial statements in accordance with IAS 34 requires the making of estimates and judgements that affect the reporting of assets, liabilities and expenses. The estimates and judgements are reviewed on an ongoing basis. Estimates and judgements 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 judgements in the interim consolidated financial statements have been consistently applied in the interim financial statements and the Annual Report 2010. The principles are described in the Annual Report 2010 in note 1 to the financial statements (page 50).

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2. Discontinuing activities

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

(DKK million)	GROUP				
	Q3 2011 (3 months)	Q3 2010 (3 months)	Q1-Q3 2011 (9 months)	Q1-Q3 2010 (9 months)	2010 (12 months)
Income statement:					
Revenue	61.1	17.3	95.7	52.1	69.3
Total costs	(326.1)	(45.5)	(440.7)	(163.5)	(229.7)
Tax on income	-	-	-	-	-
Net profit/(loss) of discontinuing activities	**(265.0)**	**(28.2)**	**(345.0)**	**(111.4)**	**(160.4)**
Earnings per share, DKK (discontinuing activities)	(10.79)	(1.15)	(14.05)	(4.54)	(6.54)
Diluted earnings per share, DKK (discontinuing activities)	(10.79)	(1.15)	(14.05)	(4.54)	(6.54)

3. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	30 September 2011	30 September 2010	31 December 2010
Money market accounts	35.4	33.4	26.3
Cash and cash equivalents end of period	**35.4**	**33.4**	**26.3**

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount. The credit risk involved in cash is handled only by collaborating with financial institutions with satisfactory creditworthiness. No credit risk is considered to exist in relation to cash as the counterparties are Nordea, Danske Bank and Handelsbanken.

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4. Securities

Securities can be specified as follows:

(DKK million)	30 September 2011	30 September 2010	31 December 2010
Danish mortgage bonds	270.0	535.9	454.3
Total securities end of period	**270.0**	**535.9**	**454.3**

5. Treasury shares

(DKK thousand)	Number of shares	Nominal value	Percentage of share capital	Market value DKK million
1 January 2011	265,946	5,318,920	1.08	25.3
Additions	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	-	(19.4)
Treasury shares at 30 September 2011	**265,946**	**5,318,920**	**1.08**	**5.9**

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

6. Net financials

(DKK million)	Q1-Q3 2011	Q1-Q3 2010
Result of associates	27.6	(3.8)
Interest expense	(7.3)	(8.1)
Foreign exchange gains	2.6	2.7
Net fair value adjustment of financial assets measured at fair value through profit or loss	11.8	32.8
Financial element of contingent consideration	**1.1**	**(4.0)**
Total net financials	**35.8**	**19.6**