NEUROSEARCH

NeuroSearch A/S
Pederstrupvej 93
DK - 2750 Ballerup
Denmark
Telephone: +45 4460 8000
Telefax: +45 4460 8080
ns@neurosearch.dk
www.neurosearch.com
CVR No: DK-12 54 61 06

Announcement

NeuroSearch A/S – Q3 Report 2007

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

A loss after tax of DKK 222.9 million (a loss of DKK 132.2 million in the same period of 2006) was posted. The comparative figures for the nine months ended 30 September 2006 do not include NeuroSearch Sweden AB, which was acquired in Q4 2006.

NeuroSearch's capital resources stood at DKK 258.0 million at 30 September 2007 (DKK 287.1 million at 30 September 2006).

In 2007 to date, NeuroSearch has continued strong progress of its activities and generated very significant added value in its pipeline of drug candidates. The pipeline now includes 20 development programmes with a total of 17 drug candidates, two of which – ACR16 for the treatment of Huntington's disease and tesofensine for the treatment of obesity – are under preparation for pivotal Phase III clinical studies. Moreover, five development programmes are in Phase II with a view to obtaining a number of important milestones including proof-of-concept for indications such as depression, ADHD (Attention Deficit Hyperactivity Disorder) and pain. Overall, eleven programmes are in clinical development and nine are in preclinical development.

Highlights of material pipeline events from Q3 2007 and the following period:

- In late September, NeuroSearch filed an application (a clinical trial application) with the European regulatory authorities for Phase III studies to be commenced in Europe with the drug candidate ACR16 in Huntington's disease. In addition, an application to the US regulatory authorities is being prepared for studies under the Phase III programme to be initiated.
- In mid-September, NeuroSearch published breakthrough results from a Phase IIb proof-of-concept study of tesofensine for the treatment of obesity ("TIPO-1"). The study results showed that 24 weeks of treatment with 0.25 mg, 0.5 mg and 1 mg of tesofensine led to a significant and dose-dependent weight loss of 6.5%, 11.2% and 12.6% respectively, compared to 2.0% in the placebo group.
- In September, NeuroSearch's licence partner, Abbott, began a Phase II clinical study of ABT-894 for the treatment of diabetic neuropathic pain. Abbott is also evaluating ABT-894 in Phase II in ADHD, in a study for which patient enrolment has now been completed.
- In July, Abbott began a Phase I study of ABT-560, which modulates a specific subtype neuronal nicotinic receptor (NNR). ABT-560 is being developed for the treatment of different kinds of cognitive disorders and is the third drug candidate in clinical development under the Abbott partnership.
- In August, NeuroSearch selected a further new compound from its drug discovery programmes for development: NSD-761, a selective ion channel modulator that has shown promising effect in preclinical models for cognitive dysfunction. This was the fifth new development candidate from NeuroSearch's R&D platform to be progressed to the pipeline in 2007.

On 27 November 2007, NeuroSearch announced the results of a capital increase in the form of an offering of up to 2,765,593 new shares with a nominal value of DKK 20. The new shares were offered with preemptive rights to existing shareholders. The offering was 99.6% subscribed with a total of 2,754,579 new shares subscribed at a price of DKK 280 per share, corresponding to net proceeds to NeuroSearch of DKK 728.7 million.

In continuation of the completed rights issue, NeuroSearch will convene an extraordinary general meeting with a view to obtaining a new authorisation to the Board of Directors, during the period ending on 31 December 2011, to increase the company's share capital with a total nominal sum of up to DKK 76,000,000 or 3,800,000 shares of a nominal value of DKK 20 per share. The extraordinary general meeting will be held on 10 December at 4.00 pm at NeuroSearch's address, Pederstrupvej 93, DK-2750 Ballerup, Denmark.

Included in the notice of an extraordinary general meeting, NeuroSearch's Board of Directors has decided to propose Thomas Hofman-Bang, President and CEO of NKT Holding A/S, as a new member of the Board of Directors. NeuroSearch believes that Thomas Hofman-Bang has the right competences to make him a valuable supplement to the existing Board of Directors and which competences are important for the company's continuing development and growth.

Including the net proceeds from the offering, NeuroSearch's capital resources now constitute a strong basis for progressing further the company's comprehensive pipeline of products under development and for ensuring the best possible conditions for entering into attractive licence agreements with collaborative partners.

Nine of NeuroSearch's pipeline programmes are developed and financed under licence agreements with multinational pharmaceutical groups, involving substantial earnings potential for NeuroSearch by way of milestone payments and attractive royalties on future sales by the partners.

Management considers the performance for the first three quarters of 2007 to be highly satisfactory.

Flemming Pedersen, CEO of NeuroSearch commented:

"We have continued our very positive progress with breakthrough clinical results for tesofensine for the treatment of obesity, the start-up of a Phase III programme within Huntington's disease and with an innovative drug discovery platform which continuously supplies new, unique pipeline candidates to our increasingly valuable pipeline. We now also have strong capital resources which give us the necessary basis for making the right strategic decisions to ensure that NeuroSearch can make the next quantum leap forward".

Asger Aamund
Chairman of the Board

Telephone conference:
A telephone conference will be held this afternoon at 3.00 pm Copenhagen time at which CEO Flemming Pedersen, Vice President and CFO Anita Milland and Vice President and Director of IR & Corporate Communications Hanne Leth Hillman will

present the Q3 report and answer questions. The telephone conference will be conducted in English and the telephone number is +45 3271 4611 (UK: +44 (0)20 7162 0125). The related powerpoint presentation will be available at www.neurosearch.com.

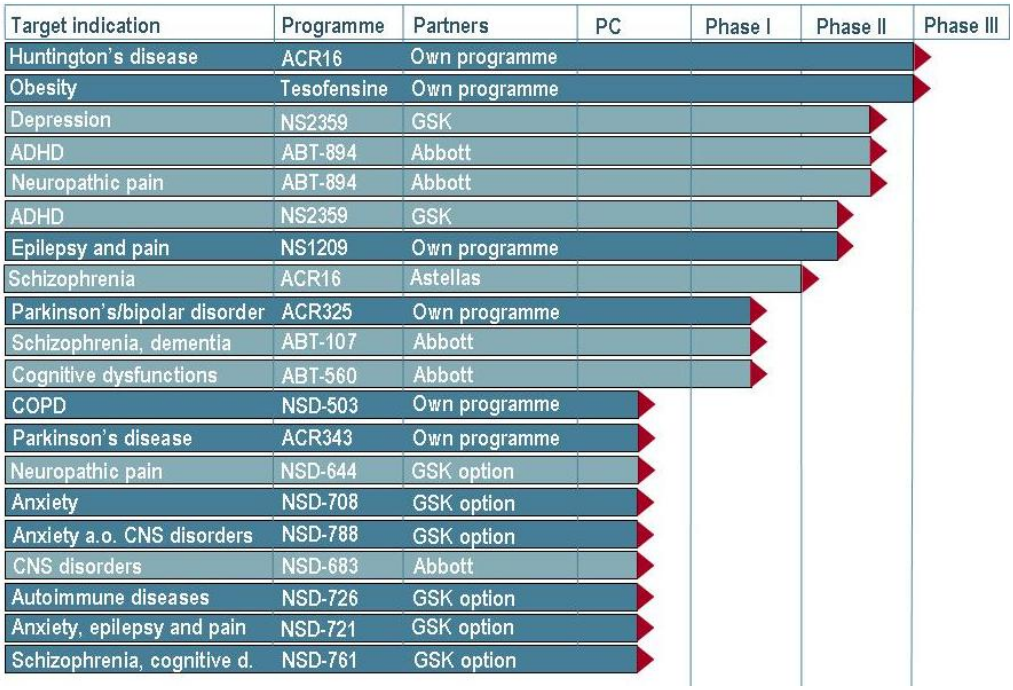
Contacts:	**Telephone:**
Flemming Pedersen, CEO	+45 4460 8214 or +45 2148 0118
Hanne Leth Hillman, Vice President, Director of Investor Relations & Corporate Communications	+45 4460 8212 or +45 4017 5103

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 in preparation), tesofensine in obesity (Phase III in preparation), 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 II) in partnership with Abbott, ACR16 in schizophrenia (Phase I) in partnership with Astellas, ACR325 in bipolar disorder and Parkinson's disease (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 20 programmes for the treatment of a large number of diseases – primarily related to the central nervous system (CNS). The pipeline has grown and matured substantially over the year, continuing the favourable progress seen in 2006. Eleven of the drug programmes are in clinical development, which is the largest number in the history of NeuroSearch. Moreover, the company has nine preclinical drug candidates, most of which are expected to move into clinical development within the coming 3 -12 months. Below is a graphic representation of NeuroSearch's pipeline:



ACR16 – Huntington's disease: Phase III programme initiated

NeuroSearch has completed the Phase III preparations for ACR16, and in September an application was filed for start-up of Phase III clinical studies in Europe with this drug candidate for the treatment of Huntington's disease. In addition, NeuroSearch is preparing to file an IND application with the US health authorities (FDA) for the start-up of a three-month clinical study in the United States. These studies in the United States and Europe are expected to form the basis of international market registrations of ACR16 for symptomatic treatment of Huntington's disease.

The European Phase III programme will involve several centres in a number of countries and is planned as a randomised, double-blinded, placebo-controlled study of ACR16 (45 mg or 90 mg daily doses) for symptomatic treatment of Huntington's disease. It is expected that about 420 patients will be enrolled in the study, and treatment will run over six months. The selected primary endpoint in Phase III a change in is patients' motor function measured as the change from the baseline in the modified Motor Score (mMS), which is a subscale of the Unified Huntington's Disease Rating Scale (UHDRS). The mMS measures the negative motor symptoms in patients with Huntington's disease, including parkinsonism and gait disorder. It is well

established that these symptoms show a strong correlation with patients' functional decline over time. The secondary endpoint is to evaluate patients' overall improvement, effects on behaviour, symptoms of depression and anxiety, and cognitive functions, in addition to an evaluation of the safety and tolerability of ACR16.

Prior to the start-up of Phase III studies, NeuroSearch has re-evaluated data from a Phase II study of ACR16 in Huntington's patients in a post-hoc analysis based on the primary endpoint for the Phase III programme. The analysis showed that, after four weeks' treatment with ACR16, patients in the study achieved a statistically significant improvement of their motor function, measured as an mMS value, relative to the placebo group. The improvement, measured as an mMS value, is considered to be clinically highly relevant as it corresponds to about one year's deterioration in motor functions for this patient group.

ACR16 belongs to the group of drug candidates called dopaminergic stabilisers, i.e. CNS active compounds, which can both strengthen and inhibit dopaminergic effects in the brain, depending on depending on the dopamine activity at base level. Doperminergic stabilisers can thus stabilise behaviour and motor disturbances caused by neurological and psychiatric disorders without having a negative impact on normal thought processes or motor functions. ACR16 has been successfully studied in a Phase II multi-centre, randomised and placebo-controlled study in patients with Huntington's disease and in three Phase Ib studies in Huntington's disease, Parkinson's disease and schizophrenia respectively.

Concurrently with the Phase III preparations, NeuroSearch has initiated the preparation of marketing plans for ACR16.

Huntington's disease
Huntington's disease is a fatal, hereditary disease caused by a faulty gene on chromosome 4 which damages nerve cells in several parts of the brain. Patients suffering from Huntington's disease experience a wide variety of symptoms which may be grouped into three categories, and which are therefore often referred to as the "symptoms triad": motor, cognitive and psychiatric. The motor symptoms include both positive motor disruptions such as chorea (strong involuntary movements), muscle spasms and tics such as negative motor disruptions, including parkinsonism, difficulty in walking, muscle rigidity, and in the later stages of the disease also swallowing difficulties. The most significant cognitive symptoms are dementia, including difficulties in communicating and planning. Depression is the most common psychiatric symptom of Huntington's disease.

Around 70,000 persons are estimated to suffer from Huntington's disease in the United States and Europe, and approximately 400.000 are at risk of having inherited the disease. The symptoms of Huntington's usually appear when people are between 30 and 45 years of age, and the disease then progresses without improvement over a period of 10 to 25 years. There is no effective treatment and therefore there is a great unmet demand for new medical treatment of Huntington's disease. In spite of this, the number of drug candidates in development for the treatment of the disease is limited.

Tesofensine - Obesity Breakthrough results

NeuroSearch has completed a Phase IIb poof-of-concept and dose finding study ("TIPO-1") with the drug candidate tesofensine for the treatment of obesity with very positive results. Data from the study, which comprised 203 patients, showed that 24 weeks' treatment with 0.25 mg, 0.5 mg and 1 mg tesofensine respectively resulted in a dose-dependent average weight loss of 6.5%, 11.2% and 12.6% respectively, compared to 2.0% in the placebo group. In all treatment groups, the primary

endpoints were met with high statistical significance. The secondary endpoints of the study, including a fall in BMI (Body Mass Index (kg/m^2)) and a reduction in waist circumference, were also achieved. The weight loss after 24 weeks' treatment with tesofensine was almost twice as large as that achieved by 12 months' treatment with existing obesity drugs.

The results from the TIPO-1 study also showed that tesofensine has a good safety profile and was well tolerated. The most frequently reported adverse events were mainly mild to moderate and included dry mouth, sleep disturbances, nausea, constipation and diarrhoea. In line with tesofensine's pharmacological profile, there was a tendency towards an increased number of adverse event observations in the highest dose groups (0.5 mg and 1.0 mg). A similar pattern was observed when measuring cardiovascular effects, with slight increases in heart rate and blood pressure.

Conclusions from the TIPO-1 study show a clear, dose-dependent weight reducing effect of tesofensine with a significant and clinically relevant effect already at the lowest dose level (0.25 mg). This leaves promising prospects for the further development of tesofensine as a new preferred medical alternative for the treatment of obesity.

Ongoing tesofensine studies (TIPO-2 and TIPO-4)

NeuroSearch is conducting an additional human metabolic study with tesofensine ("TIPO-2"), to evaluate the drug candidate's direct effect on metabolic parameters such as insulin, glucose and cholesterol levels. The study includes about 30 patients.

Further, in June 2007 NeuroSearch initiated an open-label Phase II extension study, TIPO-4, with tesofensine, offering all patients having concluded 24 weeks' treatment in TIPO-1 with tesofensine or placebo another 24 weeks' treatment. In TIPO-4, the dosing of tesofensine is 0.5 mg daily for all patients with the possibility to increase to 1.0 mg daily, subject to tolerability and effect. The aim of TIPO-4 is to further evaluate tesofensine's safety profile and tolerability as well as to generate additional observations on maintenance of effect (weight reduction) after up to 12 months. The patients in TIPO-4 will follow the same diet and exercise programme as in TIPO-1. To date, approximately 90% of the patients having completed TIPO-1 have chosen to continue tesofensine treatment in TIPO-4. Results from TIPO-4 are expected in the first half of 2008.

Tesofensine is a drug that blocks the re-uptake of the neurotransmitters dopamine and noradrenaline and to a lesser extent serotonin, thereby increasing the concentration of all three neurotransmitters in the brain. These three neurotransmitters are in different ways implicated in regulation of food intake, metabolism and subsequent weight control. The unique triple profile of tesofensine and the balanced modulation of all three transmitter systems is the reason for the ability of the compound to induce a weight reduction in obese patients.

Overweight/obesity

According to the World Health Organization (WHO), obesity has reached epidemic proportions globally, with up to 1.6 billion adults (over 15 years old) overweight and at least 400 million of them clinically obese (BMI > 30). This rising epidemic is a major contributor globally to the social burden of chronic disease and disability, resulting in lower productivity. The prevalence of obesity has risen threefold in less than two decades. This rapidly growing epidemic shows no signs of slowing, according to Datamonitor.

Overweight and obesity leads to the development of one or more serious medical conditions which can cause poor health and premature death, including in particular type 2 diabetes. As many as 90% of individuals with type II diabetes are reported to be overweight or obese. In addition, obesity increases the risk of cardiovascular disease and is a major risk factor for heart attack and ischemic stroke. Over 75% of hypertension cases are reported to be directly attributed to obesity.

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

NS2359 is a monoamine reuptake inhibitor with a triple mode of action, affecting the three neurotransmitters serotonin, noradrenaline and dopamine. This mode of action holds the potential to produce a better and faster reduction of the symptoms of depression than seen with existing antidepressants. It is expected that drugs with this triple mode of action will become an important future therapy for depression.

Under the terms of an option agreement with GlaxoSmithKline (GSK), GSK has the worldwide rights to develop and market NS2359, and GSK is conducting a 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 names 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 for depression. Both studies are following the plans.

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 future sales of the product.

ABT-894 – ADHD and neuropathic pain: Two Phase II programmes

NeuroSearch's development and licence partner, Abbott, is developing the drug candidate ABT-894 for two indications: In April 2007, the first Phase II study was initiated of ABT-894 for the treatment of ADHD in adults. Patient enrolment for the study has been completed and the study is progressing as scheduled.

In July 2007, Abbott initiated an additional Phase II programme in the form of a randomised, double-blinded, placebo-controlled study in diabetic neuropathic pain, which is a severe, chronic pain condition. The study is progressing according to plan.

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 Abbott's future global sales.

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

NeuroSearch has investigated the drug candidate NS1209 in two small Phase IIa clinical studies in status epilepticus (severe and prolonged epileptic seizures) as well as in a small Phase I/II study in neuropathic pain. Based on the combined results of

these clinical studies, NeuroSearch has decided to seek a partner with supplementary specialist competences for the continued development of NS1209.

ACR16 – Schizophrenia: In Phase Ib

ACR16 is being evaluated in a Phase Ib study by NeuroSearch's partner Astellas, which has the right to develop and market the drug candidate for the treatment of schizophrenia and all other indications except for Huntington's disease in the European Union, Norway, Switzerland, the United States and Canada.

ACR16 is a dopaminergic stabiliser representing a new principle in the treatment of schizophrenia. The compound has been shown to be effective in models for schizophrenia, while leaving the normal behaviour of animals unaffected in the same models. This leads to an expectation that treatment with ACR16 will not impair schizophrenic patients' normal functions dependent on the transmission of dopamine, such as locomotion, motivation and reward, which will be a major potential advantage over existing antipsychotic therapies.

Under the terms of the licence agreement, Astellas has undertaken to finance all development costs except those relating to Huntington's disease, and NeuroSearch will receive up to EUR 84 million in milestone payments and royalties on Astellas' global sales of the product.

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

NeuroSearch evaluates ACR325 in Phase I clinical studies with a view to developing the product for the treatment of Parkinson's disease and psychoses, including bipolar disorder. The existing therapies for these disease indications have either a limited effect or considerable adverse side effects.

ACR325 is a dopaminergic stabiliser which has demonstrated promising effects in preclinical models for psychosis. The compound increases the levels of dopamine and noradrenaline in the forebrain and concurrently inhibits the over activity of dopamine in other regions of the brain without this causing undesired inhibiting of voluntary movement. This indicates that, as opposed to marketed drugs against psychoses and Parkinson's disease, ACR325 has a clinical profile with limited adverse side effects.

NeuroSearch plans to initiate the first Phase II study of ACR325 in the first half of 2008.

Other drug candidates under development within the Abbott partnership concerning neuronal nicotinic receptor (NNR) modulators: ABT-107, ABT-560 and NSD-683

Significant progress has also been achieved in 2007 within the framework of the development and licence agreement with Abbott regarding NNR modulators. In addition to ABT-894, which is now in Phase II development for two major indications, Abbott has initiated clinical studies of two other NNR modulators under the terms of the agreement.

ABT-107 was selected as a new drug candidate in Q1 2006, and Abbott initiated a Phase I study of the compound in April 2007. In preclinical studies, ABT-107 has shown a potential for the treatment of cognitive dysfunctions related to a number of CNS indications, including ADHD, schizophrenia and Alzheimer's disease. The Phase I programme is progressing as scheduled.

ABT-560 was also selected as a new development candidate for the treatment of a number of CNS diseases in 2006. In late July, Abbott began a Phase I clinical study of ABT-560 with a view to developing this drug candidate for the treatment of cognitive dysfunctions.

Cognitive dysfunctions include conditions ranging from relatively benign, mild cognitive impairment to dementia, which may be extremely debilitating. Symptoms of cognitive dysfunctions are impairment in thinking, reasoning, concentration, memory and slower language fluency. Cognitive dysfunction is not an indication in itself, but the general term for a variety of symptoms manifesting themselves in connection with dementia, schizophrenia, multiple sclerosis, ADHD, bipolar disorder, depression and Huntington's disease.

In addition to the three clinical NNR programmes, Abbott is conducting preclinical development studies of another drug candidate: NSD-683.

Under the terms of the agreement, Abbott is responsible for all clinical development and the commercialisation of all products from the partnership. In addition, Abbott has undertaken to pay milestones to NeuroSearch and royalties on its global sales.

Preclinical drug candidates: ACR343, NSD-644, NSD-708, NSD-788, NSD-503, NSD-726, NSD-721 and NSD-761 (see above for NSD-683)

Since the turn of the year, NeuroSearch has announced five new development candidates from its drug discovery programmes. This increased the total number of drug candidates in preclinical development to nine (including NSD-683 which is being developed in a partnership with Abbott) of which most are expected to move into clinical development (Phase I) with the next 3-6 months.

Below are brief descriptions of the eight preclinical programmes handled by NeuroSearch alone – including NSD-644 which is being developed and financed under the alliance with GSK:

- ACR343 is a dopaminergic stabiliser in development for the treatment of Parkinson's disease. The compound's clinical profile indicates that it is able to stabilise the drug-induced motor function disturbances without causing undesired inhibiting of the voluntary movement.
- NSD-644 is a selective triple monoamine reuptake inhibitor 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, which means that GSK will pay milestone payments to NeuroSearch up to and including the initiation of Phase I studies.
- NSD-708 is an efficacious subtype selective 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-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-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, an efficacious 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.

- NSD-761 is a selective ion channel modulator, selected for development by the end of August 2007. The compound has demonstrated promising effects in preclinical models of cognitive dysfunction. GSK holds an option for NSD-761 within the framework of the GSK Agreement.

For all drug candidates being developed under the alliance with GSK and under the terms of the option agreement, the plan is that NeuroSearch will handle development through Phase IIa with sizeable 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 to NeuroSearch, which may amount to a total of EUR 109 million until marketing, as well as royalties on its global sales of the products.

In general, NeuroSearch's preclinical development activities are progressing very satisfactorily.

Affiliates and other equity interests

NeuroSearch had equity interests in the following companies as of 30 September 2007: NeuroSearch Sweden AB (100%), NsExplorer A/S (100%); NeuroScreen ApS (100%) and Poseidon Pharmaceuticals A/S (100%); Sophion Bioscience A/S (29.6%), NsGene A/S (25.2%), Atonomics A/S (18.8%), ZGene A/S (17.7%), PainCeptor Pharma Corporation Inc. (2.6%) and Bavarian Nordic A/S (1.3%)

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 based in Canada.

Associates

In Q3 2007, NeuroSearch has granted a convertible loan to Sophion Bioscience of DKK 1.3 million. NeuroSearch has thus provided loans to Sophion Bioscience totalling DKK 2.6 million including interest. The loans, on which no instalments are paid, falls due on 30 June 2008.

In Q3 2007, NeuroSearch has also granted subordinated convertible loans to NsGene of DKK 4.0 million. NeuroSearch has thus provided loans to NsGene totalling DKK 11.3 million including interest. The loans, on which no instalments are paid, fall due on 28 February 2008.

Other Investments

NeuroSearch holds 100,102 shares in Bavarian Nordic A/S (BAVA), equivalent to 1.3% of the share capital. As of 28 September the market value of the shares was DKK 44.8 million based on the closing price of Bavarian Nordic's shares of DKK 448 per share. As of 27 November 2007, the value of NeuroSearch's interest in Bavarian Nordic was DKK 32.0 million (DKK 320 per share).

Organisation

NeuroSearch had 230 employees at 30 September 2007. The affiliated companies had a total of 117 employees.

As a result of the growth in its development activities and the growing number of clinical studies of new drug candidates, NeuroSearch has decided to extend its R&D facilities at Ballerup, Denmark by 800 square metres of new premises, in order to meet the increased demand for facilities. The necessary building permits and the environmental approval have been obtained, and construction is expected to begin at the end of 2007 with scheduled completion in late 2008. NeuroSearch has received a binding credit commitment for financing of the new building.

Outlook for 2007

NeuroSearch retains its guidance for the year ending 31 December 2007 of a loss in the range of DKK 230-250 million before recognition of associates and other equity interests, as was also stated in the offering circular dated 31 October 2007.

Shareholder information

NeuroSearch completed a rights issue on 27 November 2007 of DKK 55,091,580 nominal value, equivalent to 2,754,579 new shares of DKK 20 nominal value each. The new shares were subscribed at DKK 280 per share with total net proceeds to NeuroSearch of DKK 728.7 million. Hereafter, the share capital of NeuroSearch A/S amounts to a nominal value of DKK 303,995,000, equivalent to 15,199,750 shares.

In continuation of the rights issue, ATP and ATP Invest have announced that they have increased their share holding in NeuroSearch to a total of 1,603,517 shares with a nominal value of DKK 20 each, or a total nominal value of DKK 32,070,340. Hereafter, ATP and ATP Invest own a combined 10.55% share of the share capital and the votes in NeuroSearch A/S.

As soon as possible, NeuroSearch will convene an extraordinary general meeting with a view to obtaining a new authorisation to the Board of Directors, during the period ending on 31 December 2011, to increase the Company's share capital with a total nominal sum of up to DKK 76,000,000 or 3,800,000 shares of a nominal value of DKK 20 per share. The extraordinary general meeting will be held on 10 December at 4.00 pm at NeuroSearch's address, Pederstrupvej 93, DK-2750 Ballerup, Denmark.

On 22 August 2007, NeuroSearch's Board of Directors resolved to issue up to 325,000 warrants to the members of the Board of Directors and the Executive Management and the employees pursuant to article 5a of the Articles of Association entitling the members of the Board of Directors, the Executive Management as well as other employees to subscribe for shares with a total nominal value of up to DKK 6,500,000. As a result of the completed capital increase in NeuroSearch on 27 November the number of warrants have been adjusted to 342,940, entitling the holders to subscribe for shares with a nominal value of up to DKK 6,858,800.The allocation to the members of the Board of Directors (14,777 warrants) and the Executive Management (63,331 warrants) as well as the other employees (264.832 warrants) has now been completed. The exercise price has been fixed at DKK 342 per warrant (DKK 361 before dilution). The exercise periods are 22 November 2010 to 26 November 2010, 2 May 2011 to 6 May 2011 and 21 November 2011 to 25 November 2011.

Proposal of President and CEO Thomas Hofman-Bang as a new board member

NeuroSearch's Board of Directors has decided to propose Thomas Hofman-Bang, President and CEO of NKT Holding A/S, as a new member of the Board of Directors. Thomas Hofman-Bang has more than 10 years' broadly based industrial experience, including more than six years' experience from management positions in Denmark and the US within business development, finance and strategy in listed companies In addition, he holds a number of directorships in innovation driven-companies and organisations. He is a state authorised public accountant by education. NeuroSearch believes that Thomas Hofman-Bang has the right competences to make him a valuable supplement to the existing Board of Directors and which competences are important for the company's continuing development and growth. The recommendation of Thomas Hofman-Bang as a new member of the Board of Directors will be included in the notice of an extraordinary general meeting.

Shareholdings

On 30 September 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	168,788
Total	981,677(1)

(1) Equivalent to 7.9% of the outstanding share capital of 12,445,171 shares at 30 September 2007. NeuroSearch does not hold any treasury shares.

Warrants

As NeuroSearch completed a rights issue on 27 November 2007 with a nominal value of DKK 55,091,580 at a price below the market value of the shares, the Board of Directors decided, in accordance with NeuroSearch's Articles of Association and the existing warrant programmes, to adjust the number of warrants previously granted to NeuroSearch's employees and the exercise price of the warrants. The adjustment was made to ensure that the value to the employees of the warrants is retained following the capital increase. The adjustment implies that the employees were granted a number of additional warrants and that the exercise price was reduced. NeuroSearch does not hold any treasury shares.

The adjustment has resulted in the following changes to NeuroSearch's warrant programmes:

Year of warrant program-me	Exercise price before dilution	Exercise price after dilution	Number of warrants before dilution	Number of warrants after dilution (rounded down)	Market value [1)]
2004	262.19	248.39	146,134	154,172	17.0
2005	191.30	181.23	150,500	158,777	27.3
2006	213.51	202.27	11,709	12,359	1.9
2007-I	402.00	380.84	237,272	250,341	23.1
2007-II	361.00	342.00	325,000	342,940	40.0

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 27 November 2007 of DKK 328.10 per share and a volatility rate of 40.6%, equivalent to the volatility of the price of NeuroSearch's shares over the last three year before the balance sheet date. Source: Danske Markets.

Warrants granted in 2004, 2005, 2006 and 2007 as at 27 November 2007 (after dilution)

Year	Exercise price, DKK	Exercise period	Board of Directors	Executive Manage-ment	Other employees	Total (DKK 20 each)	Market value[(1)]
2004	248.39	Nov. 2007 March 2008 Sept. 2008 March 2009	7,416	25,334[(2)]	121,422[(4)]	154,172[(4)]	17.0
2005	181.23	Nov. 2008 May 2009 Nov. 2009 March 2010	7,416	28,672	122,689[(4)]	158,777[(4)]	27.3
2006	202.27	Nov. 2008 May 2009 Nov. 2009 March 2010	0	0	12,359	12,359	1.9
2007-I	380.84	May 2010 Aug./Sept. 2010 March 2011	0	41,165[(5)]	209,176[(4)]	250,341[(4)]	23.1
2007-II	342.00	Nov. 2010 May 2011 Nov. 2011	14,777	63,331[(6)]	264,832[(4)]	342,940[(4)]	40.0
Total			**29,609**	**158,502**	**730,478**	**918,589[(3)]**	**109.3**

(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 27 November 2007 of DKK 328.10 per share and a volatility rate of 40.6%, 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 6.0% 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).
(6) The grant was made to the Executive Management consisting of five persons as of 1 September 2007 (Flemming Pedersen, Jørgen Drejer, Frank Wätjen, Finn Eggert Sørensen and Dieter Meier).

FINANCIAL REVIEW

The interim report for Q3 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.

A loss after tax of DKK 222.9 million was posted for the nine months ended 30 September 2007 (a loss of DKK 132.2 million in the same period of 2006). The comparative figures for the nine months ended 30 September 2006 do not include NeuroSearch Sweden AB, which was acquired in Q4 2006.

Capital resources totalled DKK 258.0 million at 30 September 2007 (DKK 287.1 million at 30 September 2006).

Revenue for the period 1 January to 30 September 2007 was DKK 66.3 million, of which guaranteed revenue from the partnership agreement with GSK accounted for DKK 49.3 million. The remaining DKK 17 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 the initiation of a Phase I clinical study in May of the development candidate ABT-107 as well as a Phase I clinical study initiated in July of the development candidate ABT-560 with a view to developing both for the treatment of cognitive dysfunctions related to a number of CNS diseases.

Costs totalled DKK 260.0 million (DKK 167.5 million in the same period of 2006), of which NeuroSearch Sweden accounted for DKK 49.2 million. Development costs increased by DKK 59.6 million, of which DKK 30 million related to increased activities in the development projects acquired in NeuroSearch Sweden, including the acquired ACR16 development project (Huntington's disease). In addition, costs increased by 14.0 million in the tesofensine project (obesity/type 2 diabetes). The remaining DKK 15.6 million of costs primarily related to NSD-644 (pain and psychiatric disorders), NSD-788 (anxiety) and other development projects. Research costs increased by DKK 25.4 million, of which DKK 16.0 million related to increased activity in the acquired company NeuroSearch Sweden. The costs include DKK 13.1 million of share-based compensation. This item has no cash flow effect.

Other financials amounted to a net expense of DKK 9.6 million, down from a net expense of DKK 3.9 million in H1 2006. Out of the DKK 9.6 million, interest on mortgages on the company's property accounted for DKK 5.7 million and amortisation of the consideration for NeuroSearch Sweden AB accounted for DKK 8.1 million. The amortisation has no cash flow effect.

In accordance with IFRS3, an adjustment has been made of the value of deferred tax relating to the acquisition of Carlsson Research (now NeuroSearch Sweden). Deferred tax has been increased by DKK 36 million. Goodwill has been increased by a corresponding amount, so the adjustment has no impact on the results of operations for the period or equity.

Q3 report 2007

Financial highlights, per share ratios and movements in equity

The interim report for Q3 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**				
	Q3 2007 (3 months)	Q3 2006 (3 months)	Q1-Q3 2007 (9 months)	Q1-Q3 2006 (9 months)	2006 (12 months)
Income statement:					
Revenue	22.0	16.3	68.9	49.3	66.3
Research costs	49.0	40.6	148.0	122.6	172.3
Development costs	33.0	7.8	88.3	28.7	54.8
Operating profit/(loss)	(65.8)	(35.2)	(191.1)	(118.2)	(186.7)
Net financials	(8.0)	1.5	(31.8)	(14.0)	(25.5)
Profit/(loss) before taxes	(73.8)	(33.7)	(222.9)	(132.2)	(212.2)
Net profit/(loss)	(73.8)	(33.7)	(222.9)	(132.2)	(212.2)
Balance sheet:					
Total assets			1,134.0	498.8	1,267.5
Cash and cash equivalents, securities and investments			198.1	271.4	387.0
Equity			440.2	272.3	657.7
Investments:					
Payments to acquire equipment	6.9	2.7	10.5	9.1	12.9
Statement of cash flows:					
Cash flows from operating activities	(76.9)	(52.5)	(165.5)	(98.5)	(166.4)
Cash flows from investing Activities	78.3	26.5	147.5	(1.3)	(335.5)
Cash flows from financing activities	1.9	(9.2)	11.1	(3.9)	365.2
Cash and cash equivalents at end of period			(14.5)	34.1	(7.2)
Other capital resources:					
Other investments, securities and cash reserves			272.5	253.0	510.8
Capital resources at end of period			258.0	287.1	503.6
Per share ratios (DKK):					

Earnings per share (EPS)*	(5.93)	(4.25)	(17.96)	(16.71)	(24.17)
Diluted earnings per share	(5.93)	(4.25)	(17.96)	(16.71)	(24.17)
Net asset value			35.37	34.29	53.38
Market price at end of period			387	169	321.5
Market price/net asset value			10.94	4.93	6.02
Average number of employees, full-time equivalents			229	192	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	(5.2)	(17.8)	12.6	5.4
Net profit/(loss) for the period	-	-	-	-	(222.9)	(222.9)
Transfer	-	(13.3)	-	-	13.3	0
Equity at 30 September 2007	**248.9**	**0**	**(0.1)**	**36.5**	**154.9**	**440.2**

Statement of movements in equity (DKK million)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained loss	Total
Equity at 1 January 2006	157.7	0	0	43.3	206.9	407.9
Other equity items	1.1	8.4	-	-	-	9.5
Net profit/(loss) for the period	-	-	-	(12.9)	(132.2)	(145.1)
Equity at 30 September 2006	**158.8**	**8.4**	**0**	**30.4**	**74.7**	**272.3**

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 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, 28 November 2007

Executive Management

Flemming Pedersen

_____

Board of Directors

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

Torben Skov

_____

Annex 1 – Condensed income statement

Income statement (DKK million)	**GROUP**		
	Q1-Q3 2007 (9 months)	Q1-Q3 2006 (9 months)	2006 (12 months)
Revenue	68.9	49.3	66.3
Research costs	148.0	122.6	172.3
Development costs	88.3	28.7	54.8
General and administrative costs	23.7	16.2	25.9
Total costs	260.0	167.5	253.0
Operating profit/(loss)	**(191.1)**	**(118.2)**	**(186.7)**
Share of profit/(loss) of associates	(14.3)	(10.1)	(20.7)
Value adjustment of securities	(7.9)	-	-
Net other financials	(9.6)	(3.9)	(4.8)
Taxes	-	-	**-**
Net profit/(loss)	**(222.9)**	**(132.2)**	**(212.2)**

Annex 2 – Condensed balance sheet and statement of cash flows

Balance sheet (DKK million)	**GROUP**		
	Q1-Q3 2007 (9 months)	Q1-Q3 2006 (9 months)	2006 (12 months)
Intangible assets	726.6	8.7	657.8
Property, plant and equipment	168.7	165.1	169.7
Investments	25.2	37.9	29.7
Receivables	15.4	15.7	23.3
Cash and cash equivalents and securities	198.1	271.4	387.0
Total assets	**1,134.0**	**498.8**	**1,267.5**
Equity	440.2	272.3	657.7
Non-current liabilities	306.9	126.7	435.7
Current liabilities	386.9	99.8	174.1
Total equity and liabilities	**1,134.0**	**498.8**	**1,267.5**

Statement of cash flows (DKK million)			
Cash flows from operating activities	(165.5)	(98.5)	(166.4)
Cash flows from investing activities	147.5	(1.3)	(335.5)
Cash flows from financing activities	11.1	(3.9)	365.2
Unrealised gain/(loss) on securities and value adjustment of cash and cash equivalents	(0.4)	0.3	0
Net change in cash and cash equivalents for the period	(7.3)	(103.4)	(136.7)
Cash and cash equivalents at beginning of period	(7.2)	137.5	129.5
Cash and cash equivalents at end of period	(14.5)	34.1	(7.2)
Other investments, securities cash reserves	272.5	253.0	510.8
Capital resources at end of period	**258.0**	**287.1**	**503.6**