



H1 report 2015

Announcement

31 August 2015

NeuroSearch A/S – H1 report 2015

The NeuroSearch Group posted an operating loss of DKK 3 million in H1 2015 (H1 2014: a loss of DKK 10 million) and a loss after tax of DKK 3 million (H1 2014: a loss of DKK 6 million).

At 30 June 2015, cash and cash equivalents totalled DKK 80 million (30 June 2014: DKK 84 million).

Update on the company's assets

The company is currently in the process of exploring the possibility of a controlled disposal of some of the remaining assets. The potential of a merger or a similar solution is also being investigated.

Clinical projects – NeuroSearch does not conduct any further development, but is trying to identify opportunities to divest the projects on an “as is” basis:

- Seridopidine for the treatment of CNS disorders (completed Phase I)
- Ordopidine for the treatment of CNS disorders (completed Phase I)

Moreover the company has shareholdings in:

- NsGene: 26.8%
- Atonomics: 5.2%

Licence agreements:

- Potential milestone payments from Teva Pharmaceuticals of up to DKK 55 million relating to the development of Huntexil®
- Potential milestone payments and royalties from Saniona

The value of the assets listed above is subject to substantial uncertainty as no established market exists for such assets.

In addition, NeuroSearch calculated the value as of 31 December 2014 of its unrecognised tax losses carried forward at approximately DKK 2.0 billion, and deductible temporary differences at approximately DKK 0.2 billion, or a total of DKK 2.2 billion. Under certain conditions, the unrecognised tax assets may be exploited in full or in part by a potential buyer of NeuroSearch.



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The current litigation

In August 2014, NeuroSearch was convicted by the City Court of Copenhagen of share price manipulation in violation of the rules of the Danish Securities Trading Act in an action brought by the Public Prosecutor for Special Economic and International Crime (SEIC) as a result of the conviction of the Company's then CEO for share price manipulation. NeuroSearch appealed the decision of the City Court of Copenhagen to the Eastern High Court as the Board of Directors as the Board of Directors believed there is no basis for convicting the Company of share price manipulation. The Eastern High Court has set the hearing of the case for late September 2015. NeuroSearch expects the Eastern High Court's conviction in Q4 2015.

Outlook for 2015

In 2014, NeuroSearch expects an operating loss in the range of DKK 7-9 million. The outlook does not include any income from the possible sale of Company assets, potential income from the company's agreements with Teva, Saniona or others, and neither does the outlook take into account a potential reversal of the provision of DKK 5 million made to cover the fine the Company in 2014 was ordered by The City Court of Copenhagen to pay.

Allan Andersen
CEO

Contact person

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About NeuroSearch

NeuroSearch A/S (NEUR) is listed on NASDAQ OMX Copenhagen A/S.



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Financial review

Liquidity and capital resources

At 30 June 2015, the company's cash and cash equivalents totalled DKK 80 million (30 June 2014: DKK 84 million).

Income statement

The NeuroSearch Group realised an operating loss of DKK 3 million in H1 2015 (H1 2014: a loss of DKK 10 million). The financial result after tax was a loss of DKK 3 million in H1 (H1 2014: a loss of DKK 6 million).

Costs

Consolidated costs totalled DKK 3 million (H1 2014: DKK 10 million).

Net financials

Net financials amounted to a net income of DKK 0 million (H1 2014: DKK 4 million).

Balance sheet

By the end of the first half year 2015, the balance sheet stood at DKK 81 million (30 June 2014: DKK 85 million).

Subsidiaries and associated companies

At 30 June 2015, 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 (5.2%).

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

Outlook for 2015

In 2014, NeuroSearch expects an operating loss in the range of DKK 7-9 million. The outlook does not include any income from the possible sale of Company assets, potential income from the company's agreements with Teva, Saniona or others, and neither does the outlook take into account a potential reversal of the provision of DKK 5 million made to cover the fine the Company in 2014 was ordered by The City Court of Copenhagen to pay.



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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP		
	H1 2015 (6 months)	H1 2014 (6 months)	2014 (12 months)
Income statement and statement of comprehensive income:			
General and administrative costs	3.0	9.8	13.3
Operating profit/(loss)	(3.0)	(9.8)	(13.3)
Net financials	0.0	3.7	2.7
Profit/(loss) of continuing operations before taxes	(3.0)	(6.1)	(10.6)
Net profit/(loss) of discontinued operations	0.4	-	1.6
Profit/(loss) for the period	(2.6)	(6.1)	(7.7)
Total comprehensive income for the period	(2.6)	(9.7)	(10.2)
Balance sheet:			
Total assets	81.3	84.9	84.0
Cash and cash equivalents and securities	80.3	84.1	83.4
Equity	75.2	78.2	77.7
Per share ratios (DKK):			
Earnings per share*	(0.10)	(0.25)	(0.32)
Diluted earnings per share	(0.10)	(0.25)	(0.32)
Net asset value	3.06	3.18	3.17
Market price at end of period	3.08	3.45	2.59
Market price/net asset value	1.01	1.08	0.82
Average number of employees	2	2	2
Number of employees at the end of period	2	2	2

* Per share of DKK 1 nominal value.

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



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CONDENSED TOTAL INCOME STATEMENT

(DKK million)	GROUP		
	H1 2015 (6 months)	H1 2014 (6 months)	2014 (12 months)
Income statement:			
General and administrative costs	3.0	9.8	13.3
Total costs	3.0	9.8	13.3
Operating profit/(loss)	(3.0)	(9.8)	(13.3)
Share of profit/(loss) of associates	-	-	-
Net other financials	0.0	3.7	2.7
Net profit/(loss) of continuing operations before taxes	(3.0)	(6.1)	(10.6)
Profit/(loss) of discontinued operations	0.4	-	1.6
Net profit/(loss)	(2.6)	(6.1)	(7.7)
Statement of comprehensive income:			
Net profit/(loss)	(2.6)	(6.1)	(7.7)
<i>Other comprehensive income:</i>			
Exchange rate adjustment of new investment in foreign subsidiary	-	(3.6)	(2.5)
Total other comprehensive income	0	(3.6)	(2.5)
Total comprehensive income	(2.6)	(9.7)	(10.2)
Earnings per share, DKK	(0.10)	(0.25)	(0.38)
Diluted earnings per share, DKK	(0.10)	(0.25)	(0.38)
Earnings per share, DKK (continuing operations)	(0.12)	(0.25)	(0.32)
Diluted earnings per share, DKK (continuing operations)	(0.12)	(0.25)	(0.32)



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CONDENSED BALANCE SHEET

(DKK million)	GROUP		
	30 June 2015	30 June 2014	31 December 2014
Receivables	1.0	0,7	0.6
Cash and cash equivalents and securities	80.2	84.1	83.4
Total assets	81.3	84.8	84.0
Equity	75.2	78.2	77.7
Current liabilities	6.1	6.6	6.3
Total equity and liabilities	80.3	84.8	84.0

CONDENSED CASH FLOW STATEMENT

(DKK million)	GROUP		
	H1 2015 (6 months)	H1 2014 (6 months)	2014 (12 months)
Cash flows from operating activities	(3.1)	(8.5)	(8.1)
Cash flows from investing activities	-	-	-
Cash flows from financing activities	-	3.7	2.7
Net cash flow	(3.1)	(4.7)	(5.4)
Cash and cash equivalents at beginning of period	83.4	88.8	88.8
Cash and cash equivalents and securities at end of period	80.3	84.1	83.4

For a breakdown of "cash and cash equivalents" and "securities" as of 30 June 2015, see notes 2.



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MOVEMENTS IN EQUITY

2015 GROUP (DKK thousand)	Share capital	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2015	24,554	13,740	39,420	77,714
Total recognised income for the period	-	-	(2,558)	(2,558)
Employee warrant programme	-	-	-	0
Transfer	-	-	-	0
Equity at 30 June 2015	24,554	13,740	36,862	75,156

2014 GROUP (DKK thousand)	Share Capital	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2014	24,554	16,234	47,162	87,950
Total recognised income for the period	-	(3,635)	(6,127)	(9,762)
Employee warrant programme	-	-	-	0
Transfer	-	-	-	0
Equity at 30 June 2014	24,554	12,599	41,035	78,188

SHARE CAPITAL

(DKK thousand)	30 June 2014	30 June 2015
Share capital 1 January	24,554	24,554
Capital reduction	-	-
Share capital 30 June	24,554	24,554



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NOTES

Accounting estimates and judgments

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 2014. The Annual Report 2014 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 2014, pages 19-22.

Estimates and judgments

The preparation of interim consolidated financial statements in accordance with IAS 34 requires the making of estimates and judgments that affect the reporting of assets, liabilities and expenses. The estimates and judgments are reviewed on an ongoing basis. Estimates and judgments are based on historical experience and on various other assumptions which NeuroSearch believes to be reasonable under the circumstances. However, the actual results may differ significantly from the estimates.

The principles used to make estimates and judgments in the interim consolidated financial statements have been consistently applied in the interim financial statements and the Annual Report 2014. The principles are described in the Annual Report 2014 in note 1 to the financial statements (page 28-29).

1. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	30 June 2015	30 June 2014	31 December 2014
Money market accounts	80,3	4.1	10,4
Deposit	-	80.0	73,0
Cash and cash equivalents end of period	80,3	84.1	83,4

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 by only collaborating with financial institutions with satisfactory creditworthiness. No credit risk is considered to exist in relation to cash as the counterparty is Nordea, which has Moody's ratings of P-1 and Aa3 short-term and long-term, respectively.

2. Treasury shares

	Number of Shares	Nominal value	Percentage of share capital	Market value DKK million
1 January 2015	265,946	265,946	1.08	0.8
Adjustments	-	-	-	-
Treasury shares at 30 June 2015	265,946	265,946	1.08	0.8



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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 June 2015. 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 consolidated financial statement for NeuroSearch A/S is presented in accordance with IFRS as adopted by the EU, IAS 34 and additional Danish interim financial reporting requirements for listed companies.

We consider the accounting policies to be appropriate and the overall presentation in the interim report to be adequate.

Therefore, in our opinion, the interim report gives a true and fair view of the Group's assets and liabilities and financial position as at 30 June 2015 and of the results of operations and cash flows for the period 1 January to 30 June 2015. 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.

Hellerup, 31 August 2015

Executive Management

Allan Andersen
CEO

Board of Directors

Karin Garre
Chairman

Allan Andersen

Christian Lundgren
