



## Announcement

18.03.2013

### **NeuroSearch A/S takes steps to adjust the organisation and updates on the company's strategy**

*The transfer of the Huntexil<sup>®</sup> project to Teva Pharmaceutical Industries Ltd. (Teva) is now so advanced that the company foresees a significant reduction in the activity level in the near future. Therefore, the company takes measures to adjust the organisation to the lower activity level and at the same time updates on the company's strategy.*

*The Board of Directors and the Executive Management have initiated or will initiate the following:*

- *Negotiations will be initiated with the purpose of dismissal of the majority of the company's employees*
- *Preparatory steps to wind up the company's current activities and to return available cash to the shareholders will be taken*
- *In parallel, the company is in dialogue with several companies with a view to investigating the possibility of a merger or similar kind of transaction as an alternative to a wind up of the company's activities*

On 27 September 2012, NeuroSearch signed an asset transfer agreement with Teva regarding the Huntexil<sup>®</sup> project and at the same time agreed to transfer the project to Teva within a period of up to six months from 25 October 2012. The Board of Directors and the Executive Management estimate that the transfer progresses according to plan. The transfer is expected to be completed by the end of April 2013 and eventually the company foresees a significant reduction in the activity level.

As a consequence of the reduced activity level, the company will initiate negotiations regarding dismissal of the majority of the company's remaining employees. The employees will be available to the company for a certain period after the dismissal. It is expected that the remaining organisation will consist of 3-6 employees.

NeuroSearch will take preparatory steps to wind up the remaining activities and settle the company's obligations to be able to return available cash to the shareholders, possibly after a solvent liquidation process which is to be decided upon at a later Extraordinary General Meeting. At present, it is neither possible to provide more information on the time horizon nor on the possible size of such payment.

The remaining assets primarily include the deposited sales price relating to Huntexil<sup>®</sup> of DKK 28.7 million which is expected to be released in continuation of the final transfer of the project as well as the company's land and building in Ballerup. NeuroSearch continuously seeks to sell the land and building and will also evaluate the possibility for renting out part of or the entire building in order to promote the possibility for a sale.

At the end of 2012, the capital resources consisting of cash and cash equivalents, including securities, was DKK 81 million and mortgage debt stood at DKK 102 million.

In addition, the Board of Directors and the Executive Management are working on realising the value of the other remaining assets in NeuroSearch, the most important being:

Clinical projects:

- Tesofensine for the treatment of obesity (completed phase II)
- Seridopidine for the treatment of CNS diseases (completed phase I)
- Ordopidine for the treatment of CNS diseases (completed phase I)



Ownership in associated companies:

- NsGene, 28.6% ownership
- Atonomics, 17.8% ownership

Licensing agreements:

- Milestone payments from Teva of up to DKK 55 million relating to the Huntexil® development
- Milestone payments and royalties from Aniona

Fixed assets:

- Office furniture and laboratory equipment are put up for auction, which will take place by the end of March

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

Furthermore, NeuroSearch made up a non-recognised tax asset of approximately DKK 2.1 billion at 31 December 2012 which – under certain conditions – may be utilised fully or partly by a potential buyer of NeuroSearch.

NeuroSearch is in dialogue with several companies with a view to investigating the possibility of a merger or similar kind of transaction as an alternative to winding up the company's activities. A merger or similar kind of transaction could bring new activities to the company which would enable continued operations of NeuroSearch.

A decision regarding a wind up of the company's activities, merger or other similar transaction will be presented to the company's shareholders at a future Extraordinary General Meeting as soon as sufficient basis for decision is present.

**Outlook for 2013**

For 2013, NeuroSearch still expects an operating loss of approximately DKK 15 million on the assumption of release of the escrow amount of DKK 28.7 million by Teva upon satisfactory transfer of the Huntexil® project. The significant saving relating to dismissals will be realised after 2013.

The above expectations do not take into account any loss or profit arising out of a potential sale of the remaining NeuroSearch assets.

Allan Andersen, Chairman of the Board, comments:

"We have focused our efforts on transferring the Huntexil® project to Teva since last autumn. The transfer is progressing according to plan and is coming to an end. In order to limit the company's obligations to the maximum extent possible, we have decided to reduce staff to an absolute minimum. We will now focus on getting to a clarification regarding the company's future."

Allan Andersen  
Chairman of the Board of Directors

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CEO

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**About NeuroSearch**

NeuroSearch A/S (NEUR) is listed on NASDAQ OMX Copenhagen A/S. The company's product pipeline comprises ordopidine and seridopidine, which have both completed phase I studies, as well as tesofensine, which has completed phase II, and NS2359 which has completed phase I. All drug candidates exert their effect in the central nervous system.

