



Company announcement

23 January 2014

NeuroSearch A/S releasing Annual Report 2013

In 2013, the NeuroSearch Group (NEUR) posted an operating loss on continuing operations of DKK 10 million (2012: 290 million), which was on a level with the Company's previously announced expectations of an operating loss of DKK 10 million.

The Company posted a profit of DKK 16 million on discontinued operations (2012: DKK 57 million). The income was primarily related to the sale of laboratory equipment and office equipment.

NeuroSearch posted a loss after tax on continuing operations of DKK 3 million (2012: DKK 333 million).

Consolidated profit was DKK 12 million (2012: a loss of DKK 276 million).

At the end of 2013, cash and cash equivalents totalled DKK 89 million (2012: DKK 81 million). For a complete description of performance in the 2013 financial year, we refer to the Annual Report 2013 of NeuroSearch accompanying this announcement, and which is also available on our website as from today.

Events in 2013 and until today:

Huntexil®

- On 25 April 2013, the escrow account of DKK 29 million regarding Huntexil® was released, marking the completion of the transfer of Huntexil® to Teva, who will handle the further clinical development of the project.

The Public Prosecutor for Special Economic and International Crime

- On 17 July 2013, the Public Prosecutor for Special Economic and International Crime announced that it had charged the Company with alleged qualified share price manipulation of a particularly gross nature. NeuroSearch denies the charge. Court proceedings are set to begin in May 2014. Until a final judgment is available in the case, NeuroSearch does not expect any sale or merger of the company as the consequences of a judgment will be largely unknown to a potential buyer or merger partner. For the same reason, the company is unable to declare any dividend or file for liquidation of the company. However, the company may still seek to sell certain individual assets.

Financial statements review dispute

- The Danish Business Authority has reviewed our Annual Report for the 2012 financial year, and has in a draft decision stated that it was a misstatement to classify the proceeds from the sale of the Huntexil® project as revenue. The Danish Business Authority states that the proceeds must be classified as profit on the sale of an intangible asset. Management and its auditor believe that the proceeds have been accounted for correctly within the framework of IFRS as well as it is in accordance with biotech accounting practice. The Danish Business Authority is expected to present the case to the Danish Financial Council by mid-February 2014, after which the Danish Business Authority will make a final decision. It is expected that a final decision will have been made before our Annual General Meeting to be held in March 2014 when the Annual Report is to be approved. If the decision goes against the Company, the Annual Report will be restated accordingly.

Any such restatement would have no impact on profit, equity or cash flows. It would solely be a reclassification of the sale of the Huntexil® project from revenue to other operating income in 2012 and 2013.



Management change

- Allan Andersen was appointed CEO on 1 December 2013, until further notice on a part-time basis.
- At the extraordinary general meeting held on 9 December 2013, the Company's Board of Directors was changed as Torbjörn Bjerke announced that he wanted to retire from the Board. Karin Garre was elected new member of the Board of Directors, and the Board met immediately thereafter and elected Karin Garre as Chairman. The Board of Directors thereafter consists of three members elected by the shareholders: Karin Garre, Allan Andersen and Christian Lundgren.

Other events

- On 18 March, NeuroSearch adjusted the organisation and most of the remaining employees were given notice of termination. There are currently two employees in the Company, Allan Andersen, CFO, and Anita Milland, CFO.
- On 6 May 2013, NeuroSearch announced the sale of its land and buildings with 1 July 2013 as the date of takeover. The purchase price was DKK 112.5 million.

Outlook for 2014

In 2014, NeuroSearch expects an operating loss of approximately DKK 10 million. This does not include any loss or profit arising out of a potential sale of NeuroSearch's remaining assets.

NeuroSearch will provide an update of its outlook no later than on 26 March 2014 when the Annual General Meeting will be held.

Allan Andersen
CEO

Contact

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About NeuroSearch

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



APPENDIX

Financial highlights for the NeuroSearch Group*

(DKK millions)	2009	2010	2011	2012	2013
Income statement and comprehensive income****					
Revenue	84.6	-	-	120.7	28.8
Research costs	217.0	-	-	-	-
Development costs	184.6	144.4	259.1	457.2	21.7
General and administrative costs	38.8	23.2	123.4	(46.7)	16.7
Operating profit/(loss)	(355.8)	(167.6)	(382.5)	(289.8)	(9.6)
Net financials	24.6	21.8	33.5	(37.2)	5.1
Profit/(loss) of continuing operations before tax	(331.2)	(145.8)	(349.1)	(327.1)	(4.5)
Net profit/(loss) of discontinued operations	-	(160.4)	(329.3)	57.4	15.6
Profit/(loss) for the period	(287.1)	(259.0)	(678.4)	(275.6)	12.4
Comprehensive income***	(276.9)	(216.7)	(694.8)	(243.5)	6.6
Balance sheet					
Total assets	1,630.0	1,391.5	840.8	207.5	92.2
Cash and cash equivalents and securities	808.5	480.6	220.6	81.4	88.8
Equity	1,173.8	994.1	320.6	81.1	88.0
Investments					
Investments in property, plant and equipment	19.8	10.8	3.6	-	-
Per share ratios** (DKK)					
Earnings per share	(16.39)	(10.56)	(27.63)	(11.22)	0.50
Diluted earnings per share	(16.39)	(10.56)	(27.63)	(11.22)	0.50
Net asset value	48.15	40.49	13.06	3.30	3.58
Market price at year-end	77.0	95.0	17.7	3.74	3.10
Market price/net asset value	1.60	2.35	1.36	1.13	0.87
Average number of employees					
Average number of employees	235	235	222	88	18
Number of employees at 31 December					
Number of employees at 31 December	226	243	189	29	2

* Only the comparative figures for 2010 and 2011 have been restated to reflect the continuing operations. It has not been possible to make the same split between continuing and discontinued operations for years prior to 2010 as the company has only had more than one organisational segment since 2011.

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

*** Comprehensive income includes unrealised currency translation adjustment and fair value adjustment of the hedge of the net investment in NeuroSearch Sweden AB.

**** See the section on financial statements review dispute on page 11 concerning classification of the proceeds from the sale of the Huntexil® as revenue.