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Announcement

NeuroSearch A/S – Q1 Report 2008

Today, the board of directors of NeuroSearch considered and approved the interim report for the period 1 January to 31 March 2008.

A loss after tax of DKK 76.0 million was posted (Q1 2007: a loss of DKK 56.7 million).

Capital resources totalled DKK 823.5 million at 31 March 2008 (DKK 424.5 million at 31 March 2007).

Since the turn of the year, NeuroSearch has succeeded in continuing the very satisfactory developments in the company. Thus, recent years' favourable developments and growth in the pipeline of drug candidates have continued into 2008. In particular, the recent initiation of Phase III clinical studies with ACR16 for the treatment of Huntington's disease was an important step forward for NeuroSearch towards bringing its first drug to market and the patients.

Key activities and events in Q1 2008:

- From the development programme with tesofensine for the treatment of obesity/type 2 diabetes, NeuroSearch has reported additional efficacy and safety data which support the further development of the product. NeuroSearch has continuing ongoing clinical activities relating to tesofensine and the majority of these are expected to be completed during the first half of 2008 along with the planning and discussion of the further clinical development with the relevant regulatory authorities and advisers.

- In March 2008, NeuroSearch dosed the first healthy volunteers in a Phase I clinical study of NSD-788 with a view to developing this drug candidate as a new treatment for anxiety and depression. The study is progressing according to plan.

- In January 2008, NeuroSearch issued 185,755 new shares at DKK 319.21 per share to the sellers of Carlsson Research AB as a milestone payment in connection with the start-up of Phase I clinical studies of the drug candidate ACR343 as a treatment for Parkinson's disease.

Events after 31 March 2008:

- On 25 April 2008, NeuroSearch dosed the first patients in a European Phase III clinical study of ACR16 for the treatment of Huntington's disease and thereby reached a very significant milestone in the development of this product. Currently, no effective treatment for Huntington's disease exists. The initiation of the European Phase III study with ACR16 triggers a milestone payment of SEK 100 million (DKK 80 million/EUR 10.6 million) to the former sellers of Carlsson Research AB. NeuroSearch can decide to pay either in cash or by delivery of shares.

- NeuroSearch's associated company, NsGene A/S (25% interest), announced earlier in April that it had reached an important milestone with its successful Phase Ib dosing of NsG0202 in Alzheimer patients.

- The board of directors of NeuroSearch has proposed a number of changes to its composition, including election of two new members: Dr. Anders Ullman and Dr. Gerard van Odijk. Both of these candidates have broad experience from several executive positions in the international pharmaceutical industry and are expected to be able to contribute significantly to ensuring the further growth and development of NeuroSearch in the years to come. In order to support a generational change in the company's board of directors, Asger Aamund, the current Chairman of the board, Vice-Chairman Marianne Philip and Jørgen Buus Lassen, former president and CEO, have decided not to offer themselves for re-election. Thomas Hofman-Bang, existing member of the board of directors, is proposed as new chairman of the board.

NeuroSearch retains its guidance for the year ending 31 December 2008 of a loss before financials in the region of DKK 450 million as announced in early March in the full-year report for 2007. The forecast does not include any kind of success-based payments that may be realised during the year, neither from existing nor from new partnership agreements.

Asger Aamund
Chairman of the board

Presentation of the Q1 Report 2008
The Q1 2008 report will be reviewed at NeuroSearch's Annual General Meeting, which will be held today at 4.00 pm at the Radisson SAS Falconer Hotel.

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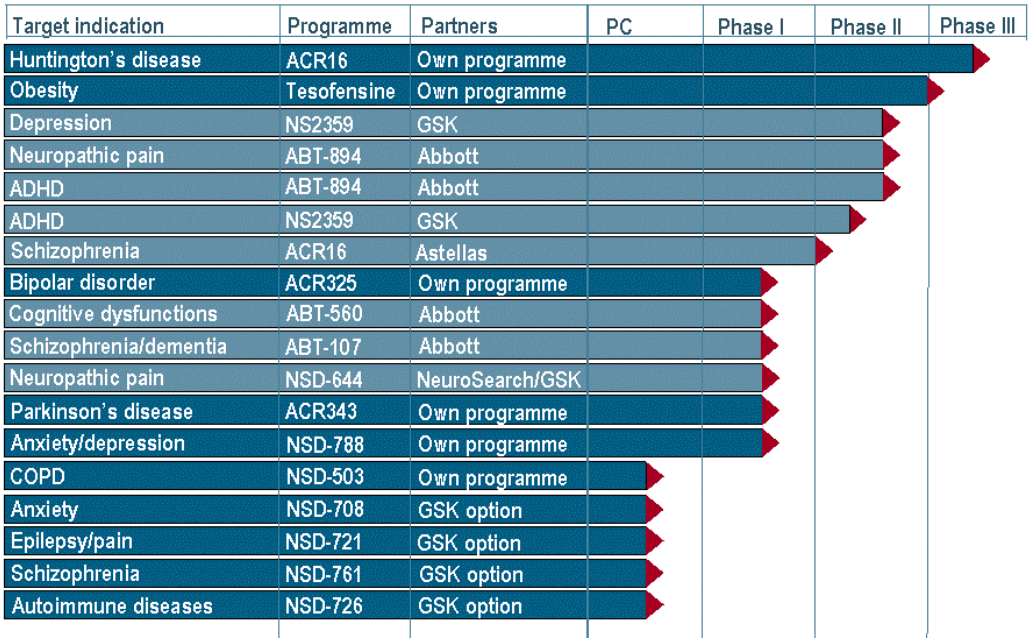
NeuroSearch (NEUR) is a Scandinavian biopharmaceutical company listed on the OMX Nordic Exchange Copenhagen A/S. Our core business covers the development of novel drugs, based on a broad and well-established drug discovery platform focusing on ion channels and CNS disorders. A substantial part of the company's activities are partner financed through a broad strategic alliance with GlaxoSmithKline (GSK) and collaborations with Abbott and Astellas. The drug pipeline comprises 13 clinical (Phase I-III) development programmes: ACR16 in Huntington's disease (Phase III), tesofensine in obesity (Phase III in preparation), NS2359 in depression (Phase II) and ADHD (Phase II) in partnership with GSK, 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 (Phase I), ABT-107 as well as ABT-560 for the treatment of various CNS diseases, both (Phase I) in collaboration with Abbott, NSD-644 in pain (Phase I) in partnership with GSK, ACR343 in Parkinson's disease (Phase I) and NSD-788 in anxiety and depression (Phase I). In addition, NeuroSearch has a broad portfolio of preclinical drug candidates and holds equity interests in several biotech companies.

MANAGEMENT'S REPORT

NeuroSearch's activities continued to show very satisfactory progress in Q1 2008, both in the drug discovery programmes and the drug pipeline, which currently includes 18 drug development programmes. Eight of these programmes are fully funded under partnership agreements with GlaxoSmithkline (GSK), Abbott and Astellas respectively.



Drug candidates in clinical development (Phases I – III)

ACR 16 – Huntington's disease: In clinical Phase III

NeuroSearch has enrolled and dosed the first patients in a Phase III clinical programme in Europe with ACR16 for the treatment of Huntington's disease. The Phase III study is a multi-center, randomised, double-blinded, placebo-controlled study in which patients will receive daily doses of either placebo or ACR16 (45 mg or 90 mg) over a period of six months. The primary endpoint of the study is to improve the patients' adverse motor symptoms (loss of motor skills) such as Parkinsonism and difficulty in walking. It has been demonstrated that the adverse motor symptoms are closely related to the functional decline of Huntington's patients over time. Secondary endpoints of the study include an assessment of the general improvement of patients' condition, the influence of ACR16 on behaviour and attention as well as depression symptoms and anxiety in addition to an assessment of the safety and tolerability of the compound.

The European Phase III study will be conducted at 25-30 centres in eight European countries and enrol up to 420 patients with Huntington's disease.

The results from a previous Phase II study of ACR16 in Huntington's disease demonstrated that patients treated with ACR16 achieved a statistically significant improvement of their motor skills (same endpoint as in the Phase III study) after only four weeks of treatment with a 45 mg daily dose of ACR16.

ACR16 is the most advanced drug candidate in NeuroSearch's portfolio of dopaminergic stabilisers, i.e. compounds capable either of enhancing or counteracting dopamine dependent functions in the brain, depending on the level of dopaminergic activity. This distinctive pharmacological profile is believed to have significant clinical relevance in the treatment of Huntington's disease. Furthermore, ACR 16 has also

demonstrated beneficial effects in clinical and preclinical studies in other psychiatric and neurological disorders. These include an evaluation with favourable results of ACR16 in Phase Ib clinical studies in Parkinson's disease and schizophrenia. ACR16 has shown to have a satisfactory safety profile.

Huntington's disease is a fatal, hereditary neurodegenerative genetic disorder. The onset of the disease is usually when people are between 35 and 45 years of age, and it is characterised by a number of different symptoms which can be grouped as motor, cognitive or psychiatric. About one in every 10,000 in the Western countries is diagnosed with Huntington's disease, equivalent to a total of approximately 65-70.000 patients in total in North America and Europe. There is no effective or targeted treatment of Huntington's disease, and only very few new drugs are under development.

ACR16 was discovered and is developed by NeuroSearch, which holds the rights to develop and commercialise the compound ACR16 for the treatment of Huntington's disease in both North America and Europe. All other rights to ACR16 have been licensed to the international pharmaceutical company Astellas Pharma Inc. against milestone payments and royalties to NeuroSearch. ACR16 has received Orphan Drug designation for the treatment of Huntington's disease in both the United States and Europe.

Tesofensine – Obesity: Under preparation for Phase III

Against the backdrop of unusually positive weight loss data from the Phase IIb TIPO-1 clinical study, the results of which were published in September 2007, and later supportive clinical data, NeuroSearch is now planning and preparing the pivotal Phase III clinical studies with tesofensine for obesity and with potential also for type 2 diabetes.

TIPO-1 was a randomised, double-blinded and placebo-controlled 24-week, proof-of-concept Phase IIb study of 203 obese subjects (BMI of 30-40). The results from the study showed that treatment with tesofensine provided a significant ($p<0.0001$) and dose-related average weight loss of 6.5%, 11.2% and 12.6% in the three dose groups (0.25 mg, 0.5 mg and 1.0 mg), compared with a weight loss of 2.0% in the placebo group, which only followed the diet and the exercise programme of the study. Moreover, treatment with tesofensine led to a significant and dose-related reduction of both BMI and waist circumference. In the TIPO-1 study, tesofensine also proved to be well tolerated and have a satisfactory safety profile. The study showed no significant difference in the weight loss in the 0.5 mg and the 1.0 mg dose group respectively.

In March 2008, NeuroSearch finalised the full analysis of all data from the TIPO-1 study, including a very thorough evaluation of the effect of tesofensine on blood pressure and heart rate. The results of the analysis showed that treatment with tesofensine at the selected therapeutic doses (0.25 mg and 0.5 mg) produced no statistically significant changes in blood pressure: In the 0.25 mg dose group, the placebo-corrected mean changes from baseline in systolic and diastolic blood pressure were +0.1 and +1.4 mmHg respectively. In the 0.5 mg dose group, the placebo-corrected mean changes from baseline in systolic and diastolic blood pressure were -0.4 and +1.5 mmHg respectively. Further, it was confirmed that treatment with tesofensine produced no clinically relevant increases in the patients' heart rate: The placebo-corrected mean changes from baseline in TIPO-1 were 4.3 bpm (beats per minute) in the 0.25 mg dose group and 7.4 bpm in the 0.5 mg dose group. In the same two dose groups, no one discontinued TIPO-1 due to cardiovascular events (i.e. hypotension or hypertension), and no abnormal deviations

in the blood pressure or heart rate of any of the persons were measured at any time during the study.

Based on the results from the TIPO-1 study, NeuroSearch intends to continue in Phase III with 0.5 mg of tesofensine. At this dose, the weight loss seen after six months' treatment is approximately twice as high as that seen after 12 months' treatment with drugs currently in use. Moreover, this dose is very well tolerated and has a satisfactory safety profile.

In early March, NeuroSearch finalised a placebo-controlled clinical study TIPO-2 of tesofensine (up to 1 mg) in 32 overweight volunteers (BMI of 28-35) with the aim of evaluating the effect of the compound on several metabolic parameters. Even though the study subjects were treated for 14 days only and urged not to change their lifestyle while in the study (no diet and exercise programme), a statistically significant mean weight loss of 2.2 kg (maximum weight loss of 4.7 kg) was seen in the tesofensine-treated group compared to a mean weight loss of 0.4 kg in the placebo group. No measurable changes were seen in energy expenditure. Further data analysis and evaluation of the relationship between metabolic parameters and the weight loss seen in TIPO-2 is ongoing. Safety results were fully consistent with previous findings, and NeuroSearch considers the TIPO-2 results highly supportive for the continued development of tesofensine.

In continuation of TIPO-1, NeuroSearch initiated an open-label Phase IIb extension study (TIPO-4) in mid-2007 in which all patients who had completed 24 weeks of treatment in the TIPO-1 study were offered an additional 2 x 24 weeks of treatment with 0.5 mg daily doses of tesofensine after an 8-week period without treatment. The endpoint of the TIPO-4 study is to evaluate the safety, tolerability and effect (weight reduction) on treatment with tesofensine for up to 18 months. The patients in the TIPO-4 study follow the same diet and exercise programme as in the TIPO-1 study. Approximately 90% of the patients from TIPO-1 who were offered continued treatment with tesofensine decided to participate in the TIPO-4 study.

Tesofensine is a monoamine re-uptake inhibitor which blocks the re-uptake of the neurotransmitters dopamine and noradrenaline and to a lesser extent serotonin; this increases the concentration of all three neurotransmitters in the brain. Dopamine, noradrenaline and serotonin are in different ways implicated in the regulation of appetite and metabolism and thus key to the body's own weight control. Results from studies of tesofensine in a preclinical model for obesity show that, in addition to weight loss, treatment with tesofensine has a directly favourable impact on metabolism parameters such as glucose level and lipids in the blood. Both parameters are relevant in both the prevention and treatment of type 2 diabetes.

Tesofensine has been studied in more than 1,400 persons, of whom more than 1,000 have been exposed to relevant therapeutic doses. The compound is considered to have a good and very well-documented safety profile.

Obesity is one of the greatest healthcare challenges of our time as long-term and severe overweight may lead to serious diseases such as type 2 diabetes and hypertension in particular, but also to rheumatism and an increased risk of stroke and cancer. With more than 400 million people suffering from obesity worldwide, including approximately 30% of the population of the United States, obesity potentially represents a very considerable pharmaceutical market. The medical treatment of obesity is to a great extent handled through general practitioners, and the marketing of anti-obesity drugs would therefore require a sizeable sales force. This is outside NeuroSearch's strategy, and we therefore intend to enter into a licence agreement with an international pharmaceutical company at a suitable point in time.

NS2359 (GSK372475) – Depression and ADHD: In clinical Phase II in collaboration with GSK

The worldwide rights to develop and market NS2359 have been licensed to GSK, who is running two extensive Phase IIb clinical studies of this drug candidate for the treatment of depression (major depressive disorder).

The two studies are conducted in parallel and include about 850 patients suffering from depression. The first study was initiated in December 2006 as a randomised, double-blinded and placebo-controlled study designed to evaluate the efficacy and safety of low doses of NS2359 in a ten-week treatment period and compare the compound and paroxetine, a selective serotonin re-uptake inhibitor (SSRI) marketed by GSK under names such as Paxil®, with placebo. The second study is similar to the first, except that the study will evaluate higher doses of NS2359 and compare it and another drug, venlafaxine, marketed under names such as of Effexor® for the treatment of depression, with placebo. Both studies run according to plan, and the results from Phase II programme are expected to be available in the first half of 2009.

NS2359 is a monoamine reuptake inhibitor that has an equal effect on the reuptake of the three neurotransmitters serotonin, noradrenaline and dopamine ("triple mode of action"). Serotonin, noradrenaline and dopamine play an important role in the development of depression, and the mechanism of action of NS2359 is believed to produce a better and faster reduction of the symptoms associated with this disorder. Moreover, NS2359 has demonstrated an effect in increasing the release of the neurotransmitter acetylcholine, which is expected to have a favourable impact on attention and concentration which are functions that are often impaired as a result of depression. In addition, it is expected that NS2359 will have a better side-effect profile than existing antidepressants, which may cause sexual dysfunction and weight gain.

The treatment of depression is one of the largest medical markets with global annual sales of approximately USD 20 billion. Although there are currently several antidepressants on the market, a large proportion of patients suffering from depression are still not treated effectively.

In an earlier Phase II clinical study by NeuroSearch, NS2359 demonstrated an improvement of attention, concentration and memory in adult patients suffering from ADHD (Attention Deficit Hyperactivity Disorder), a psychiatric disorder characterised by disturbances in attention as well as hyperactivity and impulsiveness. GSK holds the global rights to NS2359 for the treatment of ADHD.

Drug candidates in development under the licence agreement with Abbott in the field of neuronal nicotinic receptor (NNR) modulators: ABT-894 (ADHD, pain, etc.), ABT-107 (Alzheimer's disease, schizophrenia) and ABT-560 (cognitive dysfunctions etc.)

The collaborative agreement with Abbott covers new drug candidates that work by impacting neuronal nicotinic receptors (NNR) in the brain. Three different NNR modulators: ABT-894, ABT-107 and ABT-560 are in clinical development for the treatment of several CNS diseases including ADHD, pain, Alzheimer's disease and schizophrenia.

Under the collaborative agreement, Abbott is responsible for and finances all clinical development, production and marketing of all products under the collaboration and will also pay milestones and up to double-digit royalties to NeuroSearch on global sales.

ABT-894 – ADHD and pain: In clinical Phase II (Abbott)
Following extensive Phase I clinical single- and multi-dose studies, including studies with markers for cognitive improvements, Abbott in 2007 initiated two Phase II clinical studies of ABT-894 in ADHD and pain respectively. ABT-894 is an α4β2-agonist and represents a potential novel treatment of these diseases.

The Phase II study in ADHD was initiated in March 2007 to evaluate the efficacy and safety of ABT-894 and compare it to atomoxetine HCl (Strattera®), a marketed drug for the treatment of ADHD, and placebo. All patients have completed treatment, and Abbott is currently analysing the data.

The Phase II study of ABT-894 in diabetic neuropathic pain was initiated in September 2007. The study evaluates the efficacy and safety of various doses of ABT-894 and compares it and duloxetine (Cymbalta®), a marketed drug for the treatment of diabetic neuropathic pain, with placebo. The study is still enrolling patients and is progressing according to plan.

ABT-107 – Alzheimer's disease and schizophrenia: In clinical Phase I (Abbott)
Abbott initiated Phase I clinical studies of ABT-107 in April 2007. ABT-107 is an α7-agonist, and in preclinical studies the compound has demonstrated potential in the treatment of a number of CNS diseases, including Alzheimer's disease and schizophrenia. The Phase I programme is progressing according to plan.

ABT-560 – Cognitive dysfunctions: In clinical Phase I (Abbott)
In July 2007, Abbott began the first Phase I clinical study of ABT-560 with a view to developing this drug candidate for the treatment of cognitive dysfunctions related to various CNS diseases. The Phase I study is progressing according to plan.

<u>ACR16 – Schizophrenia: In clinical Phase Ib in collaboration with Astellas</u>
NeuroSearch's development and licence partner Astellas is evaluating ACR16 in a Phase Ib clinical programme in the United States for the treatment of schizophrenia. The ongoing study is placebo-controlled and designed to evaluate the safety and tolerability of several escalating doses of ACR16 in schizophrenia patients. The study also includes assessment of certain disease symptoms.

ACR16 is a novel treatment principle for schizophrenia. NeuroSearch has previously evaluated ACR16 with favourable results in a double-blinded, placebo-controlled Phase I/II clinical study in schizophrenia patients. In addition, ACR16 has also demonstrated efficacy in several preclinical models for schizophrenia, whereas the compound showed no effect on normal behaviour. This is an important aspect of the mechanism of action of ACR16 and indicates that ACR16 has a limited risk of causing the side effects seen during the treatment with existing schizophrenia drugs.

NeuroSearch's partner, Astellas, has licensed the global rights to ACR16 for all disease indications except for Huntington's disease in North America and Europe. NeuroSearch will receive up to EUR 84 million in milestones and royalties on Astellas' global sales of the product. The partnership with Astellas is going very well.

<u>ACR325 – Bipolar disorder: In clinical Phase I</u>
NeuroSearch evaluates ACR325 in Phase I multi-dose clinical studies with a view to developing the compound for the treatment of bipolar disorder and potentially also other types of psychoses and Parkinson's disease. The existing therapies for these disease indications have either a limited effect or considerable adverse side-effects.

ACR325 is a dopaminergic stabiliser with a different profile than ACR16, and the compound has demonstrated promising effects in preclinical models for motor disorders and in models for psychosis. ACR325 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, ACR325 has a better clinical profile than marketed drugs against psychoses and concurrently has limited adverse side-effects

NeuroSearch holds all the rights to ACR325 and expects to be able to initiate Phase II clinical studies of this drug candidate in 2008

NSD-644 – Neuropathic pain: In clinical Phase I
In late 2007, NeuroSearch initiated a Phase I clinical study of NSD-644 with a view to developing this drug candidate as a new treatment of pain. The development of NSD-644 takes place within the framework of an option agreement with GSK, who paid a milestone to NeuroSearch in connection with the initiation of Phase I.

NSD-644 is a novel triple monoamine re-uptake inhibitor which increases the effect of serotonin, noradrenaline and dopamine, with resulting potential for the treatment of a number of CNS disorders, including pain. NSD-644 has demonstrated a robust effect in several preclinical models for chronic neuropathic pain.

Under the terms of the agreement with GSK, NeuroSearch is responsible for the clinical development of NSD-644 until proof-of-concept (typically through Phase IIa), after which GSK has an option to take over the responsibility and funding for further development and marketing of the product. If GSK exercises its option, GSK has undertaken to make milestone payments totalling up to DKK 812 million (EUR 109 million) to NeuroSearch until global marketing, and double-digit royalty rates on sales of the product.

ACR343 – Parkinson's disease: In clinical Phase I
In late 2007, NeuroSearch initiated a Phase I clinical study of ACR343 with a view to developing this drug candidate as a new type of treatment of Parkinson's disease.

ACR343 is a dopaminergic stabiliser and the third compound in NeuroSearch's pipeline for this class of compounds. ACR343 has demonstrated an ability to stabilise the motor function in a number of preclinical models for CNS disorders characterised by motor disturbances. In a specific model for Parkinson's disease, ACR343 reduces the involuntary movements resulting from treatment with L-Dopa (a standard Parkinson treatment) without disturbing the favourable effect of the L-Dopa treatment, which supports the development of ACR343 as a new drug for the treatment of Parkinson's disease. NeuroSearch holds all the rights to ACR343.

NSD-788 – Anxiety and depression: In clinical Phase I
In March 2008, NeuroSearch initiated a Phase I clinical study of NSD-788 with a view to developing this drug candidate as a new treatment for anxiety and depression. The Phase I study is a randomised, double-blinded and placebo-controlled single ascending dose study to evaluate the compound's safety, tolerability and pharmacokinetic profile after oral administration.

NSD-788 is a new development candidate from the monoamine neurotransmitter drug discovery programme in which NeuroSearch has built very broadly founded competences. NSD-788 has a unique effect on the monoamine re-uptake systems in the brain with the primary effect on serotonin and dopamine. Based on studies in preclinical models, NeuroSearch believes that NSD-788 may potentially show significant advantages over existing drugs for the treatment of anxiety, but also of

other CNS disorders including, in particular, various types of depression. NeuroSearch is performing the first phases of the clinical development of NSD-788 with a view to studying the compound's anxiolytic properties and with special focus on certain specialist CNS indications

Drug candidates under preparation for clinical development

NSD-503 - COPD (Chronic Obstructive Pulmonary Disease - smoker's lungs)
In a research programme focusing on respiratory diseases, NeuroSearch has characterised a number of compounds which modulate specific ion channels expressed in lung tissue. Compounds from this series have demonstrated a good and unique efficacy in models of diseases such as chronic obstructive pulmonary disease, also called COPD or smoker's lungs.

NSD-708 – Anxiety
NSD-708 is the first drug candidate from the drug discovery programme for GABA modulators. The compound is a subtype-specific GABA receptor modulator with a promising efficacy profile for the treatment of anxiety, and it has demonstrated good results in preclinical anxiety models.

GSK holds an option for NSD-708 under the partnership agreement with NeuroSearch.

NSD-726 – Autoimmune diseases
NSD-726 was selected in 2007 as the first preclinical development candidate from one of NeuroSearch's ion channel drug discovery programmes. The compound has demonstrated a promising effect in preclinical models of certain autoimmune diseases. NSD-726 is under preparation for clinical development with a view to developing the compound to treat a specific autoimmune disorder.

GSK holds an option for NSD-726 under the partnership agreement with NeuroSearch.

NSD-721 – Anxiety, epilepsy and pain
NSD-721 is yet another new subtype of selective GABA modulators which has demonstrated promising results in a number of models for anxiety, epilepsy and pain.

GSK holds an option for NSD-721 under the partnership agreement with NeuroSearch.

NSD-761 – Schizophrenia and other cognitive dysfunctions
NSD-761 is a selective ion channel modulator and the latest development candidate that has been selected from NeuroSearch's drug discovery programmes. The compound has demonstrated promising efficacy in preclinical models of cognitive dysfunction associated with schizophrenia, dementia, depression and ADHD.

GSK holds an option for NSD-761 under the partnership agreement with NeuroSearch.

Affiliates and other equity interests

NeuroSearch had equity interests in the following companies as of 31 March 2008: NeuroSearch Sweden AB (100%), NsExplorer A/S (100%), NeuroScreen ApS (100%) and Poseidon Pharmaceuticals A/S (100%), NsGene A/S (25.2%), Sophion

Bioscience A/S (29.7%) and Atonomics A/S (18.8%), Bavarian Nordic A/S (1.3%), PainCeptor Pharma Corporation Inc. (2.6%) and ZGene A/S (17.7%).

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

NeuroSearch has granted a convertible loan to NsGene A/S which fell due on 28 February 2008. The conversion of the loan, DKK 11.7 million including interest, took place at the Annual General Meeting of NsGene on 28 April 2008. NeuroSearch's equity interest after the conversion is approximately 25.6% (31 March 2008: 25.2%).

On 7 April 2008, NsGene A/S announced that its novel biodelivery product NsG0202, has been successfully implanted into the brains of three patients with Alzheimer's disease as part of an ongoing Phase Ib clinical study. NsG0202 is a novel treatment principle and the first of several products in NsGene's pipeline based on the company's EC biodelivery platform and with potential as a breakthrough treatment of diseases such as Alzheimer's disease, Parkinson's disease and epilepsy. The objective of NsGene's activities and products is generally to establish actual disease-modifying treatments of severe neurological diseases for which only symptom-relieving treatment currently exists.

Other investments

In February 2008, ZGene A/S made a capital increase raising a total of DKK 7 million of fresh capital. NeuroSearch participated in the capital increase with DKK 2 million. The equity interest after the capital increase is unchanged at 17.7%.

The performance of the affiliates is considered very satisfactory.

Organisation

NeuroSearch had 239 employees at 31 March 2008. The affiliated companies had a total of 111 employees.

Outlook for 2008

NeuroSearch retains its guidance for the year ending 31 December 2008 of a loss before financials in the region of DKK 450 million as announced in early March in the full-year report for 2007. The forecast includes non-cash costs by way of share-based payment, depreciation and amortisation of approximately DKK 40 million. The forecast does not include any kind of success-based payments that may be realised during the year, neither from existing nor from new partnership agreements.

Shareholder information

As of 31 March 2008, the share capital of NeuroSearch A/S amounted to DKK 308,834,640 nominal value, equivalent to 15,441,732 shares.

Shareholdings

On 31 March 2008, 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	780,954
Marianne Philip, Vice-chairman	0
Allan Andersen, Board member	16,383
Torbjörn Bjerke, Board member	0
Thomas Hofman-Bang, Board member	3,100
Jørgen Buus Lassen, Board member	93,390
Lars Siim Madsen, Board member – employee representative	0
Torben Skov, Board member – employee representative	990
Executive management (5 persons)	65,693
Other employees	216,506
Total	**1,177,016[1)]**

1) Equivalent to 7.6% of the outstanding share capital of 15,441,732 shares at 31 March 2008.

NeuroSearch does not hold any treasury shares.

Warrants granted in 2004, 2005, 2006 and 2007 made up at 31 March 2008

Year	Exercise price, DKK	Exercise period	Board of directors	Executive management	Other employees[(1)]	Total (DKK 20 each)	Market value[(2)]
2004	248.39	Sept. 2008 March 2009	4,944	20,834[(3)]	72,167	97,945	5.7
2005	181.23	Nov. 2008 May 2009 Nov. 2009 March 2010	7,416	28,672	122,119	158,207	18.4
2006	202.27	Nov. 2008 May 2009 Nov. 2009 March 2010	0	0	12,359	12,359	1.3
2007-I	380.84	May 2010 Aug. 2010 March 2011	0	41,165[(4)]	207,315	248,480	13.6
2007-II	342.00	Nov. 2010 May 2011 Nov. 2011	14,777	63,331[(5)]	262,116	340,224	25.4
Total			**27,137**	**154,002**	**676,076**	**857,215[(6)]**	**64.4**

1) Warrants to other employees have been determined as a net figure less those of employees who are no longer with the company.
2) The market value has been determined in DKK million at the end of the exercise period. The calculation was made as at 31 March 2008 using the Black & Scholes model, applying an average market price of DKK 270.37 per share and a volatility rate of 41.55%, equivalent to the annual volatility of the price of NeuroSearch shares over the last three years before the balance sheet date (Source: Danske Markets).
3) The executive management has increased from four to five members in 2004.
4) 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).
5) 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).
6) The aggregate warrant programme corresponds to 5.6% of the share capital at 31 March 2008.

FINANCIAL REVIEW

The interim report is presented in accordance with IAS 34 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 2007. The annual report for 2007 contains the full description of the accounting policies. The interim report is unaudited and unreviewed.

A loss after tax of DKK 76.0 million was posted (Q1 2007: a loss of DKK 56.7 million), of which activities in NeuroSearch Sweden accounted for a loss after tax of DKK 14.1 million (Q1 2007: DKK 16.0 million).

Capital resources totalled DKK 823.5 million at 31 March 2008 (DKK 424.5 million at 31 March 2007).

Revenue for the period 1 January to 31 March 2008 of DKK 16.6 million (Q1 2007: DKK 25.0 million) mainly consisted of revenue from the partnership agreement with GSK.

Costs totalled DKK 103.1 million (Q1 2007: DKK 79.4 million) Total costs include the calculated costs of DKK 5.7 million (Q1 2007: DKK 2.4 million) of warrants granted in 2005, 2006 and 2007. This item has no cash flow effect. Development costs rose from DKK 22.9 million in Q1 2007 to DKK 42.4 million in Q1 2008. Development costs in Q1 2008 primarily related to activities with tesofensine (obesity) and ACR16 (Hungtington's disease) and increased activities in the other development programmes. Research costs and administrative costs were at the same level as in Q1 2007.

Other financials amounted to net income of DKK 4.8 million (Q1 2007: a net expense of DKK 0.6 million). Other financials include interest expenses on the mortgage on the company's building of DKK 1.8 million (Q1 2007: DKK 1.9 million). The financial element of the contingent consideration related to NeuroSearch Sweden AB had a positive impact on other financials amounting to DKK 0.3 million (Q1 2007: a negative effect of DKK 2.2 million). The financial element of the contingent consideration has no impact on the cash flow statement. This positive developments in other financials primarily related to an increase in cash and cash equivalents and securities and higher interest income on securities and fixed-term deposits.

The Group's investments in property, plant and equipment in Q1 2008 totalled DKK 9.7 million (Q1 2007: DKK 2.7 million). Investments in an expansion of the corporate head office at Ballerup accounted for DKK 5.7 million, and the remaining DKK 4.0 million (Q1 2007: DKK 2.2 million) primarily related to investments in equipment. In Q1 2008, NeuroSearch contracted with NCC, a firm of contractors, regarding the construction of an addition to the corporate headquarters at Ballerup. The project is expected to be delivered in Q1 2009. In addition, NeuroSearch has acquired a plot of land of approximately 9,000 square metres adjacent to the original site. NeuroSearch acquired the above mentioned plot of land by exercising a registered option.

On 23 January 2008, NeuroSearch issued 185,755 new shares with a nominal value of DKK 20 each. The shares were issued to the sellers of Carlsson Research AB at DKK 319.21 per share as payment of a milestone relating to the first dosing of ACR343 in a Phase I clinical study.

On 11 March 2008, NeuroSearch issued 13,290 new shares with a nominal value of DKK 20 each related to the exercise of warrants granted in 2004. The new shares were subscribed under the warrant programme without pre-emption rights to the company's existing shareholders or others at DKK 248.39 per share. The cash proceeds to the company from the exercise of warrants and related subscription of shares was DKK 3.3 million.

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Financial highlights and per share ratios

(DKK million)	GROUP		
	Q1 2008 (3 months)	Q1 2007 (3 months)	2007 (12 months)
Income statement:			
Revenue	16.6	25.0	115.2
Research costs	53.1	48.8	200.4
Development costs	42.4	22.9	131.7
Operating profit/(loss)	(86.5)	(54.4)	(253.5)
Net financials	4.9	(2.3)	(41.3)
Profit/(loss) before taxes	(81.6)	(56.7)	(294.7)
Net profit/(loss)	(76.0)	(56.7)	(268.4)
Balance sheet:			
Total assets	1,741.2	1,229.1	1,780.6
Cash and cash equivalents, securities and investments	794.8**	356.5	845.3
Equity	1,111.2	596.8	1,121.4
Investments in equipment	9.7	2.2	15.7
Per share ratios (DKK):			
Earnings per share*	(4.94)	(4.59)	(21.17)
Diluted earnings per share	(4.94)	(4.59)	(21.17)
Net asset value	71.96	47.95	73.57
Market price at end of period	271.50	256.00	326.00
Market price/net asset value	3.77	5.34	4.43
Average number of employees	230	225	230

* Per share of DKK 20 nominal value.

** Capital resources, including unused credits, total approximately DKK 823.5 million, of which listed shares account for approximately DKK 26.1 million.

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

CONDENSED INCOME STATEMENT AND BALANCE SHEET

Income statement (DKK million)	GROUP		
	Q1 2008 (3 months)	Q1 2007 (3 months)	2007 (12 months)
Revenue	16.6	25.0	115.2
Research costs	53.1	48.8	200.4
Development costs	42.4	22.9	131.7
General and administrative costs	7.6	7.7	36.6
Total costs	103.1	79.4	368.7
Operating profit/(loss)	**(86.5)**	**(54.4)**	**(253.5)**
Share of profit/(loss) of associates	0.1	(4.5)	(20.5)
Value adjustment of securities	-	2.8	(8.0)
Net other financials	4.8	(0.6)	(12.8)
Tax on income	5.6	-	26.4
Net profit/(loss)	**(76.0)**	**(56.7)**	**(268.4)**
Earnings per share, DKK	**(4.94)**	**(4.59)**	**(21.17)**
Diluted earnings per share, DKK	**(4.94)**	**(4.59)**	**(21.17)**

Balance sheet (DKK million)	31 March 2008	31 March 2007	31 December 2007
Intangible assets	730.2	635.8	727.7
Property, plant and equipment	175.8	167.7	170.5
Investments	21.5	37.5	19.0
Receivables	18.9	31.6	18.1
Cash and cash equivalents and securities	794.8	356.5	845.3
Total assets	**1,741.2**	**1,229.1**	**1,780.6**
Equity	1,111.2	596.8	1,121.4
Non-current liabilities	365.3	428.5	310.7
Current liabilities	264.7	203.8	348.5
Total equity and liabilities	**1,741.2**	**1,229.1**	**1,780.6**

CONDENSED CASH FLOW STATEMENT

Cash flow statement (DKK million)	GROUP		
	Q1 2008 (3 months)	Q1 2007 (3 months)	2007 (12 months)
Cash flows from operating activities	(40.0)	(26.3)	(218.8)
Cash flows from investing activities	(418.2)	16.4	203.3
Cash flows from financing activities	4.8	12.9	751.3
Net change in cash and cash equivalents at beginning of period	(453.8)	3.0	734.7
Cash and cash equivalents at beginning of period	727.5	(7.2)	(7.2)
Cash and cash equivalents at end of period	273.7	(4.2)	727.5
Securities at the end of period	495.0	296.2	88.4
Other available-for-sale financial asets at the end of period	26.1	51.6	29.3
Other capital reserves at the end of period	28.7*	80.9	81.0
Capital resources at end of period	**823.5**	**424.5**	**926.2**

* Other capital reserves relate to unused credits etc.

For a breakdown of “cash and cash equivalents” and “securities” as of 31 March 2008 see notes 2 and 3.

MOVEMENTS IN EQUITY

2008 (DKK million)	Share capital	Share premium	Currency translation reserve	Other re-serves	Retained earnings	Total
Equity at 1 January 2008	304.8	0	(4.7)	21.0	800.3	1,121.4
Fair value and ex-change rate adjust-ments	-	-	1.0	(3.2)	-	(2.2)
Net profit/(loss) for the period	-	-	-	-	(76.0)	(76.0)
Total recognised income for the period	0	0	1.0	(3.2)	(76.0)	(78.2)
Other equity movements	4.0	58.5	-	-	5.5	68.0
Transfer	-	(58.5)	-	-	58.5	0
Equity at 31 March 2008	**308.8**	**0**	**(3.7)**	**17.8**	**788.3**	**1,111.2**

2007 (DKK million)	Share capital	Share premium	Currency translation reserve	Other re-serves	Retained earnings	Total
Equity at 1 January 2007	246.4	0	5.1	54.3	351.9	657.7
Fair value and exchange rate adjustments	-	-	(15.3)	(7.1)	-	(22.4)
Net profit/(loss) for the period	-	-	-	-	(56.7)	(56.7)
Total recognised income for the period	0	0	(15.3)	(7.1)	(56.7)	(79.1)
Other equity movements	2.5	13.3	-	-	2.4	18.2
Transfer	-	(13.3)	-	-	13.3	0
Equity at 31 March 2007	**248.9**	**0**	**(10.2)**	**47.2**	**310.9**	**596.8**

NOTES

1. Accounting estimates and judgments

The preparation of interim consolidated financial statements in accordance with IAS 34 requires the management to make estimates and judgments that affect NeuroSearchs reporting of assets, liabilities and expenses. NeuroSearch review the estimates on an ongoing basis. Estimates 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 2007. The principles are described in the annual report 2007 in note 1 to the financial statements (pages 60-61).

2. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	31 March 2008	31 March 2007	31 December 2007
Money market accounts	19.6	(4.2)	41.7
Fixed-term deposits	242.9	0	682.0
Escrow account regarding building project	11.2	0	3.8
Cash and cash equivalents	**273.7**	**(4.2)**	**727.5**

NeuroSearch is subject to credit risk with respect to bank deposits. The maximum credit risk corresponds to the carrying amount. No credit risk is considered to exist in relation to cash as the counterparties are Nordea and Danske Bank, which are banks with good credit ratings.

3. Securities

Securities can be specified as follows:

(DKK million)	31 March 2008	31 March 2007	31 December 2007
Danish mortgage bonds	440.9	205.5	83.4
Unit trusts	54.1	90.7	5.0
Total securities	**495.0**	**296.2**	**88.4**

MANAGEMENT'S STATEMENT

The board of directors and executive management today considered and approved the interim report for the period 1 January to 31 March 2008.

The interim report, which is unaudited and unreviewed, is presented in accordance with international accounting standard IAS 34 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.

Furthermore, we consider the management report to give a true and fair statement of the developments in the Group's activities and financial affairs, results of operations and the Group's financial position as a whole as well as a description of the significant risks and uncertainties the Group faces.

Copenhagen, 30 April 2008

Executive management

Flemming Pedersen
CEO

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Board of directors

Asger Aamund Chairman	Marianne Philip	Allan Andersen
_____	_____	_____
Jørgen Buus Lassen	Torbjörn Bjerke	Thomas Hofman-Bang
_____	_____	_____
Torben Skov	Lars Siim Madsen	
_____	_____	