



H1 report 2018

Announcement

30 August 2018

NeuroSearch A/S – H1 report 2018

NeuroSearch posted an operating loss of DKK 2.8 million in H1 2018 (H2 2017: a loss of DKK 2.3 million).

NeuroSearch posted a net loss of DKK 3.0 million in H1 2018 (H1 2017: a net loss of DKK 2.5 million).

At 30 June 2018, cash and cash equivalents totalled DKK 70.4 million (30 June 2017: DKK 65.9 million).

Company update

On 15 May 2018 (company announcement no. 9-18), NeuroSearch entered into an agreement with, among others, Teva Pharmaceutical International GmbH (Teva), to release Teva from all outstanding obligations pursuant to the agreement from 2012 concerning the transfer of NeuroSearch's rights in and to Pridopidine. According to the agreement now entered into, in the event that Teva prior to 31 October 2018 enters into an agreement with an identified third party relating to the sale and transfer of Teva's rights in and to Pridopidine, then NeuroSearch will receive a cash payment of USD 450,000 (DKK 2.7 million). This agreement follows from Teva's decision not to develop Pridopidine further following the failure by Pridopidine to meet its primary endpoints in Huntington's Disease in a Phase II trial conducted by Teva, and potential interest in the asset by an identified third party.

In May and June, Nordic Transport Group Holding A/S ("NTG Holding") and Gefion Group Investments A/S ("Gefion") announced takeover offers to the shareholders of NeuroSearch (announcements 10-18, 11-18 and 12-18). The final outcome hereof is described in the section on events after the balance sheet date.

As of 31 December 2017, NeuroSearch calculated the value of its unrecognised tax loss carry forwards in the parent company at approximately DKK 1,714 million, and deductible timing differences at approximately DKK 77 million, or a total of approximately DKK 1,791 million. Under certain conditions, a potential buyer of NeuroSearch may be able to utilise the unrecognised tax assets in full or in part.

Financial outlook for 2018

On the basis of realised and expected costs in connection with NTG Holding's and Gefion's takeover offers and winding-up and transfer costs and costs for maintaining NeuroSearch's stock exchange listing etc. until the end of 2018, the operating loss is estimated to be approximately DKK 5 million without completion of the agreement with Teva. Provided the agreement with Teva is finally completed, the financial performance will improve by USD 450,000.



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Events after the balance sheet date

On 2 July 2018 (announcement no. 14-18), the Board of Directors of NeuroSearch published its statement relating to the two takeover offers from Gefion and NTG Holding, respectively.

On 9 August 2018 (announcement no. 15-18), Gefion announced that the acceptances of their conditional, voluntary takeover offer to the shareholders of NeuroSearch had been counted, and on the basis of the final counting of acceptances Gefion's offer had lapsed.

On 13 August 2018 (announcement no. 17-18), NTG Holding announced the final results of its takeover offer. On the basis of the final calculation of received acceptances, NTG Holding had received acceptances representing 17.83 percent of the share capital and voting rights in NeuroSearch. Together with NTG Holding's existing shareholding in NeuroSearch, after settlement of its offer NTG Holding held 5,534,028 shares corresponding to 22.54 percent of the entire share capital and all voting rights in NeuroSearch. The trading day for settlement of NTG Holding's offer was 16 August 2018.

On 23 August 2018 (announcement no. 21-18), the Board of Directors convened an extraordinary general meeting in order to elect new board members. The extraordinary general meeting will take place on Friday, 14 September 2018 at 11 a.m. at Kromann Reumert, Sundkrogsgade 5, DK-2100 Copenhagen Ø.

Karin Garre
Chairman of the Board

Allan Andersen
CEO

Contact person

Allan Andersen, CEO, mobile+45 4016 3864

About NeuroSearch

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



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Financial review

Liquidity and capital resources

At 30 June 2018, the Company's cash and cash equivalents totalled DKK 70.4 million (30 June 2017: DKK 65.9 million).

Income statement

NeuroSearch realised an operating loss of DKK 2.8 million (loss of DKK 2.3 million in the same period of 2017).

NeuroSearch posted a net loss of DKK 3.0 million in H1 2018 (H1 2017: a net loss of DKK 2.5 million).

Costs

Costs totalled DKK 2.8 million (H1 2017: DKK 2.3 million).

Net financials

Net financials amounted to a net expense of DKK 0.2 million (H1 2017: a net expense of DKK 0.2 million).

Balance sheet

At 30 June 2018, the balance sheet stood at DKK 71.0 million (30 June 2017: DKK 70.9 million).

Financial outlook for 2018

On the basis of realised and expected costs in connection with NTG Holding's and Gefion's takeover offers and winding-up and transfer costs and costs for maintaining NeuroSearch's stock exchange listing etc. until the end of 2018, the operating loss is estimated to be approximately DKK 5 million without completion of the agreement with Teva. Provided the agreement with Teva is finally completed, the financial performance will improve by USD 450,000.

Events after the balance sheet date

On 2 July 2018 (announcement no. 14-18), the Board of Directors of NeuroSearch published its statement relating to the two takeover offers from Gefion and NTG Holding, respectively.

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FINANCIAL HIGHLIGHTS AND PER SHARE RATIOS

(DKK million)	GROUP		
	H1 2018 (6 months)	H1 2017 (6 months)	2017 (12 months)
Income statement and statement of comprehensive income:			
Gain from divestment of intellectual property	-	-	2.2
General and administrative costs	2.8	2.3	3.2
Operating profit/(loss)	(2.8)	(2.3)	(1.0)
Net financials	(0.2)	(0.2)	(9.8)
Profit/(loss) of continuing operations before tax	(3.0)	(2.5)	(10.8)
Net profit/(loss) of discontinued operations	-	-	2.9
Profit/(loss) for the period	(3.0)	(2.5)	(7.9)
Total comprehensive income for the period	(3.0)	(2.5)	2.0
Balance sheet:			
Total assets	71.0	70.9	74.5
Cash and cash equivalents and securities	70.4	65.9	74.1
Equity	70.3	68.8	73.4
Per share ratios (DKK):			
Earnings per share*	(0.12)	(0.10)	(0.32)
Diluted earnings per share	(0.12)	(0.10)	(0.32)
Net asset value	2.86	2.91	2.99
Market price at end of period	4.63	3.46	4.21
Market price/net asset value	1.62	1.19	1.41
Average number of employees			
Average number of employees	1	1	1
Number of employees at end of period	1	1	1

* 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 2018 (6 months)	H1 2017 (6 months)	2017 (12 months)
Income statement:			
Gain from divestment of intellectual property	-	-	2.2
General and administrative costs	2.8	2.3	3.2
Total costs	2.8	2.3	3.2
Operating profit/(loss)	(2.8)	(2.3)	(1.0)
Share of profit/(loss) of subsidiaries after tax	-	-	(9.8)
Share of profit/(loss) of associates	-	-	0.4
Net other financials	(0.2)	(0.2)	(0.4)
Net profit/(loss) of continuing operations before tax	(3.0)	(2.5)	(10.8)
Profit/(loss) of discontinued operations	-	-	2.9
Net profit/(loss)	(3.0)	(2.5)	(7.9)
Statement of comprehensive income:			
Net profit/(loss)	(3.0)	(2.5)	(7.9)
<i>Other comprehensive income:</i>			
Recycling of currency translation	-	-	9.9
Total other comprehensive income	0	0	9.9
Total comprehensive income	(3.0)	(2.5)	2.0
Earnings per share, DKK	(0.12)	(0.10)	(0.32)
Diluted earnings per share, DKK	(0.12)	(0.10)	(0.32)
Earnings per share, DKK (continuing operations)	(0.12)	(0.10)	(0.44)
Diluted earnings per share, DKK (continuing operations)	(0.12)	(0.10)	(0.44)

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CONDENSED BALANCE SHEET

(DKK million)			
	30 June 2018	30 June 2017	31 December 2017
Receivables	0.6	5.0	0.4
Cash and cash equivalents	70.4	65.9	74.1
Total assets	71.0	70.9	74.5
Equity	70.3	68.8	73.4
Current liabilities	0.7	2.1	1.1
Total equity and liabilities	71.0	70.9	74.5

CONDENSED CASH FLOW STATEMENT

(DKK million)			
	H1 2018 (6 months)	H1 2017 (6 months)	2017 (12 months)
Cash flows from operating activities	(3.5)	(8.3)	(4.9)
Cash flows from investing activities	-	-	4.9
Cash flows from financing activities	(0.2)	(0.2)	(0.3)
Net cash flow	(3.7)	(8.5)	(0.3)
Cash and cash equivalents at beginning of period	74.4	74.4	74.4
Cash and cash equivalents at end of period	70.4	65.9	74.1

For a breakdown of "cash and cash equivalents" as of 30 June 2018, see note 2.



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MOVEMENTS IN EQUITY

2018 (DKK thousand)	Share capital	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2018	24,554	0	48,798	73,352
Comprehensive income for the period	-	-	(3,041)	(3,041)
Transfer	-	-	-	0
Equity at 30 June 2018	24,554	0	45,757	70,311

2017 (DKK thousand)	Share Capital	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2017	24,554	(9,868)	56,697	71,383
Comprehensive income for the period	-	-	(2,549)	(2,549)
Transfer	-	-	-	0
Equity at 30 June 2017	24,554	(9,868)	54,148	68,834

SHARE CAPITAL

(DKK thousand)	30 June 2017	30 June 2018
Share capital at 1 January	24,554	24,554
Capital reduction	-	-
Share capital at end of period	24,554	24,554



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NOTES

1. Accounting estimates and judgments

Basis of preparation

The interim report comprises condensed financial statements of NeuroSearch A/S. The interim report is presented in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" and additional Danish disclosure requirements for interim reports of listed companies.

This interim report has not been audited or reviewed by the Company's independent auditor.

Accounting policies

The accounting policies applied in the interim report are consistent with those applied in the annual report for 2017. The annual report for 2017 was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For further details, see pages 18-19 of the annual report for 2017.

Estimates and judgments

The preparation of the interim report 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 underlying principles of estimates and judgments applied in the interim report are consistent with those applied in connection with the annual report for 2017. These principles are described in note 1 to the annual report for 2017 (p. 24).

2. Cash and cash equivalents

Cash and cash equivalents can be specified as follows:

(DKK million)	30 June 2018	30 June 2017	31 December 2017
Money market accounts	70.4	65.9	74.1
Cash and cash equivalents end of period	70.4	65.9	74.1

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.

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3. Treasury shares

	Number of Shares	Nominal value	Percentage of share capital	Market value DKK million
1 January 2018	265,946	265,946	1.08	1.1
Adjustments	-	-	-	0.1
Treasury shares at 30 June 2018	265,946	265,946	1.08	1.2



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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 2018. The interim report has not been audited or reviewed by the Company's independent auditor.

The interim report, which contains financial statements of NeuroSearch A/S, is presented in accordance with IFRS as adopted by the EU, IAS 34 and additional Danish disclosure requirements for interim reports of 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 NeuroSearch's assets, liabilities and financial position at 30 June 2018 and of the results of its activities and cash flows for the period 1 January to 30 June 2018. Moreover, in our opinion, the management's report includes a fair review of developments in NeuroSearch's activities and financial position and describes the significant risks and uncertainty factors that NeuroSearch faces.

Hellerup, 30 August 2018

Executive Management

Allan Andersen
CEO

Board of Directors

Karin Garre
Chairman

Allan Andersen

Christian Lundgren
