

# PAION Q1#2007

Interim report on the first quarter 2007

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03/31  
2007

PAION AG

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## Key figures

(all figures in EURk unless otherwise noted)	Q1 2007 (unaudited)	Q1 2006 (unaudited)
<b>Revenues</b>	1,294	1,357
<b>Research and development expenses</b>	-3,352	-4,436
<b>General and administrative expenses</b>	-1,013	-1,092
<b>Selling and marketing expenses</b>	-208	-261
<b>Net result for the period</b>	-4,166	-5,263
<b>Earnings per share in EUR for the period (basic)</b>	-0.25	-0.33
<b>Earnings per share in EUR for the period (diluted)</b>	-0.25	-0.33

	Q1 2007 (unaudited)	Q1 2006 (unaudited)
<b>Net cash from operating activities</b>	-2,333	-4,850
<b>Net cash from investing activities</b>	-100	-117
<b>Net cash from financing activities</b>	-158	-1,213
<b>Average number of group employees</b>	84	75

	03/31/2007 (unaudited)	12/31/2006 (audited)
<b>Intangible assets</b>	513	524
<b>Long-term refund claims resulting from the assumption of development costs</b>	9,044	8,011
<b>Cash and cash equivalents</b>	54,598	57,189
<b>Equity</b>	41,541	45,471
<b>Non-current liabilities</b>	20,603	19,212
<b>Balance sheet total</b>	67,048	70,050
<b>Equity ratio</b>	62.0%	64.9%

## Management report for three months period ending 31 March 2007

### Overview

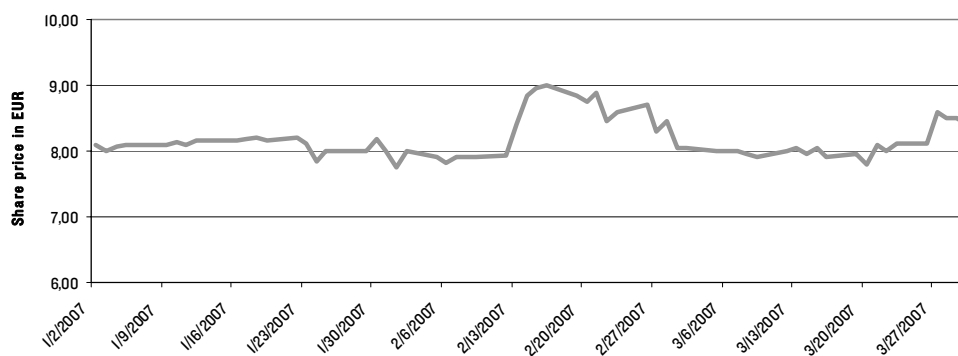
The revenues of the first quarter 2007 in the amount of EUR 1,294k were only slightly below the corresponding prior year's period (EUR 1,357k). As a result of the lower research and development expenses the loss for the first three months 2007 in the amount of EUR 4,166k decreased by EUR 1,097k in comparison to the corresponding prior year's period (EUR 5,263k). Compared to 31 December 2007, the cash and cash equivalents decreased in the first quarter 2007 by EUR 2,591k. This was mainly due to the expenses related to the operating activities. PAION is in a good financial position. As of the balance sheet date, 31 March 2007, PAION's cash and cash equivalents amounted to EUR 54,598k which exceeded the amount of the corresponding prior year's cut-off date, 31 March 2006, by EUR 2,408k.

Following completion of patient recruitment in December 2006 for the clinical Phase III study DIAS-2 which is jointly conducted with our co-operation partner and licensee Forest Laboratories, Inc. and which explores Desmoteplase in the indication of acute ischemic stroke in the three to nine hours time window, the generated study data are currently being evaluated. PAION and its cooperation partner Forest plan that headline results of the DIAS-2 study will be presented on 1 June 2007 at the European Stroke Conference in Glasgow.

## Share price development

For most of the time during the first quarter 2007, the price of PAION shares moved sideways after a short peak increase to EUR 9.00 mid February. On the last trading date of the first quarter, 30 March 2007, the PAION shares closed at EUR 8.38 (XETRA). In comparison to the XETRA closing price of EUR 8.25 at 29 December 2006 this corresponds to an increase of 1.6%. The average daily trading volume in the first three months 2007 amounted to 18,503 shares.

### Development of the PAION share price in the three months period ending 31 March 2007



## Research and development overview

PAION's research and development activities are currently focused on three substances: Desmoteplase, Enecadin and Solulin. These substances target different aspects of a stroke, thereby offering complementary therapeutic options.

PAION's most advanced substance is Desmoteplase, an intravenous therapeutic, which is being developed primarily for the causal treatment of acute ischemic stroke. Desmoteplase belongs to a group of blood clot-dissolving compounds known as plasminogen activators. In December 2006, the patient recruitment for the clinical Phase III study (DIAS-2) with Desmoteplase in the indication of acute ischemic stroke which is jointly conducted with our cooperation partner and licensee Forest Laboratories, Inc. was completed. Currently, the data generated within this study are being evaluated. PAION plans that headline results of the DIAS-2 study will be presented at the European Stroke Conference which takes place in Glasgow end of May. Regarding the further confirmatory study with Desmoteplase in the indication of acute ischemic stroke which PAION will conduct together with its cooperation partner H. Lundbeck A/S, a statement by the German Federal Institute for Drugs and Medical Devices ["Bundesinstitut für Arzneimittel und Medizinprodukte": BfArM] on the data package which has been submitted in March 2007 was received. The additional data requested by the BfArM are currently generated by PAION and Lundbeck. Furthermore, the confirmatory study may be influenced by the results of the DIAS-2 study. A specific date for the start of this study has therefore not been defined yet.

**Research and development overview**  
**Net assets, financial position and results of operations**

Enecadin is a neuroprotectant which may increase the survival time of affected brain cells and therefore serves to reduce neural damage within the course of an acute ischemic stroke. PAION has been conducting the clinical Phase IIa trial TEST (Tolerability of Enecadin in acute ischemic Stroke Trial) since the first quarter of 2006. This dose-finding study examines the safety, efficacy and tolerability of the substance in a timeframe of up to nine hours after the onset of symptoms in patients who have suffered an acute ischemic stroke. After the recruitment of patients in this study had been slower than originally anticipated, PAION has initiated several measures for accelerating enrolment within this study. Among others, the number of study centers was increased. The initiated measures showed first improvements. However, the further course of this study depends on whether the measures taken are sustainably effective.

Solulin is a thrombin modulator which may act as an “intelligent anticoagulant” with anti-inflammatory potential and which could be useful in preventing arterial re-occlusion related to ischemic stroke and other thrombotic diseases. PAION currently prepares a Phase I clinical study with this substance. In a statement on the application for the study, the BfArM requested further data which has meant that the study originally planned to commence in mid-2006 has been postponed. The additional data requested mainly relates to preclinical and production issues. It was originally intended to generate these data for the subsequent clinical Phases. PAION has conducted scientific advice consultations with the BfArM to discuss project details. The results of these talks are now being incorporated in the preparations for the Phase I study.

**Net assets, financial position and results of operations**

**Results of operations**

The net result of the first quarter 2007 improved by EUR 1,097k compared to the prior year's period. The reduction of the loss of the period to EUR 4,166k (prior year's period: EUR 5,263k) is mainly due to the lower research and development expenses in the first quarter 2007.

Net assets, financial position and results of operations

	Q 1 2007 EUR k	Q 1 2006 EUR k
Revenues	1,294	1,357
Cost of Revenues	-1,248	-1,383
<b>Gross profit</b>	<b>46</b>	<b>-26</b>
Research and development	-3,352	-4,436
General and administrative	-1,013	-1,092
Selling and marketing	-208	-261
Other income (expenses)	20	102
<b>Operating expenses</b>	<b>-4,553</b>	<b>-5,687</b>
<b>Operating result</b>	<b>-4,507</b>	<b>-5,713</b>
<b>Financial result</b>	<b>341</b>	<b>450</b>
<b>Taxes on income</b>	<b>0</b>	<b>0</b>
<b>Net result for the period</b>	<b>-4,166</b>	<b>-5,263</b>

The **Revenues** of the first three months 2007 in the amount of EUR 1,294k exclusively result as prior year's period from the reimbursement of development costs by Forest and Lundbeck.

In the first quarter 2007, the **cost of revenues** in the amount of EUR 1,248k stem from the development activities of this period reimbursed by Forest and Lundbeck. In the prior year's period, the cost of revenues also resulted exclusively from reimbursed development costs allocated to Forest and Lundbeck.

The **research and development expenses** of the first three months 2007 decreased by EUR 1,084k to EUR 3,352k compared to the corresponding prior year's period. The reduction is primarily due to lower development expenses in connection with the production of the substance Desmotepase.

Compared to the prior year's period the **general and administrative expenses** in the first quarter 2007 changed only slightly and amounted to EUR 1,013k (prior year's period: EUR 1,092k).

The **financial result** the first three months 2007 decreased by EUR 109k to EUR 341k compared to the prior year's period. The reduction is attributable to the fact that in contrast to the prior year's period interest expenses in the amount of EUR 137k of the subordinated loan borrowed in April 2006 are included in the current reporting period.

### Net assets and financial position

Mainly due to the net loss of the first quarter 2007 the balance sheet total as of 31 March 2007 decreased by EUR 3,003k to EUR 67,047k compared to 31 December 2006. The equity ratio as of 31 March 2007 reduced to 62.0% compared to 31 December 2006 (64.9%). Considering the subordinated loan as similar to equity from an economical point of view and a netting from a business point of view of the long-term refund obligations vis-à-vis Forest resulting from the development expenses financed in advance by Forest and the corresponding long-term refund claims against Lundbeck disclosed under assets would have increased the equity ratio by 21.3 percentage points to 83.3%.

	03/31/2007 in EURk	12/31/2006 in EURk	Change in EURk
Non-current assets	10,727	9,699	1,028
Current assets	56,320	60,351	-4,031
<b>Assets</b>	<b>67,047</b>	<b>70,050</b>	<b>-3,003</b>
Equity	41,541	45,471	-3,930
Non-current liabilities	20,603	19,212	1,391
Current liabilities	4,903	5,367	-464
<b>Equity and liabilities</b>	<b>67,047</b>	<b>70,050</b>	<b>-3,003</b>

The rise in **non-current assets** is chiefly the result of the long-term refund claims resulting from the assumption of the development costs against Lundbeck which increased by EUR 1,033k to EUR 9,044k in the reporting period. These refund claims are the result of Lundbeck's obligation to assume PAION's repayment obligation to Forest for the development costs borne directly and indirectly by Forest, including a premium, in the event that Desmoteplase is approved in Europe and/or Japan.

The reduction in **current assets** in the amount of EUR 4,031k mainly relates to the decrease of the cash and cash equivalents (EUR 2,591k) and the trade receivables (EUR 1,439k). The change in cash and cash equivalents stems from the following areas:

	Q1 2007 in EURk	Q1 2006 in EURk
Cash flow from operating activities	-2,333	-4,850
Cash flow from investing activities	-100	-117
Cash flow from financing activities	-158	-1,213
<b>Change in cash and cash equivalents</b>	<b>-2,591</b>	<b>-6,180</b>

Net assets, financial position and results of operations  
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The negative cash flow from operating activities in the amount of EUR 2,333k is primarily attributable to the net loss for the period of EUR 4,166k which was partially compensated by non-cash expenses from option plans (EUR 236k) and amortization/depreciation (EUR 102k). Furthermore, the cash flow from operating activities was affected in a positive way by the reduction of the trade receivables in the amount of EUR 1,439k.

The negative cash flow from financing activities in the first three months 2007 is significantly lower than in the prior year's period. This is mainly due to the fact that the cash flow of the prior year's period contained the payment of the last tranche in connection with the settlement of a pre-IPO stock option plan of PAION Deutschland GmbH (EUR 1,192k). In the first quarter 2007, the negative cash flow from financing activities chiefly resulted from interest payments of the subordinated loan borrowed in April 2006.

The increase of **non-current liabilities** by EUR 1,391k is primarily attributable to the increase of the provision for the refund obligation to Forest by EUR 1,396k to EUR 11,979k.

The decrease of **current liabilities** by EUR 464k is predominantly due to the reduction of the trade payables by EUR 505k.

#### Personnel development

In the first quarter 2007, the headcount increase slightly continued. PAION employed an average of 84 employees in the first three months 2007 (fiscal year 2006: 77 employees). Of these 84 employees, 62 employees are working in research and development, 19 employees in administration while 3 employees are working in sales and marketing. In the further course of fiscal year 2007, a moderate personnel increase is planned.

#### Risks and opportunities report

The significant risks and opportunities to the future development are described in detail in the group management report for fiscal year 2006 and have not changed materially in the first quarter 2007.

#### Outlook

The future development of the PAION Group in 2007 will largely depend on the results of the clinical Phase III trial with Desmoteplase in the indication acute ischemic stroke (DIAS-2). PAION plans that headline results of the DIAS-2-study will be presented on 1 June 2007 at the European Stroke Conference in Glasgow. If DIAS-2 confirms the results of the Phase II clinical trials we have conducted to date (DIAS and DEDAS) PAION and its cooperation partners may decide, after additional consultations with the regulatory authorities, to apply for regulatory approval of Desmoteplase on the basis of only this single Phase III study. This can only be achieved if the regulatory authorities in Europe and/or the United States accept the safety and efficacy data available after completion of these trials as the basis for an application for conditional regulatory approval. Conditional regulatory approval may be granted for diseases with high therapeutic

## Outlook

therapeutic needs. Such a preliminary approval may then be converted into an unconditional approval after additional clinical data will have been provided.

After the initiated measures showed an improvement of the recruitment of patients in the clinical Phase IIa study TEST, the further course of this study depends on whether the measures taken are sustainably effective. The start of the Phase I study on Solulin is dependent upon the regulatory approval process and, as such, no specific date can be given.

In comparison to 2006, PAION expects lower revenues in fiscal year 2007 due to three main changes. Patient recruitment in the DIAS-2-study is completed and therefore significantly lower development expenses will be reimbursed by our cooperation partners compared to the prior year. Furthermore, PAION will contribute considerably to the costs of the upcoming Phase III study which will be jointly conducted with Lundbeck and for which PAION does not expect to receive any cost reimbursements in 2007. In addition, in context of the production development Lundbeck will enter the contractual relationship between PAION and the manufacturer (CMO) and therefore directly assume the corresponding portion of costs. This means that in contrast to the last two years, the corresponding portion will neither be considered as revenues nor as cost of revenues at PAION. Accordingly, this change does not have any impact on the result of the period. As in 2006, no milestone payments from cooperation partners are expected in 2007. High operating costs are again expected due to the continuation of the development projects Enecadin and Solulin and further investments in marketing and sales activities. Consequently, a high loss is also expected for 2007 while PAION is continuing to be sufficiently funded.

PAION endeavors to further develop and expand its own product portfolio. As such, substances and companies are continually evaluated in order to identify attractive drug candidates.

Aachen, 9 May 2007

PAION AG

The Management Board

## Consolidated Balance Sheet

ASSETS	31 March 2007 EUR	31 Dec. 2006 EUR
<b>Non-current assets</b>		
Intangible assets	512,939.44	524,246.44
Equipment	1,170,034.28	1,163,871.92
Long-term refund claims resulting from the assumption of development costs	9,044,404.75	8,010,826.74
	<b>10,727,378.47</b>	<b>9,698,945.10</b>
<b>Current assets</b>		
Trade receivables	852,057.23	2,290,567.20
Prepaid expenses and other assets	870,585.75	871,707.98
Marketable securities	15,118,912.86	0.00
Cash and cash equivalents	39,478,934.89	57,188,779.78
	<b>56,320,490.73</b>	<b>60,351,054.96</b>
 <b>Total assets</b>	 <b>67,047,869.20</b>	 <b>70,050,000.06</b>

EQUITY AND LIABILITIES	31 March 2007 EUR	31 Dec. 2006 EUR
<b>Equity</b>		
Share capital	16,755,552.00	16,755,552.00
Capital reserve	85,267,747.67	85,032,116.76
Loss carryforward	-56,316,554.35	-38,930,499.47
Loss for the period	-4,165,577.33	-17,386,054.88
	<b>41,541,167.99</b>	<b>45,471,114.41</b>
<b>Non-current liabilities</b>		
Provisions	12,023,520.81	10,616,825.08
Financial liabilities	6,749,739.86	6,741,483.43
Finance lease liabilities	115,687.00	133,320.00
Deferred income	1,714,521.78	1,720,630.08
	<b>20,603,469.45</b>	<b>19,212,258.59</b>
<b>Current liabilities</b>		
Trade payables	4,003,557.55	4,508,927.03
Provisions	367,294.98	442,446.78
Current portion of finance lease liabilities	72,865.00	74,163.00
Other current liabilities	435,081.03	316,657.05
Current portion of deferred income	24,433.20	24,433.20
	<b>4,903,231.76</b>	<b>5,366,627.06</b>
<b>Total equity and liabilities</b>	<b>67,047,869.20</b>	<b>70,050,000.06</b>

## Consolidated Income Statement

EUR	1 January – 31 March 2007	1 January – 31 March 2006
Revenues	1,294,195.33	1,356,791.52
Cost of revenues	-1,248,526.95	-1,382,954.39
<b>Gross profit</b>	<b>45,668.38</b>	<b>-26,162.87</b>
Research and development expenses	-3,351,609.15	-4,436,059.76
General and administrative expenses	-1,012,987.56	-1,092,047.77
Selling and marketing expenses	-207,760.80	-261,535.66
Other income (expenses), net	19,961.78	102,312.89
<b>Operating expenses</b>	<b>-4,552,395.73</b>	<b>-5,687,330.30</b>
<b>Operating result</b>	<b>-4,506,727.35</b>	<b>-5,713,493.17</b>
Financial income	496,853.12	518,677.74
Financial expenses	-155,703.10	-68,255.07
<b>Financial result</b>	<b>341,150.02</b>	<b>450,422.67</b>
<b>Loss for the period before taxes</b>	<b>-4,165,577.33</b>	<b>-5,263,070.50</b>
<b>Income taxes</b>	<b>0.00</b>	<b>0.00</b>
<b>Loss for the period</b>	<b>-4,165,577.33</b>	<b>-5,263,070.50</b>
Earnings per share (basic)	-0.25	-0.33
Earnings per share (diluted)	-0.25	-0.33

## Consolidated Cash Flow Statement

EUR	1 January – 31 March 2007	1 January – 31 March 2006
<b>Cash flows from operating activities:</b>		
Net result for the period	-4,165,577.33	-5,263,070.50
<b>Reconciliation of net profit (loss) for the period to cash flows from operating activities:</b>		
Amortization/depreciation	102,050.18	86,544.33
Loss/Profits from the disposal of non-current assets	3,407.50	0.00
Interest expenses and interest income	-341,150.02	-450,422.67
Release of investment grants	-6,108.30	-6,108.30
Expenses from stock option plans	235,630.91	261,732.33
<b>Change in assets and liabilities which are not attributable to investing or financing activities:</b>		
Long-term refund claims resulting from the assumption of development costs	-1,042,145.93	-838,168.93
Trade receivables	1,438,509.97	316,145.62
Prepaid expenses and other assets	107,194.93	369,538.84
Trade payables	-505,369.48	-447,429.85
Provisions	1,338,012.71	905,292.59
Other current liabilities	118,423.98	-122,340.30
	<b>-2,717,120.88</b>	<b>-5,188,286.84</b>
Interest received	384,311.64	338,600.54
<b>Net cash used in operating activities</b>	<b>-2,332,809.24</b>	<b>-4,849,686.30</b>
<b>Cash flows from investing activities:</b>		
Cash paid for investments in intangible assets and equipment	-100,313.04	-117,111.06
<b>Net cash used in investing activities</b>	<b>-100,313.04</b>	<b>-117,111.06</b>
<b>Cash flows from financing activities:</b>		
Capital repayment due to the settlement of options	0.00	-1,192,493.32
Interest paid	-136,925.75	0.00
Payment of finance lease liabilities	-20,884.00	-20,885.00
<b>Net cash used in financing activities</b>	<b>-157,809.75</b>	<b>-1,213,378.32</b>
Change in cash and cash equivalents	-2,590,932.03	-6,180,175.68
Cash and cash equivalents at beginning of the period	57,188,779.78	58,370,539.85
<b>Cash and cash equivalents at end of the period</b>	<b>54,597,847.75</b>	<b>52,190,364.17</b>
<b>Composition of cash and cash equivalents at the end of the period:</b>		
Cash	39,478,934.89	42,123,060.17
Marketable securities	15,118,912.86	10,067,304.00
	<b>54,597,847.75</b>	<b>52,190,364.17</b>

## Consolidated Statement of Changes in Equity

	Share capital EUR	Capital reserve EUR	Loss carryforward EUR	Equity EUR
<b>31 December 2005</b>	<b>15,755,552.00</b>	<b>75,925,289.91</b>	<b>-38,930,499.47</b>	<b>52,750,342.44</b>
Issue of shares	0.00	0.00	0.00	0.00
Contribution to the capital reserve	0.00	0.00	0.00	0.00
Cost of raising capital	0.00	0.00	0.00	0.00
Additional contribution to the capital reserve				
due to the issue of options	0.00	261,732.33	0.00	261,732.33
Loss for the period	0.00	0.00	-5,263,070.50	-5,263,070.50
<b>31 March 2006</b>	<b>15,755,552.00</b>	<b>76,187,022.24</b>	<b>-44,193,569.97</b>	<b>47,749,004.27</b>
Issue of shares	1,000,000.00	0.00	0.00	1,000,000.00
Contribution to the capital reserve	0.00	8,440,000.00	0.00	8,440,000.00
Cost of raising capital	0.00	-448,273.31	0.00	-448,273.31
Additional contribution to the capital reserve				
due to the issue of options	0.00	853,367.83	0.00	853,367.83
Loss for the period	0.00	0.00	-12,122,984.38	-12,122,984.38
<b>31 December 2006</b>	<b>16,755,552.00</b>	<b>85,032,116.76</b>	<b>-56,316,554.35</b>	<b>45,471,114.41</b>
Issue of shares	0.00	0.00	0.00	0.00
Contribution to the capital reserve	0.00	0.00	0.00	0.00
Cost of raising capital	0.00	0.00	0.00	0.00
Additional contribution to the capital reserve				
due to the issue of options	0.00	235,630.91	0.00	235,630.91
Loss for the period	0.00	0.00	-4,165,577.33	-4,165,577.33
<b>31 March 2007</b>	<b>16,755,552.00</b>	<b>85,267,747.67</b>	<b>-60,482,131.68</b>	<b>41,541,167.99</b>

# Selected explanatory notes to the interim financial statements as of 31 March 2007

## **General information on the parent company and the PAION group**

The interim financial statements comprise PAION AG as parent company registered at Martinstrasse 10-12, 52062 Aachen, Germany, and the wholly-owned subsidiary PAION Deutschland GmbH, Aachen, Germany, which is fully consolidated.

## **Basis of accounting**

The interim financial statements have been prepared in compliance with IFRSs. The regulations of International Accounting Standard (IAS) 34 *Interim Financial Reporting* have been adopted. The interim financial statements as of 31 March 2007 have to be read in connection with the consolidated financial statements as of 31 December 2006.

The preparation of the interim financial statements in accordance with IFRSs requires the management to make estimates and assumptions that affect the carrying amounts of assets and liabilities, income and expenses and contingent liabilities. Actual amounts may differ from the estimates.

The interim financial statements do not contain any segment information as no reportable business or geographical segments could be identified.

## **Consolidation policies**

In comparison to the consolidated financial statements as of 31 December 2006, the consolidation policies adopted in the interim financial statements as of 31 March 2007 are unchanged.

## **Accounting policies**

In comparison to the consolidated financial statements as of 31 December 2006, the accounting policies adopted in the interim financial statements as of 31 March 2007 are unchanged.

## **Related Parties**

Transactions with related parties have not changed compared to the consolidated financial statements as of 31 December 2006.

Aachen, 9 May 2007

PAION AG

The Management Board

# Review Report

To PAION AG, Aachen:

We have reviewed the condensed consolidated interim financial statements - comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim group management report of PAION AG, Aachen, for the period from January 1 to March 31, 2007 which are components of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally in accordance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standard require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Cologne, Germany, May 9, 2007

Ernst & Young AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

(s) Gockel	(s) Schlöder
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

PAION AG

Martinstrasse 10-12 52062 Aachen - Germany

Phone +49-(0)241-4453-0

Fax +49-(0)241-4453-100

info@paion.de [www.paion.de](http://www.paion.de)