



AD HOC ANNOUNCEMENT §15 WPHG

FINANCIAL RESULTS

PAION AG: FINANCIAL RESULTS 2004

Aachen, 10 March 2005 - The development stage biopharmaceutical company PAION today announced its financial results for 2004. For the first time since its founding in 2000, PAION has generated a positive net result of EUR 0.2 million (previous year: EUR -10.9 million). This result is due to a licensing agreement of June 2004 with US headquartered pharma company Forest Laboratories, Inc., granting Forest an exclusive license with respect to the commercialization of PAION's most advanced drug candidate for the treatment of acute ischaemic stroke, Desmoteplase, in the United States and Canada.

PAION's revenues totalled EUR 17.0 million in 2004 (previous year: EUR 0.7 million), resulting exclusively from the agreement with Forest, and consisted of a knowledge-transfer payment (EUR 15.6 million), amortization of a non-refundable upfront payment (EUR 0.7 million), and cost reimbursements by Forest (EUR 0.7 million).

Since further substantial clinical studies in connection with the development of its drug candidates are necessary, PAION will continue to incur high development costs and does not expect a positive result for 2005.

In 2004, research and development costs decreased to EUR 8.0 million (previous year: EUR 8.8 million), which mainly reflects the aforementioned reimbursement of development costs by Forest. General and administrative expenses increased from EUR 2.4 million in 2003 to EUR 5.7 million in 2004. The increase results primarily from remuneration paid to strategic advisors, which became due in connection with the conclusion of the license agreement with Forest, and from consulting fees paid in connection with the preparation of the financing round in May 2004 and in connection with PAION's initial public offering and listing on the Frankfurt Stock Exchange in February 2005. The average number of PAION employees in 2004 was 49 (full time basis; previous year: 52).

On 31 December 2004, the consolidated balance sheet total amounted to EUR 25.7 million (31 December 2003: EUR 10.0 million) with total shareholders' equity of EUR 15.3 million (31 December 2003: EUR 7.6 million). The Forest agreement and a EUR 9.8 million financing round in May 2004 enabled PAION to significantly strengthen its financial position. Thus total cash and cash equivalents increased from EUR 8.5 million at the end of 2003 to EUR 20.9 million as of 31 December 2004. In addition, in February 2005, PAION raised gross proceeds of EUR 46 million in its initial public offering.

PAION plans to hold a conference call following the release of the full consolidated financial statements for the fiscal year 2004 by the end of March.

Contact

PAION Investor Relations
Dr. Peer Nils Schröder
Tel: +49-(0)241-44-53-152
pn.schroeder@paion.de

PAION AG
Martinstrasse 10-12
52062 Aachen
Deutschland

ISIN: DE000A0B65S3
WKN: A0B65S

Listed: Amtlicher Markt in Frankfurt (Prime Standard); Freiverkehr in Berlin-Bremen, Düsseldorf, Hamburg, München und Stuttgart

End of ad hoc announcement

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