



AD HOC ANNOUNCEMENT §15 WPHG

FINANCIAL RESULTS

PAION AG: FINANCIAL RESULTS OF THE FIRST QUARTER 2005

Aachen, 9 May 2005 - The biopharmaceutical company PAION today announced its financial results of the first quarter 2005. In the first quarter of 2005, PAION's revenues totalled EUR 363k (1Q04: EUR 0k), resulting exclusively from the agreement with collaboration partner Forest Laboratories Inc. („Forest“) and relating to cost reimbursements for development expenses. In the same period, research and development cost increased to EUR 3,006k (1Q04: EUR 1,312k). Besides for the continuation of clinical trials for Desmoteplase and manufacturing development for this drug, additional research and development expenses incurred, mainly in relation to the preparation of clinical interaction studies for Enecadin as well as for the manufacturing development for Solulin. Enecadin and Solulin are the other two drugs under development by PAION. The enhanced development activities lead to a net loss for the period amounting to EUR 3,808k, as planned (1Q04: EUR 1,826k).

General and administrative expenses increased to EUR 885k in the first quarter 2005 (1Q04: EUR 462k). The average number of PAION employees during the first quarter 2005 was 56 (1Q04: 42).

Due to the IPO that was conducted on 11 February 2005, PAION's balance sheet structure changed significantly throughout the reporting period. On 31 March 2005, the consolidated balance sheet total amounted to EUR 62,762k (31 December 2004: EUR 25,670k) with total shareholders' equity of EUR 52,913k (31 December 2004: EUR 15,312k). The gross proceeds from the IPO amounted to EUR 46,000k and significantly improved PAION's equity ratio from 59.6% as of 31 December 2004 to 84.3% as of 31 March 2005. In the first quarter 2005, cash and cash equivalents increased by EUR 37,095k to EUR 57,984k. The inflow of funds by the IPO has to be set off against cash disbursements amounting to EUR 3,645k due to costs directly related to the IPO and which were already paid until 31 March 2005 as well as a negative cash flow from operating activities that was generated in the first quarter 2005, amounting to EUR 4,148k (1Q04: EUR 2,041k).

Including cost reimbursements for the ongoing clinical Phase IIb/III study for Desmoteplase in acute ischaemic stroke, PAION anticipates an operative cash flow amounting to between EUR minus 24m and EUR minus 28m for the year 2005. Contributions from the remaining future milestone payments by Forest of up to USD 47.5m are not included herein and, according to the joint development plan, will be due upon achieving the respective milestones which is not within the fiscal year 2005.

In the reporting period, PAION achieved also operational progress. In early February, the results of the successful Phase II clinical trial DEDAS for PAION's most advanced drug, Desmoteplase, in acute ischaemic stroke were published. Shortly afterwards and for the same indication, the joint Desmoteplase Phase IIb/III clinical trial DIAS-2 was started together with Forest.

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End of ad hoc announcement