



## **AD-HOC-ANNOUNCEMENT ACCORDING TO §15 WPHG**

### **FINANCIAL RESULTS**

#### **PAION AG ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER 2006**

**Aachen, 2 May 2006** – PAION AG (Frankfurt Stock Exchange, Prime Standard PA8), biopharmaceutical company focusing on the treatment of stroke and other thrombotic diseases today announced the financial results for the first quarter 2006.

Due to a significant increase of reimbursable development costs from the cooperation partners, Forest and Lundbeck, PAION was able to increase its revenues in the first quarter 2006 to EUR 1,357k (prior year's period: EUR 363k). At the same time, research and development expenses were increased by EUR 1,430k to EUR 4,436k compared to prior year's period (EUR 3,006k). These expenses mainly incurred for the clinical study and development activities regarding the production process for Desmoteplase as well as, among others, for clinical studies with Enecadin and production process development for Solulin and preparations for the Phase I clinical study with this drug candidate.

Due to the expanded business activities, the general and administrative expenses increased by EUR 207k to EUR 1,092k during the first quarter 2006 (prior year's period: EUR 885k) while selling and marketing expenses rose to EUR 261k (prior year's period: EUR 226k). In the course of expansion of the clinical studies in the first quarter 2006, PAION also continued to grow in terms of employees. As of 31 March 2006, PAION employed a workforce of 76, corresponding to an average number of 75 employees during the first quarter 2006 (prior year's period: 56 employees).

The significantly enlarged research and development activities led to an increase of the negative operative result (EBIT) amounting to EUR 5,713k (prior year's period: EUR 4,001k). Including a considerably better financial result of EUR 450k (prior year's period: EUR 193k) a net loss for the period amounting to EUR 5,263k is reported (prior year's period: EUR 3,808k). The earnings per share are EUR -0.33 (prior year's period: EUR -0.29).

As of 31 March 2006 the balance sheet total amounted to EUR 60,185k (31 December 2005: EUR 66,152k) and the equity to EUR 47,749k (31 December 2005: EUR 52,750k). Cash and cash equivalents of PAION amounted to EUR 52,190k as of 31 March 2006 (31 December 2005: EUR 58,371k).

Directly after the cut-off date, 31 March 2006, PAION continued to sustainably strengthen its liquidity. Within the course of a successful capital increase and through a long-term subordinate loan being granted by HSBC Trinkaus & Burkhardt KGaA, which can be regarded as similar to equity from an economical point of view, PAION received an additional cash inflow amounting to EUR 16 million until mid-April.

Operationally, PAION anticipates further significant progress for the next quarters. PAION assumes that patient recruitment for the ongoing Phase III-study with Desmoteplase could be completed until end of 2006. Moreover, PAION expects that a further confirmatory study with Desmoteplase, previously planned by PAION as a safety study, will start in the second half of the year. With regard to the clinical Phase I study with Solulin, final response from the authorities will be received soon.

Due to the continued expansion of the development programmes for Enecadin, Solulin and production development for Desmoteplase, PAION will have to assume significant expenses. In contrast to 2004 and 2005 and according to the development plan, PAION does not expect any milestone payments from either Forest or Lundbeck. Exclusively comprising allocated development costs, PAION's revenues in 2006 will thus be significantly lower than in the previous years. As a result, PAION expects a correspondingly increased net loss for 2006.

### **About PAION**

PAION AG is a listed biopharmaceutical company based in Aachen, Germany (Frankfurt Stock Exchange, Prime Standard, ISIN DE000A0B65S3). It aims to become a leader in developing and marketing innovative drugs for the treatment of stroke and other thrombotic diseases for which there is a substantial unmet medical need. PAION's most advanced drug candidate, Desmoteplase, a novel plasminogen activator for the treatment of acute ischaemic stroke is partnered with Forest Laboratories, Inc. and H. Lundbeck A/S and currently being tested in an international multi-centred Phase III study. PAION has started a clinical Phase IIa study with the neuroprotectant Enecadin and is currently preparing to start a clinical Phase I study with its third drug candidate, thrombin modulator Solulin. In addition, PAION has initiated an early-stage development programme, named PN-10, for a series of new plasminogen activators and analogues at the end of March 2006.

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