



AD-HOC ANNOUNCEMENT ACCORDING TO §15 WPHG

FINANCIAL RESULTS

PAION AG ANNOUNCES FINANCIAL RESULTS FOR THE FIRST NINE MONTHS OF 2006

Aachen, 7 November 2006 – PAION AG (Frankfurt Stock Exchange, Prime Standard PA8), a biopharmaceutical company focusing on the treatment of stroke and other thrombotic diseases, today announced its financial results for the first nine months of 2006.

Revenues from the reimbursement of development expenses rose to EUR 8,064k in the first 9 months of 2006, an increase of EUR 5,071k compared with the equivalent period in the prior year. This includes EUR 2,989 production development expenses retrospectively assumed by H. Lundbeck A/S in accordance with an agreement signed in August 2006. At EUR 8,064k, total revenues were nevertheless considerably lower than the revenues reported for the prior year's period (EUR 17,993k), which included a one-time payment of EUR 15,000k in connection with a licence agreement concluded in July 2005. A net loss of EUR 12,761k was reported for the period under report, whereas the one-time payment in the equivalent period in the prior year resulted in a profit of EUR 1,079k. With cash and cash equivalents of EUR 62,189k as of 30 September 2006, PAION continues to have a very healthy supply of liquidity which is EUR 3,818k higher than at 31 December 2005. Equity amounted to EUR 49,771k at the reporting date, equivalent to an equity ratio of 68.1%.

First 9 months of 2006:

The figures for the first 9 months and third quarter of 2006 are only comparable with the figures for the equivalent periods in the prior year to a limited extent, given that these periods were characterised by a one-time payment of EUR 15,000k made by Lundbeck within the framework of a licence agreement concluded in July 2005. Excluding this payment in the prior year's period, PAION's revenues increased by EUR 5,071k in the first 9 months of 2006 to EUR 8,064k. This growth in the revenues resulting from the reimbursement of development expenses is primarily attributable to the licence agreement concluded with Lundbeck in July 2005, as well as to the further agreement concluded with Lundbeck in August 2006. Research and development expenses rose to EUR 12,895k in the period under report (prior year's period: EUR 8,326k) and mainly relate to the preparation and execution of clinical studies for Desmoteplase, the further development of the Desmoteplase production process as well as clinical studies with Enecadin and the development of the production process for Solulin. General and administrative expenses amounted to EUR 3,431k, a reduction of EUR 562k compared with the equivalent period in the prior year. Selling and marketing expenses reduced over the same period from EUR 1,143k to EUR 759k. PAION had a total workforce of 78 employees as of 30 September 2006 (31 December 2005: 72 employees), corresponding to an average number of

75 employees during the first 9 months of 2006 (prior year's period: 63 employees).

The marked expansion in research and development activities led to a negative operative result (EBIT) of EUR 13,805k, compared with a positive operative result (EBIT) of EUR 333k in the equivalent period in 2005. As a result of the increased liquidity and the higher level of interest rates, the financial result increased to EUR 1,044k compared with the prior year's period (EUR 746k). The net loss for the period amounts to EUR 12,761k, compared with a net profit of EUR 1,079k in the prior year's period.

Outlook for 2006:

Patient recruitment of the clinical Phase III Study DIAS-2 with Desmoteplase in the indication of acute ischaemic stroke still proceeds according to plan. Despite the short interruption in October 2006, PAION reiterates its expectation that patient recruitment should be completed by the end of the year. PAION and Lundbeck continue their consultations with the Federal Institute for Drugs and Medical Devices (BfArM) regarding the planned second confirmatory study for Desmoteplase. During these consultations, additional requirements have already been defined by the authority which result in a delay of the study which was anticipated to start in the fourth quarter of 2006. In the development of the substance Solulin, PAION still coordinating the project with the BfArM within the scope of a Scientific Advice.

PAION expects significantly lower revenues in the fiscal year 2006 than in prior years in view of the fact that no milestone payments are due to be made by cooperation partners in 2006, meaning that revenues will exclusively comprise allocated development costs.

The first nine months of 2006 witnessed a marked expansion in research and development expenses compared with the equivalent period in the prior year. In view of the expansion of the development programmes, this development is also set to continue in the fourth quarter of 2006.

As already announced in earlier reports, a correspondingly higher overall net loss will be reported for 2006 than in prior years.

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