



PRESS RELEASE

FINANCIAL RESULTS

PAION AG REPORTS RESULTS FOR THE FIRST NINE MONTHS 2007

Aachen (Germany), 6 November 2007 - The biopharmaceutical company PAION AG (FSE PA8, ISIN DE000A0B65S3), which specializes in the treatment of stroke and other thrombotic diseases, today announced its consolidated financial result for the first nine months of the fiscal year 2007.

The result for the third quarter of 2007 and the nine-month period ending 30 September 2007 was impacted significantly by various extraordinary effects which mainly resulted from the decision taken by Forest Laboratories, Inc. to terminate the collaboration. In addition, a clarification could be reached regarding the potential milestone obligation towards Bayer-Schering Pharma AG. The corresponding provision made in the second quarter of 2007 were thus reversed in the third quarter of 2007.

The revenues of the first nine months 2007 amounted to EUR 4,430k (prior year's period: EUR 8,064k) and comprise a deferred income of EUR 1,669k from a signing fee which was paid by Forest in 2004 and now released early due to the termination of the collaboration with Forest. As in prior periods, the remaining revenues are attributable to the refund of development costs by Forest and H. Lundbeck A/S. The cause for the decline in revenues is primarily that chargeable costs have decreased because the costs of the DIAS-2 study have been largely invoiced and that Lundbeck bears a portion of costs of production development directly ever since Lundbeck became party to the contract with the manufacturer from the second quarter of 2007 onwards.

At EUR 6,767k, research and development expenses in the first nine months 2007 were far lower than in the corresponding prior year's period (EUR 12,895k). This was mainly due to net income of EUR 2,668k generated from the reversal of the long-term repayment obligations to Forest and the derecognition of the long-term refund claims against Lundbeck which was offset against research and development expenses. This decline also reflects the noticeably lower development expenses related to the production development of Desmoteplase.

Compared to the prior year's period, the general and administrative expenses in the reporting period slightly decreased and amounted to EUR 3,217k (prior year's period: EUR 3,431k).

As already stated, the net result for the nine months period was significantly influenced by extraordinary effects which gave rise to a net loss amounting to EUR 6,692k, thus noticeably lower in comparison to the corresponding prior year's period (EUR 12,761k). For the nine months period of 2007 these extraordinary effects resulted in an income of EUR 4,643k. Without the

extraordinary effects, a net loss for the period of EUR 11,335k would have been recorded in the reporting period.

A permanent change has occurred in the structure of the balance sheet as of 30 September 2007 in comparison to prior periods. Largely as a result of the reversal of the long-term repayment obligations to Forest, the derecognition of the long-term refund claims against Lundbeck and the reduction in cash and cash equivalents, the balance sheet total as of 30 September 2007 dropped EUR 21,571k to EUR 48,479k in comparison to 31 December 2006. As of 30 September 2007, the equity ratio rose to 81.2% against 64.9% on 31 December 2006. As of the reporting date for the period, 30 September 2007, PAION had a solid EUR 45,918k in cash and cash equivalents at its disposal.

On average, PAION employed 82 employees in the first nine months of 2007 (fiscal year 2006: 77 employees). The personnel cutbacks which were carried out in reaction to the results of the DIAS-2 study will have a more noticeable effect on the average headcount in the coming quarters. As of 30 September 2007, the number of employees was 61.

Development in the first nine months 2007

After results of the Phase III study of Desmoteplase in acute ischemic stroke (DIAS-2) showed no statistically significant difference in clinical improvement after treatment between stroke patients who received Desmoteplase or a placebo, an analysis of the study results was initiated, under the lead of PAION, placing primary emphasis on explaining the unusually high placebo response rate. In PAION's opinion, the findings provide a sound rationale for the further development of Desmoteplase. The main cause for the unexpectedly high placebo rate seems to be that a large portion of the DIAS-2 patients did not have an occlusion of one of the major cerebral arteries at the start of treatment. These patients benefited less from the effects of the blood clot-dissolving substance Desmoteplase. The results of the DIAS-2 analysis are currently being discussed with leading stroke experts so that these findings can be used in potential new trials. However, the continuation of Desmoteplase development depends on whether sufficient funding can be obtained. In August 2007, i.e., before the analysis was finished, Forest announced its decision to return its development and marketing rights for North America to PAION. PAION's other partner Lundbeck, who acquired the rights on Desmoteplase for all other countries outside North-America, is currently evaluating the findings of the analysis. Thus, Lundbeck's pending decision on whether it will continue the collaboration will have a decisive impact on whether PAION will be able to fund the next development steps.

Since the first quarter of 2006, PAION has been conducting a clinical Phase IIa study with the substance Enecadin. Patient enrolment for the first dose tier of this study was completed in the second quarter of 2007. The subsequent safety review of the study held by the independent Data Monitoring Committee (DMC) did not give rise to any reservations regarding the safety of the substance. Since PAION intends to combine Enecadin on the long run with blood clot-dissolving substances such as Desmoteplase, PAION has decided not to start recruitment for the next dose tier of the Enecadin study until a decision has been made on the strategic re-evaluation of the development pipeline.

With Solulin, PAION has initiated a clinical Phase I study in which the substance will for the first time be tested on humans. The first healthy

volunteers have already received low doses of the substance and tolerated them well. Initial results are expected in early 2008.

Outlook

Now that the results of the analysis of the DIAS-2 data have delivered an explanation for the surprisingly high placebo response rate and at the same time provided a scientific rationale for the further development of Desmoteplase, emphasis is being placed on securing sufficient funding for potential future development steps which include the renewed outlicensing of the North American territory. Lundbeck's pending decision whether to continue or to end the collaboration will play a pivotal role in these efforts.

Various other strategic options are currently being evaluated, including alternatives to the indication stroke, licensing and M&A projects.

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About Stroke

Stroke is the third leading cause of death in the industrialized world and a leading cause of serious, long-term disability. In the US alone, 700,000 people suffer a stroke each year, and around 20% of them die within four weeks. For the US, the American Heart Association expects the financial burden of stroke due to in-hospital costs, long-term care programs and productivity losses to exceed 62 billion dollars in 2007 alone.

About Desmoteplase

Desmoteplase, the most fibrin-specific plasminogen activator known today, is a genetically engineered version of a clot-dissolving protein found in the saliva of the vampire bat *Desmodus rotundus*. It has received fast-track designation from the U.S. Food and Drug Administration for the indication of acute ischemic stroke. PAION in-licensed the exclusive world-wide rights on Desmoteplase from Schering AG in 2001.

About Enecadin

Enecadin is a substance which may increase the survival time of brain cells affected by stroke and therefore may serve to reduce neural damage within the course of an acute ischemic stroke. In 2004, PAION has exclusively in-licensed the neuroprotectant from Nippon Shinyaku Co., Ltd. for territories outside Japan whereas Nippon Shinyaku has retained co-exclusive rights for Japan.

About Solulin

Solulin (soluble thrombomodulin, PAION code PN-02), which was acquired from Schering AG in 2001, is an improved recombinant soluble variant of the human protein thrombomodulin. By modulating the function of thrombin, Solulin exerts inhibitory effects on blood coagulation. According to preclinical studies it may be useful in thrombo-embolic disorders without a marked bleeding propensity.

About PAION

PAION is a biopharmaceutical company based in Aachen, Germany (listed at 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.

Key consolidated financial figures, IFRS

(all figures in EURk unless otherwise noted)	Q3 2007 (unaudited)	Q3 2006 (unaudited)	Q1-Q3 2007 (unaudited)	Q1-Q3 2006 (unaudited)
Revenues	2,145	5,197	4,430	8,064
Research and development expenses	2,865	-4,038	-6,767	-12,895
General and administrative expenses	-765	-1,154	-3,217	-3,431
Selling and marketing expenses	-21	-163	-487	-759
Net result for the period	4,240	-1,984	-6,692	-12,761
Earnings per share in EUR for the period (basic)	0.25	-0.11	-0.40	-0.78
Earnings per share in EUR for the period (diluted)	0.25	-0.11	-0.40	-0.78

	Q1-Q3 2007 (unaudited)	Q1-Q3 2006 (unaudited)
Net cash from operating activities	-10,638	-10,040
Net cash from investing activities	-155	-322
Net cash from financing activities	-477	14,180
Average number of group employees	82	75

	09/30/2007 (unaudited)	12/31/2006 (audited)
Intangible assets	504	524
Long-term refund claims resulting from the assumption of development costs	0	8,011
Cash and cash equivalents	45,918	57,189
Equity	39,346	45,471
Non-current liabilities	6,764	19,212
Balance sheet total	48,479	70,050
Equity ratio	81.2%	64.9%

The complete nine-months report will be available on 7 November 2007 on www.paion.de/reports.html.

Conference Call

On Wednesday, 7 November 2007 at 2 p.m. CET (1 p.m. GMT, 8 a.m. EST) PAION will host a public conference call during which the results for the first nine months of the fiscal year 2007 will be presented. The conference call will be conducted in English. Participants may dial +49 69 5007 1307 (Germany), +44 20 7806 1956 (UK), or +1 718 354 1389 (USA). Upon request, please enter 8597453 as participant passcode. To allow for smooth processing we suggest that you dial in 10 minutes before the beginning of the call. The conference call will be recorded. A replay will be available starting approx. 2 hours after the call until end of day 9 November 2007. The dial-in details for the replay will be published on our website <http://www.paion.de/investors.html>.

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