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FOR IMMEDIATE RELEASE

10 April 2008

Recommended Acquisition

of

CENES PHARMACEUTICALS PLC (“CeNeS”)

by

PAION AG (“Paion”)

Summary

- The management board of Paion and the board of directors of CeNeS are pleased to announce that they have reached agreement on the terms of the recommended acquisition of all the issued and to be issued share capital of CeNeS by Paion (the “**Acquisition**”). The Acquisition will be implemented by way of a Court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006.
- The Acquisition is intended to create a substantial international biopharmaceutical company with a pipeline of clinical drug candidates focused on innovative drugs for the treatment of thrombotic diseases and central nervous system (“**CNS**”) related interventions in the hospital setting. The Enlarged Group will have the financial and management resources to progress the development of the pipeline to maximise shareholder value. As at 31 December 2007, Paion and CeNeS together had approximately €49 million in cash and cash equivalents.
- Under the terms of the Acquisition, CeNeS Shareholders will receive 0.3521 New Paion Shares for each CeNeS Share held.

- The Acquisition values each CeNeS Share at 48.9 pence and CeNeS's ordinary share capital on a fully diluted basis at approximately £10.9 million (based on the Closing Price of a Paion Share on 9 April 2008 of €1.74 and an exchange rate of €1.2536 = £1).
- The terms of the Acquisition represent a premium of 52.7 per cent. to the Closing Price of 32 pence per CeNeS Share on 4 February 2008, the last Business Day before CeNeS announced that it was in discussions that may or may not lead to an offer, and a premium of 32.1 per cent. to the Closing Price of 37 pence per CeNeS Share on 9 April 2008, the last Business Day before this announcement.
- The New Paion Shares to be issued are expected to represent approximately 31.9 per cent. of the issued share capital of Paion as enlarged by the Acquisition.
- Following completion of the Acquisition, it is proposed that all Paion Shares including the New Paion Shares, will be listed on the Regulated Market (*Regulierter Markt*) of the Frankfurt Stock Exchange and admitted to trading on AIM.
- Paion and CeNeS have agreed that, on completion of the Acquisition, Gavin Kilpatrick (currently Chief Scientific Officer of CeNeS) will be appointed to the management board of Paion.
- It is also intended that, following completion of the Acquisition, Alan Goodman (currently Chairman of CeNeS) will become a member of the supervisory board of Paion.
- The CeNeS Directors, who have been so advised by Nomura Code, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the CeNeS Directors, Nomura Code has taken into account the commercial assessments of the CeNeS Directors.
- Accordingly, the CeNeS Directors unanimously recommend that CeNeS Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting (or in the event that the Acquisition is implemented by way of a Takeover Offer, accept or procure acceptance of such offer) as the CeNeS Directors have irrevocably undertaken to do in respect of their own aggregate beneficial holdings of 371,415 CeNeS

Shares, representing (as at the date of this announcement) approximately 1.7 per cent. of the existing issued ordinary share capital of CeNeS.

- In addition, as at 9 April 2008 (the latest practicable date prior to the date of this announcement), irrevocable undertakings to vote in favour of the Scheme and the Acquisition at the Court Meeting and the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of such offer) have been received from Gartmore Investment Management in respect of 3,986,016 CeNeS Shares, from Avlar Bioventures Fund II in respect of 2,436,449 CeNeS Shares, from ATM Investment Limited in respect of 154,605 CeNeS Shares, from Avlar Bioventures Limited in respect of 58,047 CeNeS Shares, from the Avlar Pension Fund in respect of 33,333 CeNeS Shares and from Gavin Kilpatrick (Chief Scientific Officer of CeNeS) in respect of 15,079 CeNeS Shares.
- In addition, as at 9 April 2008 (the latest practicable date prior to the date of this announcement) a letter of intent to vote in favour of the Scheme and the Acquisition at the Court Meeting and the General Meeting has been received from Universities Superannuation Scheme in respect of 1,081,162 CeNeS Shares.
- Accordingly, Paion has received irrevocable undertakings and a letter of intent in respect of, in aggregate, 8,136,106 CeNeS Shares, representing approximately 37.1 per cent. of CeNeS's existing issued share capital.
- The irrevocable undertakings given by the CeNeS Directors, Avlar Bioventures Fund II, ATM Investment Limited, Avlar Bioventures Limited, the Avlar Pension Fund and Gavin Kilpatrick will cease to be binding if (i) Paion announces (with the consent of the Panel) that it does not intend to proceed with the Acquisition; or (ii) the Acquisition lapses or is otherwise withdrawn.
- The irrevocable undertaking given by Gartmore Investment Management will cease to be binding if: (i) a higher competing offer is made for CeNeS Shares which represents (in the reasonable opinion of Gartmore Investment Management) an improvement of more than 10 per cent. of the value of the consideration available under the Acquisition as at

the date on which such higher competing offer is made; (ii) Paion (with the consent of the Panel) announces that it does not intend to proceed with the Acquisition; or (iii) the Acquisition lapses or is otherwise withdrawn.

Dr Wolfgang Söhngen, CEO of Paion, commented: “With its combined strong development portfolio targeted at both cardiovascular and CNS-related conditions, I believe the Enlarged Group will be well-positioned to successfully implement its realigned strategy. While we will continue to participate in the upside potential of Desmoteplase we will now focus on a portfolio of drug candidates with a diversified risk profile and move away from being perceived as a ‘one-product company’. By combining the two companies, Paion is taking a first step towards creating a platform for building critical mass. If we manage to carry the positive attitude of all parties involved in getting to today’s agreement on into the integration process, we will have a chance to build a substantial biopharmaceutical company with an extraordinary profile.”

Neil Clark, CEO of CeNeS, added: “We are pleased to have reached agreement with Paion and are excited by the potential of the Enlarged Group. The combination creates a diversified pipeline backed by a strong balance sheet and a proven management team. The Enlarged Group will be well-placed to achieve significant clinical and commercial milestones over the next 24 months.”

The Acquisition is subject to a number of conditions including the approval of CeNeS Shareholders and the sanction of the Court. Such conditions and further terms are set out in Appendix I to this announcement and will be set out in full in the Scheme Document. The Scheme Document will be sent to CeNeS Shareholders as soon as practicable.

This summary should be read in conjunction with, and is subject to, the full text of this announcement and the appendices thereto. Appendix I to this announcement contains the conditions to, and certain further terms of, the Acquisition. Appendix II to this announcement contains further details of the bases and sources of certain information contained in this announcement. Appendix III to this announcement contains further details relating to the irrevocable undertakings and the letter of intent received by Paion and Appendix IV contains definitions of certain terms used in this summary and in this announcement.

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Landsbanki, which is authorised and regulated in the UK by the Financial Services Authority, is (in its function as financial adviser) acting for Paion and no-one else in connection with the Acquisition and will not be responsible to anyone other than Paion for providing protections afforded to clients of Landsbanki or for giving advice in relation to the Acquisition nor any other matter referred to in this announcement.

Nomura Code, which is authorised and regulated in the UK by the Financial Services Authority, is acting for CeNeS and no-one else in connection with the Acquisition and will not be responsible to anyone other than CeNeS for providing the protections afforded to clients of Nomura Code or for giving advice in relation to the Acquisition nor any other matter referred to in this announcement.

Overseas jurisdictions

This announcement does not constitute an offer or invitation to acquire or exchange securities in Paion or CeNeS or the solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. The Acquisition will be made solely through the Scheme Document, which will provide and contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the

Acquisition. Any response to the Acquisition should be made only on the basis of the information contained in the Scheme Document.

The implications of the Scheme for overseas CeNeS Shareholders may be affected by the laws of the relevant jurisdictions. Such overseas CeNeS Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas CeNeS Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions. The distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this announcement comes should inform themselves about and observe such restrictions. This announcement has been prepared for the purposes of complying with the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction other than the United Kingdom.

Notice to US shareholders of CeNeS

For US securities law purposes, the exchange offer described in this announcement will be made for the securities of a foreign company by means of a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006. The New Paion Shares will not be registered under the Securities Act in reliance on the exemption from registration contained in Section 3(a)(10) of the Securities Act. The offer is subject to disclosure and procedural requirements of a foreign country that are different from those which would apply to a public offering of securities in the United States. Financial statements relating to CeNeS and Paion included or incorporated in the Scheme Document will be prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under United States federal securities laws, since CeNeS is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue CeNeS or its officers or directors in a foreign court for violations of the US securities laws. It

may be difficult to compel CeNeS and its affiliates to subject themselves to a US court's judgment.

This document has not been reviewed by any federal or state securities commission or regulatory authority in the United States, nor has any such commission or authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is unlawful and may be a criminal offence.

Forward-looking statements

This announcement includes forward-looking statements with respect to the financial condition, results of operations and businesses of Paion and CeNeS and certain plans and objectives of the Paion Directors and the CeNeS Directors with respect to them. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by the Paion Directors and the CeNeS Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements.

These risks and uncertainties include, among others, the risk that (1) neither Paion nor CeNeS have been profitable to date and may together as the Enlarged Group never achieve profitability; (2) the Enlarged Group will to a large extent rely on collaborations with third parties to progress the development of its drug candidates; (3) the Enlarged Group might not succeed in entering into collaborative agreements with third parties for the further clinical development and marketing for its drug candidates, including M6G, and thus might not be able to complete the clinical development of these drug candidates in a timely manner or at all; (4) M6G, the CeNeS Group's most advanced drug candidate, is subject to limited intellectual

property protection and is developed for a price-sensitive market segment; (5) the Enlarged Group may have difficulty integrating its two constituent businesses, may have to incur significant expenses in doing so and any expected synergies or other benefits may fail to materialise or be less pronounced than expected; and (6) the Scheme may not be completed or completion may be delayed, including the risk that required shareholder and other approvals for the Scheme may not be obtained.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. CeNeS and Paion assume no obligation to update or correct the information contained in this announcement.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of CeNeS or Paion, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or the Acquisition lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of CeNeS or Paion, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of CeNeS or of Paion by CeNeS or Paion, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

In accordance with Rule 2.10 of the Code, Paion confirms that it has 16,755,552 ordinary no-par value bearer shares representing a notional value equal to €1.00 per share in issue and admitted to trading on the Frankfurt Stock Exchange under the ISIN code DE 000A0B65S3. In accordance with Rule 2.10 of the Code, CeNeS confirms that it has 21,920,192 ordinary shares of 30 pence each in issue and admitted to trading on AIM under the ISIN GB 00B23MNL84.

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1. Introduction

The management board of Paion and the board of directors of CeNeS are pleased to announce that they have reached agreement on the terms of the recommended acquisition of all the issued and to be issued share capital of CeNeS by Paion (the “**Acquisition**”).

It is intended that the Acquisition will be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006 (involving a reduction of capital under section 135 of the Companies Act 1985) which requires the approval of CeNeS Shareholders and the sanction of the Court. However, Paion reserves the right, in its sole discretion (subject to the consent of the Panel), to proceed by way of a Takeover Offer should it wish to do so.

2. Summary Terms of the Acquisition

Under the Scheme, which will be subject to the conditions and further terms set out in Appendix I to this announcement and to be set out in full in the Scheme Document, Scheme Shareholders will be entitled to receive:

for each CeNeS Share held

0.3521 New Paion Shares

Based on the Closing Price of a Paion Share on 9 April 2008 of €1.74 and an exchange rate of €1.2536 =£1, the terms of the Acquisition value each CeNeS Share at 48.9 pence and the ordinary share capital of CeNeS on a fully diluted basis at approximately £10.9 million.

The terms of the Acquisition represent:

- a premium of 52.7 per cent. to the Closing Price of 32 pence per CeNeS Share on 4 February 2008, the last Business Day before CeNeS announced that it was in discussions which may or may not lead to an offer; and
- a premium of 32.1 per cent. to the Closing Price of 37 pence per CeNeS Share on 9 April 2008, the last Business Day before this announcement.

Fractional entitlements to New Paion Shares will not be issued to CeNeS Shareholders.

The Scheme is expected to result in the issue to CeNeS Shareholders of approximately 7,850,000 New Paion Shares, representing approximately 31.9 per cent. of the issued share capital of Paion as enlarged by the Acquisition.

On the Scheme becoming Effective, it will be binding on all CeNeS Shareholders including any CeNeS Shareholders who did not vote to approve the Scheme or who voted against the Scheme.

The New Paion Shares shall rank *pari passu* with all other Paion Shares in issue on the date on which the New Paion Shares are issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the Paion Shares for which the record date occurs after such date of issue (but not otherwise).

3. Recommendation

The CeNeS Directors, who have been so advised by Nomura Code, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the CeNeS Directors, Nomura Code has taken into account the commercial assessments of the CeNeS Directors.

Accordingly, the CeNeS Directors unanimously recommend that CeNeS Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and at the General Meeting to give effect to the Acquisition (or, in the event that the Acquisition is implemented by way of a Takeover Offer, accept or procure acceptance of such offer), as those CeNeS Directors who own CeNeS Shares have irrevocably undertaken to do in respect of their beneficial holdings of 371,415 CeNeS Shares representing (as at the date of this announcement) approximately 1.7 per cent. of the existing issued ordinary share capital of CeNeS.

4. Background to and reasons for the recommendation by the CeNeS Directors

The CeNeS Directors believe that the Acquisition would benefit CeNeS Shareholders in a number of ways. First, the Enlarged Group should benefit from a greater visibility in the market, a stronger position vis-à-vis potential collaborative partners and a larger investor base. In addition, the Acquisition would allow CeNeS to combine its portfolio of drug candidates, which is focused on compounds for CNS-related interventions, with promising drug candidates for the treatment of thrombotic diseases and thereby achieve a better diversification of the risks inherent in its drug pipeline. A further benefit is that, like CeNeS's own portfolio of drug candidates, Paion's portfolio is focused on the hospital sector. The CeNeS Directors believe that this commonality in the two companies' strategic focus positions the Enlarged Group well to achieve synergies by (1) leveraging the companies' combined know-how to develop innovative therapeutics for the treatment of thrombotic diseases and CNS-related interventions and to conduct clinical trials and interact with regulators in this area and (2) potentially building a single organisation to co-commercialise these drugs once they achieve regulatory approval. The portfolio of clinical projects of the Enlarged Group would consist of two Phase III, one Phase II and one Phase I project with another compound scheduled to enter Phase I in the near future.

The CeNeS Directors therefore believe, and have been so advised by Nomura Code, that for the reasons expressed above, the interests of CeNeS Shareholders are best served by the Acquisition.

5. Background to and reasons for the Acquisition

Strategy and strategic fit

The Enlarged Group's vision is to develop, partner and, potentially, commercialise innovative drugs for the treatment of thrombotic diseases and CNS-related interventions in the hospital setting. Consistent with this vision, the Enlarged Group's primary strategic goal for the next several years will be to use its existing cash balances and any payments it may receive from its collaborative partners to achieve significant milestones for one or more of its current drug candidates. Beyond that, the Enlarged Group plans to exploit the expertise of its two constituent companies in identifying compounds with potential in the treatment of thrombotic diseases and CNS-related interventions, licensing or otherwise acquiring these compounds and advancing them through the clinical development and regulatory approval process. Notwithstanding the foregoing, the Enlarged Group may decide to pursue its goals in collaboration with experienced partners or by obtaining additional external financing where it believes that doing so is economically attractive.

Consistent with this overall goal, the key elements of the strategy of the Enlarged Group will be as follows:

- support Lundbeck in finalising the development of Desmoteplase for the indication acute ischaemic stroke and extending the therapeutic profile of this drug candidate to other indications;
- seek to establish economically attractive collaborations with experienced partners for the late-stage development and commercialisation of M6G and, potentially, other drug candidates;
- streamline its drug pipeline and optimise its clinical development and partnering decisions in light of its existing cash balances and any payments it may receive from its collaborative partners, including seeking to outlicense Solulin and discontinuing the clinical development of Enecadin;

- evaluate new drug candidates and potential mergers and acquisitions on an opportunistic basis; and
- in the medium term, consider complementing collaborations with the creation of a specialty sales and marketing organisation in certain parts of Europe.

Financial strength and investment proposition

As at 31 December 2007, Paion and CeNeS had approximately €49 million in cash and cash equivalents. The Enlarged Group will expect to benefit from milestone and royalty payments from existing licences and the Paion Directors believe that the Enlarged Group will be sufficiently well financed following the Acquisition to continue development of the combined pipeline and achieve significant pre-clinical, clinical and commercial milestones. Cost savings will be made after the combination has been effected by the removal of duplicated administration costs and a reduction in the use of external contractors.

The Paion Directors believe that the Acquisition will create a significant and attractive international investment opportunity in the field of CNS product development.

Product pipeline

The combination of CeNeS and Paion will allow the Enlarged Group to focus on the development of a balanced drug pipeline. The Enlarged Group will have a strong cash position which will allow for the exploitation of the broader pipeline to create significant value and will help to reduce the portfolio risk profile. The Enlarged Group will have two Phase III, one Phase II and one Phase I project with another compound (CNS 7056) scheduled to enter Phase I in the near future.

Programme	Indication	Stage of development
Desmoteplase	Acute ischaemic stroke	Phase III
M6G	Post-operative pain	Phase III

CNS 5161	Neuropathic/cancer pain	Phase II
Solulin	Stroke, cardiovascular disorders	Phase I
CNS 7056	Short-acting sedative	Pre-Clinical
COMT inhibitor	Parkinson's disease / schizophrenia	Lead optimisation

Desmoteplase – for the causal treatment of acute ischaemic stroke

Desmoteplase is being developed for the causal treatment of acute ischaemic stroke. Paion licensed Desmoteplase from Bayer Schering Pharma AG in 2001. Since 29 January 2008, Lundbeck is solely responsible for the clinical development of Desmoteplase and bears all Desmoteplase-related development, registration and marketing costs.

Desmoteplase belongs to a group of blood clot-dissolving compounds known as plasminogen activators. Plasminogen activators convert plasminogen, an inactive enzyme circulating in the blood, into plasmin, a fibrin-digesting substance. By attacking fibrin, the protein that keeps blood clots together, plasmin dissolves blood clots and restores blood flow. Desmoteplase is a genetically engineered version of a plasminogen activator found in the saliva of the vampire bat *desmodus rotundus*.

Paion completed a Phase II clinical trial for Desmoteplase for the indication acute ischaemic stroke in Europe, Singapore and Australia in 2003 and another Phase II clinical trial in the United States in 2004. The DIAS-2 trial, which was a Phase III clinical trial Paion conducted in the United States, Australasia and Europe in collaboration with Paion's former collaborative partner Forest Laboratories Holdings Limited was concluded in February 2007 and results for this trial were published in May 2007. Lundbeck has informed Paion that it plans to initiate a further Phase III clinical trial of Desmoteplase in acute ischaemic stroke in the second half of 2008.

In a Phase III clinical trial, Desmoteplase failed to show a statistically significant clinical improvement over placebo. Nonetheless, Paion continues to believe that Desmoteplase offers

substantial benefits in the causal treatment of acute ischaemic stroke in the three- to nine-hour time window after the occurrence of a stroke, for which no pharmaceutical treatment is currently approved. This belief is based on Paion's evaluation of the results of a Phase III clinical trial which showed that, compared to the previous Phase II clinical trials conducted by Paion, a greater number of patients suffered from relatively light stroke symptoms and did not have a visible vessel occlusion in the most important brain arteries. These patients thus had a better chance of spontaneous recovery and were less likely to benefit from treatment with Desmoteplase. This difference may explain why patients treated with placebo showed similar recovery to patients treated with Desmoteplase. A sub-group analysis carried out as part of the evaluation further suggested that patients who had a visible vessel occlusion or a particularly large penumbra may benefit from Desmoteplase, although the number of patients in which this effect had been observed was not large enough for the result to be statistically significant. The penumbra is an at-risk area of cells in the brains of stroke patients that surrounds the core infarct and is characterised by reduced blood supply.

M6G – for the treatment of post-operative pain

CeNeS Group's most advanced drug candidate is M6G, a drug candidate that is being developed for the intravenous treatment of post-operative pain. M6G has been under development since 1997. In 2000, additional clinical data and know-how was licensed from Nycomed.

M6G is a metabolite of morphine, that is, a substance produced by the body while processing morphine. Morphine is currently considered the "gold standard" in the treatment of post-operative pain. Morphine is one of the most effective painkillers available and is widely used for the management of moderate to severe pain, including the pain experienced by patients following a wide range of surgical operations. However, it is also associated with a number of adverse drug reactions, including nausea and vomiting. In addition, at higher dosages, morphine carries an increased risk of respiratory depression, a potentially fatal condition. M6G is developed with a view to mitigating these adverse reactions.

In total, 11 Phase II and 2 Phase III clinical trials have been conducted with respect to M6G. Overall, these clinical trials suggest that M6G may achieve a similar painkilling effect to

morphine and at the same time has an improved side effect profile, particularly with respect to nausea and vomiting and, possibly, respiratory depression. However, in the most recent Phase III clinical trial, which was completed in 2007, M6G achieved only one of the two primary clinical endpoints but narrowly missed the other, preventing the filing of a registration application. Specifically, M6G failed to show a statistically significant improvement in post-operative nausea compared to morphine. At the same time, the Phase III clinical trial demonstrated that M6G was non-inferior to morphine in achieving pain relief in patients undergoing major abdominal surgery. Pain relief was assessed by a standardised rating scale over the 24-hour post-operative period. With respect to the secondary clinical endpoints, M6G showed a reduction in the severity of post-operative nausea and vomiting in the 6 to 24 hours after treatment and a reduction in the incidence of dry retching and vomiting in the 24 hours after treatment. Further clinical development of M6G is currently on hold pending the successful conclusion of a collaborative agreement with a third party.

As a well-known derivative of morphine, M6G itself is not eligible for patent protection. CeNeS Group licensed the patent with respect to the M6G manufacturing process from Nycomed. Nycomed's patent will expire in 2016. To broaden its rights with respect to M6G, the CeNeS Group has obtained patents and other rights regarding various manufacturing processes with respect to M6G and a composition of matter patent with respect to a novel salt form of M6G. However, the protection afforded by these patents and rights is more narrow than that offered by a substance patent and would not prevent generics companies from developing and marketing other chemical forms of M6G, including chemical forms that could potentially be developed with a relatively limited investment. The CeNeS Group expects that a certain amount of protection will be available to it under the patent extension provisions of the Hatch-Waxman Act in the United States and supplementary protection certificates under EU Regulation 1768/92 in Europe. These additional protections may extend up to ten years following the first approval of a drug in Europe and up to five years following the first approval of a drug in the United States.

CNS 5161 – for the treatment of neuropathic pain

CNS 5161 is a drug candidate that is being developed for the treatment of neuropathic pain from conditions such as diabetes, post-traumatic pain and cancer. Neuropathy describes diseases of

the peripheral nerves. The most common form of neuropathic pain is pain affecting the feet and legs. The CeNeS Group acquired the rights to CNS 5161 through the acquisition of another biotechnology company in 2000.

While the CeNeS Group believes that CNS 5161 may be a potent painkiller without causing significant adverse drug reactions, the drug candidate is still at an early stage, and its exact profile is hard to predict. The Phase II clinical trial currently being conducted is an open-label study aimed primarily at showing tolerability of the drug candidate in cancer pain patients.

Solulin

Solulin is a thrombin modulator with anti-inflammatory potential that Paion has historically developed for the treatment of thrombotic diseases and to reduce the likelihood of a stroke following the occurrence of transitory ischaemic attack (TIAs) or a minor stroke. TIAs are temporary conditions with symptoms similar to those of a stroke. Thrombin modulators reduce the formation of thrombin, which, in excess, can contribute to the formation of blood clots. Solulin is an “intelligent anticoagulant” because it acts only from the moment thrombin is formed, which should significantly reduce the risk of bleeding compared with the anticoagulants currently available. Paion acquired the rights to Solulin from Bayer Schering Pharma AG in 2001.

CNS 7056 – for use as a general anaesthetic and short-acting sedative

CNS 7056 is a short-acting sedative that is being developed primarily as a sedative for short non-surgical and surgical procedures, which could fulfil a substantial unmet need by materially shortening the time during which patients require supervision following an operation. Possible applications include diagnostic procedures such as gastroscopies and colonic endoscopies and certain applications in the area of intensive care. The most commonly used sedative today is Midazolam, which has various drawbacks, including a risk of causing respiratory depression, potential interactions with other drugs and a prolonged and variable duration of action. Ongoing pre-clinical studies suggest that, compared with Midazolam, CNS 7056 may have a faster onset and, in particular a shorter duration of sedation, potentially leading to a shorter recovery period, and may carry a lower risk of causing respiratory depression and interact less with other drugs.

CeNeS Group acquired the rights to CNS 7056 from GlaxoSmithKline plc in 2003. In 2007, the rights to CNS 7056 for Japan were out-licensed to Ono Pharmaceutical Co., Ltd. for the indication of anaesthesia in consideration for an initial payment of US\$1 million. The CeNeS Group may receive further payments, subject to certain milestones.

COMT inhibitor programme – for the treatment of Parkinson’s disease and schizophrenia

In addition, CeNeS operates a drug exploration program managing third-party contractors, called the COMT inhibitor program, which is aimed at finding drug candidates for the treatment of Parkinson’s disease. COMT inhibitors are believed to provide extended functional time in patients suffering from this disease. The program is currently at an early stage.

Staff and facilities

Paion and CeNeS both benefit from strong management teams and staff experienced in the drug development process. Paion intends to maintain the expertise that exists within CeNeS through the retention of the majority of CeNeS staff within the Enlarged Group, and Paion does not intend to make any material change in the conditions of employment of CeNeS staff. Paion intends to maintain CeNeS and Paion’s facilities in Cambridge, UK and Aachen, Germany, respectively. This will provide a means to expand the operational capabilities and form the basis of an international biopharmaceutical company.

6. Information on Paion

Paion is a biopharmaceutical company specialising in developing and commercialising innovative drugs for the treatment of thrombotic diseases, that is, diseases caused by the obstruction of a blood vessel by a blood clot. Currently, Paion’s focus is on the causal treatment of acute ischaemic stroke. Paion intends to build and expand its portfolio of drug candidates using a “search-and-development” approach. Accordingly, Paion seeks to identify promising new compounds, license or otherwise acquire them and advance them through the clinical development and regulatory approval process. Where appropriate, particularly during the late stages of the clinical development and approval process and the commercialisation phase, Paion seeks to collaborate with experienced partners.

From its inception in July 2000 to 31 December 2007, Paion accumulated a net loss of €66.6 million. In 2007, Paion had revenues of €4.8 million and generated a net loss of €10.5 million. At 31 December 2007, Paion had total assets of €45.5 million, cash and cash equivalents of €42.9 million and 53 full-time equivalent employees.

7. Information on CeNeS

CeNeS is a biopharmaceutical company specialising in the development and commercialisation of drugs for CNS disorders, which are a major cause of mortality and disability. The CeNeS Group is focused on the development and commercialisation of novel drugs for use by hospital-based anaesthetists, pain specialists and neurologists. Its portfolio of drug candidates is targeted at postoperative pain, neuropathic pain, sedation, anaesthesia and Parkinson's disease.

In 2007, the CeNeS Group had revenues of £0.5 million and generated a net loss of £6.6 million. As at 31 December 2007, the CeNeS Group had shareholders' equity of £9.2 million, total assets of £11.9 million and 15 full-time equivalent employees.

8. Current trading and prospects

Paion

Following the New Lundbeck Agreement, which has allowed Paion to secure the future clinical development of Desmoteplase, Paion has turned to reviewing its company strategy and the strategic focus of its drug pipeline. In doing so, its goal is to diversify the risks associated with the development of new innovative therapeutics, not just by entering into collaborative agreements with third parties but also by adding new drug candidates to its portfolio, including compounds for thrombotic diseases and CNS-related interventions other than stroke. Paion has evaluated a number of compounds and companies in the past and intends to continue to do so in 2008.

The future clinical development of Desmoteplase will be led by Lundbeck. Since Lundbeck will bear all Desmoteplase-related development costs going forward, Paion expects that the level of its research and development expenses will decline compared with past periods.

Paion expects to publish complete results of its ongoing Phase I clinical trial of Solulin in the course of 2008. Going forward, Paion will be open to expanding the profile of Solulin to include a broader range of cardiovascular indications.

In addition, Paion has decided to discontinue the clinical development of Enecadin, a neuroprotectant that it had previously developed for use in connection with Desmoteplase. Paion took this decision in light of scientific data that has called into question the viability of this substance class.

Paion is currently considering a product acquisition within its defined therapeutic areas, which may or may not be completed in the near future. If this acquisition is completed, Paion's initial financial commitment is expected to be small and not to have a material impact on its cash position.

Given that Lundbeck has assumed sole responsibility for the future development of Desmoteplase, which has significantly reduced Paion's role in the development of this drug candidate, the fact that Paion has decided to discontinue the clinical development of Enecadin, and in light of the proposed Acquisition, Paion has decided to reduce its headcount by approximately 20 employees over the course of 2008. If the Acquisition is completed, this reduction will be part of the overall headcount reduction that the Enlarged Group plans to implement. See "Enlarged Group" below for more information on the planned headcount reduction and the underlying reasons.

CeNeS

Following the completion of the M6G Phase III study in February 2007 CeNeS is continuing to pursue partnering arrangements for M6G. The combination with Paion will strengthen CeNeS's negotiation position and its flexibility in partnering negotiations.

CeNeS is currently undertaking a Phase II cancer pain trial with CNS 5161 and that is expected to report Phase II data later in 2008. CeNeS is also planning to file an IND for its short acting sedative CNS 7056 later in 2008 and thereafter to complete a proof of concept Phase I trial.

CeNeS is also continuing to progress its COMT discovery programme and seeking to identify a lead candidate from the current lead series.

The transaction with Paion will give CeNeS greater in-house resource and financial strength in progressing all its development programmes through to significant pre-clinical, clinical and commercial milestones.

The preliminary audited results of CeNeS for the year ended 31 December 2007 were also announced today. Financial highlights for the twelve months ended 31 December 2007 include:

- Loss after tax of £6.6 million (2006: £8.6 million)
- Cash at period end of £4.3 million (2006: £6.3 million)

During the year ended 31 December 2007, CeNeS has made significant progress in developing its business and progressing the clinical development of its pipeline.

Since 31 December 2007, CeNeS has continued to operate in line with the CeNeS Directors' expectations.

Enlarged Group

The Paion Directors believe that the combination of Paion and CeNeS will create an international biopharmaceutical company focused on thrombotic diseases and CNS related interventions in the hospital setting.

The Enlarged Group will support Lundbeck in obtaining regulatory approval of Desmoteplase and marketing the drug as an innovative therapeutic for the causal treatment of acute ischaemic stroke. Paion has been informed by Lundbeck that it intends to submit data to the regulatory authorities with a view to obtaining their approval of a new Phase III clinical trial of Desmoteplase. Lundbeck has informed Paion that it expects to initiate this clinical trial in the second half of 2008.

In addition, the Enlarged Group will seek to outlicense M6G on economically attractive terms. Similarly, outlicensing of Solulin is envisaged following the completion of Phase I clinical trials,

in which it expects to demonstrate this drug candidate's mechanism of action in humans, and to discontinue the clinical development of Enecadin in light of scientific data that has called into question the viability of this substance class. A decision regarding the further clinical development of CNS 5161 will be made based on the results of the ongoing Phase II clinical trial. With respect to CNS 7056, an innovative sedative which in preclinical studies has shown a superior onset of action and clearance profile compared with the sedatives currently on the market, the Enlarged Group plans to conduct a Phase I clinical trial in 2008.

In addition, Paion is currently considering a product acquisition within its defined therapeutic areas, which may or may not be completed in the near future. If this acquisition is completed, the initial financial commitment is expected to be small and not to have a material impact on the Enlarged Group's cash position.

As of 31 December 2007, the Enlarged Group had cash and cash equivalents of approximately €49 million on a pro forma basis. The upfront payment of €8 million Paion received under the New Lundbeck Agreement in February 2008 further strengthened its cash balance.

Given that Lundbeck has assumed sole responsibility for the future development of Desmoteplase, which has significantly reduced the Enlarged Group's role in the development of this drug candidate, the fact that Paion and CeNeS have decided to discontinue the clinical development of Enecadin and in light of the proposed Acquisition, the Enlarged Group has decided to reduce its headcount by approximately 24 employees over the course of 2008. This decision reflects, among other things, the Paion Directors' expectation that the Acquisition will allow the Enlarged Group to benefit from CeNeS's technical expertise as well as the fact that the drug pipeline of the Enlarged Group will require a significantly less complex organisational structure than the one the constituent companies had historically. Based on the new structure and the broadened pipeline, the Paion Directors believe the Enlarged Group to be able to achieve significant pre-clinical, clinical and commercial milestones and to have sufficient funding until 2010.

9. CeNeS Share Schemes

Appropriate proposals will be made to participants in the CeNeS Share Schemes. Details of these proposals will be sent to participants in the CeNeS Share Schemes in due course.

10. Irrevocable Undertakings

- CeNeS Directors who hold CeNeS Shares have irrevocably undertaken to vote such CeNeS Shares (amounting, in aggregate, to 371,415 CeNeS Shares, representing approximately 1.7 per cent. of the existing issued share capital of CeNeS), or procure that they are voted, in favour of the Scheme and the Acquisition at the Court Meeting and the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of such offer).
- In addition, as at 9 April 2008 (the latest practicable date prior to the date of this announcement), irrevocable undertakings to vote in favour of the Scheme and the Acquisition at the Court Meeting and the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of such offer) have been received from Gartmore Investment Management in respect of 3,986,016 CeNeS Shares, from Avlar Bioventures Fund II in respect of 2,436,449 CeNeS Shares, from ATM Investment Limited in respect of 154,605 CeNeS Shares, from Avlar Bioventures Limited in respect of 58,047 CeNeS Shares, from the Avlar Pension Fund in respect of 33,333 CeNeS Shares and from Gavin Kilpatrick (Chief Scientific Officer of CeNeS) in respect of 15,079 CeNeS Shares.
- In addition, as at 9 April 2008 (the latest practicable date prior to the date of this announcement) a letter of intent to vote in favour of the Scheme and the Acquisition at the Court Meeting and the General Meeting has been received from Universities Superannuation Scheme in respect of 1,081,162 CeNeS Shares.
- Accordingly, Paion has received irrevocable undertakings and a letter of intent in respect of, in aggregate, 8,136,106 CeNeS Shares, representing approximately 37.1 per cent. of CeNeS's existing issued share capital.

- The irrevocable undertakings given by the CeNeS Directors, Avlar Bioventures Fund II, ATM Investment Limited, Avlar Bioventures Limited, the Avlar Pension Fund and Gavin Kilpatrick will cease to be binding if (i) Paion announces (with the consent of the Panel) that it does not intend to proceed with the Acquisition; or (ii) the Acquisition lapses or is otherwise withdrawn.
- The irrevocable undertaking given by Gartmore Investment Management will cease to be binding if: (i) a higher competing offer is made for CeNeS Shares which represents (in the reasonable opinion of Gartmore Investment Management) an improvement of more than 10 per cent. of the value of the consideration available under the Acquisition as at the date on which such higher competing offer is made; (ii) Paion announces (with the consent of the Panel) that it does not intend to proceed with the Acquisition; or (iii) the Acquisition lapses or is otherwise withdrawn.
- Each CeNeS Director and Gavin Kilpatrick has agreed with Paion (i) not, directly or indirectly, to solicit, initiate, encourage or otherwise seek to procure any competing transaction, to (ii) notify Paion promptly of any approach made to him in relation to a competing transaction or any request for information under Rule 20.2 of the Code, and (iii) subject to the fiduciary duties of the CeNeS Directors, not to participate in discussions regarding a competing transaction.

11. Disclosure of interests in CeNeS

As at the close of business on 9 April 2008 (the latest practicable date prior to the date of this announcement):

- Neither Paion nor any of the Paion Directors nor, so far as Paion is aware, any person acting in concert with Paion (i) has any interest in, or right to subscribe for, any relevant securities of CeNeS, (ii) has any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, or any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relation to relevant securities of CeNeS, or (iii) has borrowed

or lent any relevant securities of CeNeS (save for any borrowed shares which have been either on-lent or sold).

- Neither Paion nor CeNeS, nor, so far as Paion and CeNeS are aware, any associate of Paion or CeNeS is party to any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of CeNeS which may be an inducement to deal or refrain from dealing in such securities.

12. Management and Employees

Paion and CeNeS have agreed that, on completion of the Acquisition, Gavin Kilpatrick (currently Chief Scientific Officer of CeNeS) will be appointed to the management board of Paion.

It is also intended that, following completion of the Acquisition, Alan Goodman (currently Chairman of CeNeS) will become a member of the supervisory board of Paion.

Each of Ron Irwin, Peter Johnson and Alan Smith (currently non-executive directors of CeNeS), Neil Clark (currently CEO of CeNeS) and Tony Osborne (currently Finance Director of CeNeS) has agreed to resign as a CeNeS Director on the Scheme becoming effective.

Paion and CeNeS both benefit from strong management teams and staff experienced in the drug development process. Paion intends to maintain the expertise that exists within CeNeS through the retention of the majority of CeNeS staff within the Enlarged Group and does not intend to make any material change in the conditions of employment of CeNeS staff.

The Paion Directors intend to maintain CeNeS and Paion's facilities in Cambridge, UK and Aachen, Germany, respectively.

Given that Lundbeck has assumed sole responsibility for the future development of Desmoteplase and in light of the Acquisition, the Paion Directors have decided to reduce Paion's headcount by approximately 20 employees over the course of 2008. If the Acquisition is completed, this reduction will be part of the overall headcount reduction that the Enlarged Group plans to implement. This decision reflects, among other things, the Paion Directors' expectation

that the Acquisition will allow the Enlarged Group to benefit from CeNeS's technical expertise as well as the fact that the drug pipeline of the Enlarged Group will require a significantly less complex organisational structure than the one Paion had historically.

13. Implementation Agreement and inducement fee

CeNeS and Paion have entered into the Implementation Agreement which sets out, among other things, various matters in relation to the implementation of the Scheme (or, if applicable the Takeover Offer), the conduct of CeNeS's business prior to the Effective Date or the lapse or withdrawal of the Acquisition, an inducement fee, and non-solicit undertakings.

Under the Implementation Agreement, CeNeS will be required to pay Paion an inducement fee equal to 1 per cent. of the value of the fully diluted share capital of CeNeS calculated by reference to the value of the Acquisition set out in this announcement (being approximately £109,000) if, following the publication of this announcement:

- before the Scheme (or Takeover Offer, as applicable) lapses, terminates or otherwise fails, or within 60 days of such date, a competing proposal to acquire CeNeS is announced and that competing proposal, or any other competing proposal, becomes effective or is otherwise completed;
- the CeNeS Directors do not in the Scheme Document unanimously and without qualification recommend CeNeS Shareholders to vote in favour of the Scheme at the Meetings (or, in the case of a Takeover Offer, to accept the Takeover Offer), or they withdraw, qualify or adversely modify such recommendation, or recommend a competing proposal;
- the Panel allows Paion not to make or withdraw the Acquisition by reason of a breach of the Conditions which arises as a result of an act or omission of CeNeS; or
- CeNeS breaches its non-solicit undertakings described below.

CeNeS has agreed that it will not, directly or indirectly, solicit, initiate, encourage or otherwise seek to procure any competing transaction. In addition, CeNeS has agreed to

notify Paion promptly of any approach made to CeNeS in relation to a competing transaction or any request for information under Rule 20.2 of the Code. CeNeS has also agreed, subject to the fiduciary duties of the CeNeS Directors, not to participate in discussions regarding a competing transaction.

The Implementation Agreement will terminate upon:

- either party giving notice following a material breach of the Implementation Agreement by the other party;
- the CeNeS Directors withdrawing, modifying or qualifying their unanimous recommendation of the Acquisition or the Scheme or agreeing or resolving to recommend or recommending a competing proposal;
- CeNeS Shareholders voting not to approve the Scheme at the Court Meeting or the relevant resolutions not being passed at the General Meeting;
- a competing proposal becoming or being declared wholly unconditional or being completed;
- unless the parties agree otherwise in writing, if the Effective Date has not occurred on or before 31 July 2008; or
- the Acquisition lapsing or being withdrawn.

14. Structure of the Acquisition

It is intended that the Acquisition will be implemented by means of a Court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006. The purpose of the Scheme is to provide for Paion to become the owner of the whole of the issued share capital of CeNeS. This is to be achieved by the cancellation of the Scheme Shares and the application of the reserve arising from such cancellation in paying up in full a number of new CeNeS Shares (which is equal to the number of Scheme Shares cancelled) and issuing the same to Paion, in consideration for which

Scheme Shareholders will receive consideration on the basis set out in paragraph 2 of this announcement.

The management board of Paion has, with the approval of the supervisory board, resolved to increase the capital of Paion against contributions in kind and excluding subscription rights on the basis of the authorisation granted by the annual general meeting of Paion on 10 May 2006. The capital increase will only be implemented after the Scheme has become Effective and Paion has (by way of a contribution in kind) become the owner of the whole of the issued share capital of CeNeS.

The Acquisition is subject to a number of conditions and certain further terms set out in Appendix I to this announcement and to be set out in full in the Scheme Document.

In particular, the Scheme requires the approval at the Court Meeting of a majority in number of the CeNeS Shareholders who are present and voting either in person or by proxy at the Court Meeting (or at any adjournment thereof) representing not less than 75 per cent. in value of all CeNeS Shares present and voting in person or by proxy at the Court Meeting (or at any adjournment thereof).

Implementation of the Scheme will also require, among other things, the passing of certain resolutions to facilitate the Acquisition at the General Meeting, which will be held immediately after the Court Meeting, and the filing of an application for the listing of the New Paion Shares on the Regulated Market of the Frankfurt Stock Exchange such that upon the issuance of the New Paion Shares the Frankfurt Stock Exchange will admit the New Paion Shares to trading.

Following the passing of the appropriate resolutions at the Meetings, the Scheme and the Reduction must be sanctioned by the Court and will only become Effective upon delivery to the Registrar of Companies of a copy of (i) the Court Order(s) sanctioning the Scheme and confirming the Reduction and (ii) the Minute, and in relation to the Reduction, the registration of such order and the Minute. Upon the Scheme becoming Effective, it will be binding on all CeNeS Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

The Scheme Document will be posted to CeNeS Shareholders as soon as practicable and in any event (save with the consent of the Panel) within 28 days of the date of this announcement. It is expected that the Scheme will become Effective by the end of June 2008, subject to the satisfaction or waiver of the conditions to the Acquisition and the Scheme.

15. De-listing and compulsory acquisition

It is intended that the London Stock Exchange will be requested to cancel trading in CeNeS Shares on AIM with effect from the close of business on the Business Day immediately prior to the Effective Date.

If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Paion intends to exercise its rights under Sections 979 to 991 (inclusive) of the Companies Act 2006 to compulsorily acquire the remaining CeNeS Shares on the same terms as the Acquisition.

16. Admission

Application will be made for the New Paion Shares to be admitted to trading on the Regulated Market (*Regulierter Markt*) of the Frankfurt Stock Exchange (with simultaneous admission to the sub-segment of the Regulated Market with additional post admission obligations (Prime Standard)) and for all Paion Shares, including the New Paion Shares, to be admitted to trading on AIM. Unless the Scheme becomes Effective the New Paion Shares will not be issued and neither such admission will become effective.

The Paion Shares are being traded under the ISIN code DE 000A0B65S3. The quotation of the Paion Shares on the Frankfurt Stock Exchange is in Euro. The quotation of the Paion Shares on AIM will be in pounds sterling.

It is expected that admission to trading of the New Paion Shares on the Regulated Market of the Frankfurt Stock Exchange will become effective on the Effective Date, or the first dealing day thereafter. It is expected that admission of the Paion Shares to trading on AIM will become effective within two dealing days after the Effective Date.

Settlement of the consideration to which any CeNeS Shareholder is entitled under the Scheme will be effected within 14 days after the Effective Date.

17. Overseas shareholders

The availability of the Acquisition to overseas holders of CeNeS Shares may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. CeNeS Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

18. Further information

Appendix I contains the conditions to, and certain further terms of, the Acquisition. Appendix II contains further details of the bases and sources of certain information contained in this announcement. Appendix III to this announcement contains further details relating to the irrevocable undertakings and the letter of intent received by Paion and Appendix IV contains the definitions of certain terms used in this announcement.

This announcement does not constitute an offer or invitation to acquire or exchange securities in Paion or CeNeS. Holders of CeNeS Shares are advised to read carefully the formal documentation relating to the Acquisition, once it has been dispatched.

There are no agreements or arrangements to which Paion is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to completion of the Acquisition.

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Landsbanki, which is authorised and regulated in the UK by the Financial Services Authority, is (in its function as financial adviser) acting for Paion and no-one else in connection with the Acquisition and will not be responsible to anyone other than Paion for providing protections afforded to clients of Landsbanki or for giving advice in relation to the Acquisition nor any other matter referred to in this announcement.

Nomura Code, which is authorised and regulated in the UK by the Financial Services Authority, is acting for CeNeS and no-one else in connection with the Acquisition and will not be responsible to anyone other than CeNeS for providing the protections afforded to clients of Nomura Code or for giving advice in relation to the Acquisition nor any other matter referred to in this announcement.

Overseas jurisdictions

This announcement does not constitute an offer or invitation to acquire or exchange securities in Paion or CeNeS or the solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. The Acquisition will be made solely through the Scheme Document, which will provide and contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any response to the Acquisition should be made only on the basis of the information contained in the Scheme Document.

The implications of the Scheme for overseas CeNeS Shareholders may be affected by the laws of

the relevant jurisdictions. Such overseas CeNeS Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas CeNeS Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required to be observed and the payment of any issue, transfer or other taxes in such jurisdictions. The distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this announcement comes should inform themselves about and observe such restrictions. This announcement has been prepared for the purposes of complying with the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction other than the United Kingdom.

Notice to US shareholders of CeNeS

For US securities law purposes, the exchange offer described in this announcement will be made for the securities of a foreign company by means of a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006. The New Paion Shares will not be registered under the Securities Act, in reliance on the exemption from registration contained in Section 3(a)(10) of the Securities Act. The offer is subject to disclosure and procedural requirements of a foreign country that are different from those which would apply to a public offering of securities in the United States. Financial statements relating to CeNeS and Paion included or incorporated in the Scheme Document will be prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under United States federal securities laws, since CeNeS is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue CeNeS or its officers or directors in a foreign court for violations of the US securities laws. It may be difficult to compel CeNeS and its affiliates to subject themselves to a US court's judgment.

This document has not been reviewed by any federal or state securities commission or regulatory authority in the United States, nor has any such commission or authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is unlawful and may be a criminal offence.

Forward-looking statements

This announcement includes forward-looking statements with respect to the financial condition, results of operations and businesses of Paion and CeNeS and certain plans and objectives of the Paion Directors and the CeNeS Directors with respect to them. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “will”, “may”, “should”, “would”, “could”, or other words of similar meaning. These statements are based on assumptions and assessments made by the Paion Directors and the CeNeS Directors in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements.

These risks and uncertainties include, among others, the risk that (1) neither Paion nor CeNeS have been profitable to date and may together as the Enlarged Group never achieve profitability; (2) the Enlarged Group will to a large extent rely on collaborations with third parties to progress the development of its drug candidates; (3) the Enlarged Group might not succeed in entering into collaborative agreements with third parties for the further clinical development and marketing for its drug candidates, including M6G, and thus might not be able to complete the clinical development of these drug candidates in a timely manner or at all; (4) M6G, the CeNeS Group’s most advanced drug candidate, is subject to limited intellectual property protection and is developed for a price-sensitive market segment; (5) the Enlarged Group may have difficulty integrating its two constituent businesses, may have to incur

significant expenses in doing so and any expected synergies or other benefits may fail to materialise or be less pronounced than expected; and (6) the Scheme may not be completed or completion may be delayed, including the risk that required shareholder and other approvals for the Scheme may not be obtained.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. CeNeS and Paion assume no obligation to update or correct the information contained in this announcement.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of CeNeS or Paion, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective or the Acquisition lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of CeNeS or Paion, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of CeNeS or of Paion by CeNeS or Paion, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

In accordance with Rule 2.10 of the Code, Paion confirms that it has 16,755,552 ordinary no-par value bearer shares representing a notional value equal to €1.00 per share in issue and admitted to trading on the Frankfurt Stock Exchange under the ISIN code DE 000A0B65S3. In accordance with Rule 2.10 of the Code, CeNeS confirms that it has 21,920,192 ordinary shares of 30 pence each in issue and admitted to trading on AIM under the ISIN code GB 00B23MNL84.

APPENDIX I
CONDITIONS TO THE ACQUISITION AND THE SCHEME

- (1) The Acquisition is conditional upon the Scheme becoming Effective by no later than 31 July 2008 or such later date (if any) as, subject to the Code, CeNeS and Paion may agree and (if required) the Court may allow.
- (2) The Scheme is conditional upon:
 - (a) its approval by a majority in number representing not less than 75 per cent. in value of the CeNeS Shareholders present and voting either in person or by proxy at the Court Meeting (or any adjournment thereof);
 - (b) the resolutions in connection with or required to approve and implement the Scheme and to approve certain related matters being duly passed by the requisite majority at the General Meeting (or any adjournment thereof);
 - (c) (i) the sanction of the Scheme and the confirmation of the Reduction by the Court (in either case with or without modification, but subject to such modification being acceptable to Paion), (ii) an office copy of the Court Order(s) and of the Minute being delivered for registration to the Registrar of Companies and (iii) the registration of the Reduction Order and of the Minute by the Registrar of Companies;
 - (d) the filing of an application for the listing of the New Paion Shares on the Regulated Market of the Frankfurt Stock Exchange and compliance with all other requirements under the statutory and listing rules of such exchange to ensure that upon the issuance of the New Paion Shares such exchange will admit the New Paion Shares to listing and trading;
 - (e) prior to the Scheme becoming Effective, Paion not having received any notice or intimation from the Frankfurt Stock Exchange that, as a result of any action or steps taken by a third party or any other matters outside the control of Paion, it

would not upon the issuance of the New Paion Shares admit the New Paion Shares to listing and trading; and

- (f) prior to the Scheme becoming Effective, no action or other steps having been taken by a third party which would prevent the registration by the Commercial Register (*Handelsregister*) of the local court (*Amtsgericht*) of Aachen of the capital increase in relation to the issue of the New Paion Shares in accordance with the German Stock Corporation Act.
- (3) In addition, CeNeS and Paion have agreed that the Scheme will also be conditional upon, and accordingly the necessary actions to make the Scheme become effective will only be taken upon, the satisfaction or waiver of the following Conditions:
- (a) the Office of Fair Trading or the appropriate Minister in the United Kingdom not referring the proposed acquisition of CeNeS by Paion or any matter arising therefrom or related thereto to the Competition Commission;
 - (b) no government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution or any other person or body whatsoever in any relevant jurisdiction (each a “**Third Party**”) having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having made, proposed or enacted any statute, regulation, decision or order, or taken any other steps which would or might reasonably be expected to:
 - (i) require, prevent, limit or delay the divestiture by any member of the Wider CeNeS Group or by any member of the Wider Paion Group of all or any portion of their respective businesses, assets, undertakings or properties or impose any limitation on the ability of any of them to conduct all or any portion of their respective businesses or own or control all or any portion of their respective assets or properties or integrate or co-ordinate all or any portion of their respective businesses;

- (ii) require, prevent, limit or delay the divestiture by any member of the Wider Paion Group of any shares or other securities in any member of the Wider CeNeS Group;
- (iii) impose any limitation on, or result in any delay in the ability of any member of the Wider Paion Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or loans or securities convertible into shares or other securities (or the equivalent) in any member of the Wider CeNeS Group or the Wider Paion Group or the ability of any member of the Wider Paion Group to exercise management control over any member of the Wider CeNeS Group;
- (iv) make the Acquisition or its implementation or the acquisition or proposed acquisition by Paion or any member of the Wider Paion Group of any shares or other securities in, or control of, CeNeS or any other member of the Wider CeNeS Group void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose any additional conditions or obligations with respect thereto, or otherwise challenge, hinder or interfere therewith;
- (v) require any member of the Wider Paion Group or the Wider CeNeS Group to acquire, offer to acquire, redeem or repay any shares or other securities (or the equivalent) or interest in any member of the Wider CeNeS Group or the Wider Paion Group owned by any third party;
- (vi) impose any limitation on the ability of any member of the Wider Paion Group to co-ordinate its business, or any part of it, with the business of any member of the Wider CeNeS Group; or
- (vii) result in any member of the Wider Paion Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods during which any Third Party could institute, implement or thereafter take any such action, proceedings, suit, investigation, enquiry or reference or otherwise intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

- (c) all necessary filings or applications having been made in connection with the Scheme or the Acquisition and all necessary statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Scheme or the Acquisition or the acquisition by any member of the Wider Paion Group of any shares or other securities in, or control of, CeNeS, and all necessary authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals having been obtained in terms and in a form satisfactory to Paion (acting reasonably) from all appropriate Third Parties or persons with whom any member of the Wider CeNeS Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider CeNeS Group remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Scheme becomes effective and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (d) except as fairly disclosed in writing by CeNeS to Paion or as publicly announced by CeNeS in accordance with the AIM Rules for Companies, in each case prior to the date hereof, there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the Wider CeNeS Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject and which, in consequence of the Scheme or the Acquisition, or the acquisition or proposed acquisition by any member of the Wider Paion Group

of any shares or securities in CeNeS or because of a change in the control or management of CeNeS or otherwise could or might reasonably be expected to result in:

- (i) any monies borrowed by, or any other indebtedness (actual or contingent) of, or grant available to, any member of the Wider CeNeS Group being or becoming repayable or capable of being declared repayable immediately or prior to their or its stated maturity date or repayment date or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such arrangement, agreement, licence, permit or instrument or the rights, liabilities, obligations or interests of any member of the Wider CeNeS Group thereunder being (or becoming capable of being) terminated, or adversely modified or affected, or any adverse action being taken by any third party, or any obligation or liability of any member of the Wider CeNeS Group arising thereunder;
- (iii) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider CeNeS Group being or falling to be disposed of or charged or ceasing to be available or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available;
- (iv) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider CeNeS Group or any such security (whenever created, arising or having arisen) being enforced or becoming enforceable;
- (v) the rights, liabilities, obligations, interests or business of any member of the Wider CeNeS Group in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any

such interest or business) being terminated or adversely modified or affected;

- (vi) the value of any member of the Wider CeNeS Group or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any member of the Wider CeNeS Group ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation of any liability, actual or contingent, by any member of the Wider CeNeS Group,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, or other instrument to which any member of the Wider CeNeS Group is a party or by or to which, any such member or any of its assets may be bound, entitled or subject, is likely to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this paragraph (d);

- (e) except as publicly announced by CeNeS in accordance with the AIM Rules for Companies, or fairly disclosed in writing by CeNeS to Paion, in each case prior to the date hereof, no member of the Wider CeNeS Group having (in the case of sub-paragraphs (i), (ii) and (vii) below, at any time, or in the case of each other sub-paragraph, since 31 December 2007):
 - (i) save as between CeNeS and wholly-owned subsidiaries of CeNeS, issued, authorised or proposed the issue of additional shares of any class (other than the issue of shares in exercise of options as contemplated by the Implementation Agreement or the issue of shares to Paion pursuant to the Scheme);
 - (ii) save as between CeNeS and wholly-owned subsidiaries of CeNeS, issued or agreed to issue, authorised or proposed the issue of securities

convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;

- (iii) other than to another wholly owned member of the CeNeS Group, recommended, declared, paid, made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise);
- (iv) save for transactions between CeNeS and a wholly-owned subsidiary or between wholly-owned subsidiaries of CeNeS, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business;
- (v) save for transactions between CeNeS and a wholly-owned subsidiary or between wholly-owned subsidiaries of CeNeS, made or authorised or proposed or announced an intention to propose any change in its loan capital;
- (vi) issued, authorised or proposed the issue of any debentures or incurred or increased any indebtedness or become subject to any contingent liability;
- (vii) other than pursuant to the Scheme, purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;

- (viii) entered into, varied or authorised, proposed or announced its intention to enter into or vary any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - (A) is of a loss-making, long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such a nature or magnitude;
 - (B) is or is reasonably likely to be materially restrictive on the businesses of any member of the Wider CeNeS Group or the Wider Paion Group or which involves or could involve an obligation of such a nature or magnitude; or
 - (C) is other than in the ordinary course of business;
- (ix) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment, or other transaction or arrangement, in each case otherwise than in the ordinary course of business, or entered into or changed the terms of any contract with any CeNeS Director or senior executive of the CeNeS Group;
- (x) waived or compromised any material claim;
- (xi) taken or proposed any corporate action or had any proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (xii) been unable, or admitted publicly or in writing that it is unable, to pay its debts (within the meaning of section 123 of the Insolvency Act 1986), or having stopped or suspended (or threatened to stop or suspend) payment

of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at Court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling all or any of its indebtedness or any form of insolvency proceeding or event similar or analogous to any of the aforementioned events in any jurisdiction;

- (xiii) made any alteration to its memorandum or articles of association or other constitutional documents save as is necessary to implement the Scheme or the Acquisition;
- (xiv) made or announced any proposal to make any change or addition to any retirement, death or disability benefit or any other employment-related benefit of or in respect of any of its directors, employees, former directors or former employees;
- (xv) entered into any trust deeds constituting pension schemes established for its directors, employees, former directors or former employees and their dependants;
- (xvi) save as contemplated by the Implementation Agreement, proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider CeNeS Group; or
- (xvii) entered into any contract, commitment, arrangement or agreement or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;

- (f) Since 31 December 2007 and save as publicly announced in accordance with the AIM Rules for Companies by CeNeS prior to the date hereof or as fairly disclosed in writing by CeNeS to Paion prior to the date hereof:
- (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position, profits, prospects or value of any member of the Wider CeNeS Group (other than the depletion of financial resources in the ordinary course of business in accordance with the business plan fairly disclosed in writing by CeNeS to Paion prior to the date hereof);
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider CeNeS Group is or may become a party (whether as plaintiff or defendant or otherwise) and no investigation by any third party against or in respect of any member of the Wider CeNeS Group having been instituted, threatened or publicly announced by or against or remaining outstanding in respect of any member of the Wider CeNeS Group which in any such case might be expected to adversely affect any member of the Wider CeNeS Group;
 - (iii) no contingent or other liability having arisen or become reasonably apparent to Paion or increased which in any such case might be expected to adversely affect any member of the Wider CeNeS Group; and
 - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider CeNeS Group which is necessary for the proper carrying on of its business;
- (g) except as disclosed in the annual report and accounts of CeNeS for the year ended 31 December 2007, or as publicly announced in accordance with the AIM Rules for Companies by CeNeS prior to the date hereof or as fairly disclosed in writing by CeNeS to Paion prior to the date hereof, Paion not having discovered:

- (i) that the financial, business or other information concerning the Wider CeNeS Group disclosed at any time by or on behalf of any member of the Wider CeNeS Group (whether publicly, to any member of the Wider Paion Group, or otherwise) is misleading, or contains a misstatement of facts, or omits to state a fact necessary to make the information contained therein not misleading;
- (ii) that any member of the Wider CeNeS Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of CeNeS for the year ended 31 December 2007;
- (iii) that any member of the Wider CeNeS Group has failed to comply with applicable statutory or regulatory obligations in any relevant jurisdiction;
- (iv) that any partnership or company in which any member of the Wider CeNeS Group has a significant economic interest (being, in the case of a company, an interest carrying 20 per cent. or more of the voting capital of that company) and which is not a subsidiary of CeNeS is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of CeNeS for the year ended 31 December 2007;
- (v) that any past or present member of the Wider CeNeS Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not the same constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be

likely to give rise to any liability (actual or contingent) or cost on the part of the member of the Wider CeNeS Group;

- (vi) that there is, or is reasonably likely to be, any liability (actual or contingent) to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied or made use of or controlled by any past or present member of the Wider CeNeS Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise; or
 - (vii) that circumstances exist whereby a person or class of persons would be reasonably likely to have a claim in respect of any damage, loss or injury suffered as a result of or otherwise caused by any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider CeNeS Group.
- (4) Subject to the relevant requirements of the Panel, Paion reserves the right to waive, in whole or in part, all or any of the above Conditions, except Condition 2.
 - (5) Paion shall be under no obligation to waive or treat as fulfilled any such Conditions earlier than the date of the sanction of the Scheme referred to in Condition 2 notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
 - (6) If Paion is required by the Panel to make a general offer for CeNeS Shares under the provisions of Rule 9 of the Code, Paion may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
 - (7) Save with the consent of the Panel, the Acquisition will lapse and the Scheme will not proceed if the proposed acquisition of CeNeS by Paion is referred by the Office of Fair

Trading or the appropriate Minister to the Competition Commission before the Meetings are held.

- (8) Paion reserves the right, in its sole discretion (subject to the consent of the Panel), to elect to implement the Acquisition by way of a Takeover Offer. In such event, such offer will be implemented on the same terms (subject to appropriate amendments, including (without limitation and subject to the consent of the Panel) an acceptance condition set at such percentage (being more than 50 per cent.) as Paion may decide of (i) the CeNeS Shares to which such offer relates and (ii) the voting rights carried by the CeNeS Shares to which such offer relates), so far as applicable, as those which would apply to the Scheme.
- (9) In the event that the Acquisition is to be implemented by way of Takeover Offer, any CeNeS Shares acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, rights of pre-emption and other interests and rights and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions and other distributions (if any) declared, made or paid on or after 8 February 2008.
- (10) The Implementation Agreement will be governed by English law and will be subject to the jurisdiction of the English courts. The Scheme will be governed by Scottish law and be subject to the jurisdiction of the Scottish courts. The Scheme will comply with the rules and regulations of the Financial Services Authority, the London Stock Exchange, the Code, applicable US securities laws and applicable German laws and regulations.

APPENDIX II
ADDITIONAL INFORMATION

1. Bases and sources

- (a) Unless otherwise stated, the financial information on CeNeS is extracted from CeNeS's preliminary financial statements for the year ended 31 December 2007.
- (b) Unless otherwise stated, the financial information on Paion is extracted from Paion's consolidated financial statements for the year ended 31 December 2007.
- (c) The value of £10.9 million attributed to the fully diluted share capital of CeNeS is based upon (i) the 21,920,192 CeNeS Shares in issue as at the date of this announcement, (ii) the 252,644 CeNeS Shares in total which may be issued pursuant to the exercise of outstanding options under the Executive Option Plan at a total exercise price of £8, and (iii) the 120,752 CeNeS Shares in total which may be issued to SmithKline Beecham Corporation and Glaxo Group Limited as deferred consideration.
- (d) Unless otherwise stated in this announcement, all prices for CeNeS Shares have been derived from the London Stock Exchange and represent the Closing Price on the relevant date.
- (e) Unless otherwise stated in this announcement, all prices for Paion Shares have been derived from the Frankfurt Stock Exchange and represent the Closing Price on the relevant date.
- (f) The exchange rate used in this announcement is €1.2536 = £1 (being the Euro foreign exchange reference rate as at 9 April 2008 as quoted by the European Central Bank on <http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>), save that for the purpose of stating the value of the cash and cash equivalents of the Enlarged Group on a pro-forma basis as at 31 December 2007 in this announcement, the exchange rate used is €1.36361 = £1 (being the Euro foreign exchange reference rate as at 31 December 2007 as quoted by the European Capital Bank on <http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>).

APPENDIX III
IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

The following CeNeS Directors have given irrevocable undertakings as described in paragraph 10 of this announcement in respect of the number of CeNeS Shares set out below.

Name of CeNeS Director	Number of CeNeS Shares
Alan Goodman	313,046
Neil Clark	24,020
Tony Osborne	4,500
Alan Smith	4,760
Peter Johnson	4,444
Ron Irwin	20,645

In addition, the following CeNeS Shareholders have given irrevocable undertakings as described in paragraph 10 of this announcement in respect of the number of CeNeS Shares set out below.

Name of CeNeS Shareholder	Number of CeNeS Shares
Gartmore Investment Management	3,986,016
Avlar Bioventures Fund II	2,436,449
ATM Investment Limited	154,605
Avlar Bioventures Limited	58,047
Avlar Pension Fund	33,333

Gavin Kilpatrick

15,079

In addition, the following CeNeS Shareholder has given a letter of intent as described in paragraph 10 of this announcement in respect of the number of CeNeS Shares set out below.

Name of CeNeS Shareholder	Number of CeNeS Shares
Universities Superannuation Scheme	1,081,162

APPENDIX IV
DEFINITIONS

The following definitions apply throughout this announcement, unless the context otherwise requires:

“Acquisition”	the proposed acquisition of all of the issued and to be issued share capital of CeNeS by Paion, to be effected by means of the Scheme
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules for Companies”	the rules of the London Stock Exchange which govern the admission to trading, and the operation, of companies on AIM
“Australia”	Australia, its possessions, provinces and all areas subject to its jurisdiction or any political subdivision thereof
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for normal business in the City of London, Edinburgh and Aachen
“Canada”	Canada, its possessions, provinces and all areas subject to its jurisdiction or any political subdivision thereof
“CeNeS”	CeNeS Pharmaceuticals plc, incorporated in Scotland with registered number SC166791
“CeNeS Directors”	the directors of CeNeS

“CeNeS Group”	CeNeS and its subsidiaries and subsidiary undertakings
“CeNeS Shares”	ordinary shares of 30 pence each in the capital of CeNeS
“CeNeS Share Schemes”	(i) the CeNeS Pharmaceuticals plc Approved Share Option Scheme; (ii) the CeNeS Pharmaceuticals plc Unapproved Share Option Scheme; (iii) the Executive Option Plan; (iv) those options granted to certain employees of CeNeS Limited prior to its acquisition by CeNeS and the shares in CeNeS Limited arising on the exercise of which are exchangeable for CeNeS Shares; and (v) those options granted to certain employees of Cambridge Neuroscience Inc. prior to its acquisition by CeNeS and which are exercisable in respect of CeNeS Shares.
“CeNeS Shareholders”	the holders of CeNeS Shares
“Closing Price”	as regards securities quoted on AIM, the closing middle market quotation of such security derived from the London Stock Exchange and, as regards securities listed on the Frankfurt Stock Exchange, the XETRA closing price of the security as reported by the Frankfurt Stock Exchange
“Code”	the Takeover Code
“Conditions”	the conditions set out in Appendix I of this announcement
“Court”	the Court of Session in Edinburgh, Scotland

“Court Hearing”	the hearing by the Court of the petition to sanction the Scheme under section 896 of the Companies Act 2006 and confirm the Reduction under section 137 of the Companies Act 1985
“Court Meeting”	the meeting of the holders of Scheme Shares (or any adjournment or postponement thereof) to be convened by an order of the Court pursuant to Part 26 of the Companies Act 2006 for the purpose of considering and, if thought fit, approving the Scheme
“Court Order(s)”	the order(s) of the Court granted at the Court Hearing to sanction the Scheme under Part 26 of the Companies Act 2006 and confirm the Reduction under section 137 of the Companies Act 1985
“Effective”	<ul style="list-style-type: none"> (i) if the Acquisition is implemented by way of Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code
“Effective Date”	the date upon which the Acquisition becomes Effective
“Enlarged Group”	Paion and its subsidiaries and subsidiary undertakings following completion of the Acquisition
“Excluded Shares”	any CeNeS Shares beneficially owned by Paion or any member of the Paion Group and any shares held by

	CeNeS in treasury at the Scheme Record Time
“Executive Option Plan”	the CeNeS Pharmaceuticals plc Executive Share Incentive Plan
“General Meeting”	the general meeting of CeNeS (and any adjournment or postponement thereof) to be convened in connection with the Acquisition
“holder”	includes any person entitled by transmission
“Implementation Agreement”	the implementation agreement dated 10 April 2008 entered into between CeNeS and Paion
“Japan”	Japan, its possessions, provinces and all areas subject to its jurisdiction or any political subdivision thereof
“Landsbanki”	Landsbanki Securities (UK) Limited
“London Stock Exchange”	London Stock Exchange plc
“Lundbeck”	H. Lundbeck A/S
“Meetings”	the Court Meeting and the General Meeting
“Minute”	the minute (approved by the Court) confirming the Reduction in accordance with section 138 of the Companies Act 1985
“New Lundbeck Agreement”	the license and sublicense agreement between Paion and Lundbeck dated 29 January 2008
“New Paion Shares”	the Paion Shares proposed to be issued credited as fully paid and ranking pari passu with the existing Paion Shares pursuant to the Scheme

“New Zealand”	New Zealand, its possessions, provinces and all areas subject to its jurisdiction or any political sub-division thereof
“Nomura Code”	Nomura Code Securities Limited
“Nycomed”	Nycomed Danmark ApS
“Paion”	PAION AG, a stock corporation incorporated in Germany at the local court (<i>Amtsgericht</i>) of Aachen with registered number HRB12528
“Paion Directors”	the members of the management board (<i>Vorstand</i>) of Paion
“Paion Group”	Paion and its subsidiaries and subsidiary undertakings
“Paion Shares”	shares with a notional value of €1.00 each in the capital of Paion
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers
“Reduction”	the proposed reduction of capital pursuant to section 137 of the Companies Act 1985, to be provided for by the Scheme
“Reduction Order”	the order of the Court confirming the Reduction under section 137 of the Companies Act 1985
“Regulatory Information Service”	any of the services authorised by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the London Stock Exchange’s website www.londonstockexchange.com

“Scheme”	the scheme of arrangement under Part 26 of the Companies Act 2006 to be proposed by CeNeS to the Scheme Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by CeNeS and Paion
“Scheme Document”	the document to be sent to CeNeS Shareholders giving full particulars of the Scheme and containing, inter alia, an explanatory statement in compliance with Part 26 of the Companies Act 2006 and the notices of the Meetings
“Scheme Record Time”	6.00pm on the Business Day immediately preceding the Court Hearing
“Scheme Shares”	<p>all CeNeS Shares:</p> <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and (c) (if any) issued on or after the Voting Record Time but before the Scheme Record Time on terms that the original or any subsequent holder thereof shall be, or shall have agreed in writing by such time to be, bound by the Scheme, <p>in each case excluding any Excluded Shares</p>
“Scheme Shareholders”	the holders of Scheme Shares

“Securities Act”	the United States Securities Act of 1933
“Takeover Offer”	a takeover offer as defined in section 974 of the Companies Act 2006
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America (including the states of the United States and the District of Columbia), its possessions and territories and all other areas subject to its jurisdiction or any political subdivision thereof
“Voting Record Time”	the time fixed by the Court and CeNeS for determining the entitlement to vote at the Court Meeting as set out in the notice thereof
“Wider CeNeS Group”	the CeNeS Group and associated undertakings of CeNeS and any other body corporate, partnership, joint venture or person in which CeNeS and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent
“Wider Paion Group”	the Paion Group and associated undertakings of Paion and any other body corporate, partnership, joint venture or person in which Paion and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

Unless otherwise stated, all times referred to in this announcement are references to London time.

All references to legislation in this announcement are to United Kingdom legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purpose of this announcement “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the meanings given by the Companies Act 1985.

References to “**€**” and “**Euro**” are to the single currency unit of the European Union.

References to “**£**”, “**Sterling**”, “**p**” and “**pence**” are to the lawful currency of the United Kingdom.

References to “**US\$**” and “**Dollars**” are to the lawful currency of the United States.