

PRESS RELEASE

ProtAffin AG receives research grant

2nd April, 2008, Graz, Austria: ProtAffin Biotechnologie AG, a company developing protein therapeutics that act by targeting glycan structures, today announced the award of public funding for the development of a new therapy for inflammatory diseases called PA401. The Austrian Forschungs-Förderungs-Gesellschaft (FFG) is giving financial support for the pre-clinical development and manufacturing scale-up of PA401. The size of the research project is €1.4m and the total funding that ProtAffin will receive from the FFG is up to €1.1m.

Prof. Andreas Kungl, CSO of ProtAffin commented: *"We are very encouraged that the FFG is supporting the pre-clinical development of PA401 for inflammatory diseases. FFG is the largest funding organisation of translational research in Austria, and this funding allows us to progress our innovative anti-inflammatory product PA401 further into pre-clinical development. We believe that such public initiatives in Austria are valuable in positioning the country as an emerging player in the European biotechnology industry."*

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About ProtAffin AG

ProtAffin was spun-out from the University of Graz, Austria in July 2005 and since its foundation, the Company has raised €4.3m in equity financing and €1m in grant support. The €2.65m first closing of the Series A financing in May 2007 was led by Aescap Venture Management BV in Amsterdam. Z-Cube Srl, the venture arm of the Zambon Group also participated in the first closing. A second closing of the Series A financing was announced in January 2008. The Entrepreneurs Fund invested a further €1.35m, to bring the Series A round to €4m.

ProtAffin is a pre-clinical biotechnology company developing protein-based products targeting inflammation. Its novel class of biologics targets heparin-like glycan structures that drive inflammatory processes. ProtAffin's lead anti-inflammatory programme is PA401, a modified form of human IL-8 that acts as a potent, targeted anti-inflammatory protein. The Company developed PA401 using its own CellJammer[®] discovery technology, a widely applicable technology used to develop biologics which target glycans that drive inflammation and cancer. The Company has four internal programmes including PA401 which are currently unpartnered. The Company currently has 12 employees in its offices and labs in Graz, Austria. The Company also has a Corporate Office in Vienna, Austria on the campus of the Novartis Institute of Biomedical Research.

About PA401

ProtAffin's lead anti-inflammatory programme is PA401 (previously called PA04-001). PA401 is a modified form of human IL-8 which is a potent, targeted anti-inflammatory protein. By binding to glycans that drive the infiltration of leukocytes in inflammation with a higher affinity than wild-type IL-8, PA401 prevents wild-type IL-8 from activating leukocytes and inhibit the events that would normally lead to inflammation. PA401 is in pre-clinical development at ProtAffin for the treatment of ischemia/reperfusion injury in the setting of kidney transplantation. Up to 26,000 patients in the EU receive an organ transplant each year. Kidney transplant is the most frequently carried out organ transplant procedure. However, there is no medicinal product currently available to treat the ischemia/reperfusion injury accompanying solid organ transplant.

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