

PRESS RELEASE

ProtAffin AG secures Series A financing

4th May, 2007, Graz, Austria: ProtAffin Biotechnologie AG, a biotechnology company developing anti-inflammatory therapeutics that act by targeting cell-surface glycan structures, today announced that it has closed a €2.65m Series A financing led by Aescap Venture Management BV. Z-Cube Srl also participated in the financing round. ProtAffin was advised on the transaction by Mummert & Company Corporate Finance, Vienna.

The Company will use the funds to progress its lead product PA04-001 through pre-clinical development and to further validate its unique CellJammer™ discovery technology. ProtAffin is using its CellJammer™ technology developed by the company's CSO Andreas Kungl, to modify chemokines towards increased glycosaminoglycan (GAGs) affinity and removal of their GPCR activation domains. These novel protein drugs act as anti-inflammatory agents, by blocking the trafficking of leukocytes to sites of acute and chronic inflammation. The Company's lead product PA04-001 has been derived from IL-8, and its anti-neutrophil infiltration activity has been extensively characterised *in vitro*. PA04-001 has also shown potent efficacy in a number of *in vivo* models of inflammatory diseases. The Company plans to develop PA04-001 for ischemia/reperfusion injury in the setting of kidney transplantation.

Following the financing, Ms Kreske Nickelsen from Aescap has been appointed the new chairperson of ProtAffin's Supervisory Board. Prior to working at Aescap, Ms Nickelsen worked at 3i in London for many years. Dr Marina Lombroso from Z-Cube has also been appointed to the ProtAffin Supervisory Board. Dr Brian Morgan, previously Vice President: Scientific Licensing at SmithKline Beecham, stands down as Chairman but remains on the Board.


Dr Jason Slingsby, CEO of ProtAffin commented: "I am delighted that we have closed our first financing round with international venture capital investors. Our partners Aescap and Z-Cube bring with them great experience in building and financing biotech companies and in product development. This financing round will allow ProtAffin to reach key value-adding milestones in the development of our IL-8 based anti-inflammatory product, PA04-001. We believe that developing protein-based therapeutics which target glycan structures involved in disease is a fundamentally better way to protein-glycan interactions than developing "improved heparins" or glycan structures to target cleanly certain proteins."

Ms Kreske Nickelsen from Aescap Venture Management commented: "ProtAffin has the potential to become a leader in the market of drugs that target cell surface glycan structures. PA04-001 holds the promise of becoming the first truly novel drug to target inflammatory diseases in more than a decade, and it could initiate a paradigm shift in the development of

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glycan-targeting drugs. We think ProtAffin's approach has the potential to be superior to the mAb approach in many ways and we are delighted to be able to include ProtAffin in Aescap's portfolio."

ProtAffin has also strengthened its Scientific Advisory Board by appointing Prof. Tim Williams from Imperial College London. He is Professor of Applied Pharmacology at the National Heart & Lung Institute and is Head of the Leukocyte Biology Section. Prof. Williams is a leading expert on chemokine biology and he has been a consultant and served on the Scientific Advisory Boards of many pharmaceutical and biotechnology companies.

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About ProtAffin Biotechnologie AG


ProtAffin was spun-out from the Karl-Franzens University of Graz, Austria in July 2005 by Dr Jason Slingsby and Professor Andreas Kungl. Dr. Jason Slingsby MBA, CEO of ProtAffin was formerly Director of Business Development at Sosei Co. Ltd., in London (TSE: 5645) and Senior Manager, Business Development at Intercell AG, Vienna (ATX: ICLL). Andreas Kungl is Professor at the University of Graz and Vienna and formerly worked at Novartis Forschungsinstitut (NFI) in Vienna and Max Planck Institute of Biochemistry. Andreas is a well-established figure in the field of protein-GAG interactions and is a past coordinator of European Union programs focussed on the biology of GAG-binding proteins. ProtAffin previously secured Seed Finance of €1.3m in early 2006 from Angel investors and Austria Wirtschaftsservice in Vienna. ProtAffin has seven employees and is based in Graz, Austria.

About CellJammer™ discovery technology

ProtAffin's CellJammer™ discovery technology for the development of novel biological products was developed by the company's CSO Prof. Andreas Kungl. Proprietary assays and rational design approaches allow the company to increase the binding affinity of proteins, such as chemokines, to cell-surface carbohydrate structures called glycosaminoglycans (GAGs). It is now recognised that certain GAG structures are present on the surface of inflamed endothelial cells, and that these structures specifically present pro-inflammatory chemokines, such as IL-8, to leukocytes, thereby triggering infiltration of the leukocytes to a site of inflammation.

Using the CellJammer™ discovery technology, ProtAffin can generate chemokines with a greatly increased affinity for disease-specific GAG structures, while removing the domain responsible for leukocyte activation. This has created an entirely novel class of protein-based GAG antagonists. This class has several advantages over low molecular-weight GAG mimetics, which include intrinsic target specificity and lower developmental costs.

The CellJammer™ discovery technology can be applied to a wide range of GAG-binding proteins and the approach also has distinct advantages compared to monoclonal antibodies



for certain targets. The CellJammer™ discovery technology has applications in drug discovery and development for both acute and chronic inflammation. ProtAffin's lead anti-inflammatory product PA04-001 was derived from human interleukin-8, using its proprietary CellJammer™ discovery technology.

About Aescap Venture Management

Aescap Venture Management BV is a venture capital firm focusing on the creation and growth of European biomedical companies. Through early and active involvement in the companies, Aescap Venture will achieve an accelerated development of its portfolio companies and their products. In August 2006, Aescap announced that Aescap Venture Fund I had a first close at €59 million. The fund is still open to new investors. The founders of Aescap are Michiel de Haan, the founder and CEO of Atlas Venture until 2000 and Dinko Valerio PhD, the founder and former CEO of Crucell, a Euronext / NASDAQ-listed biotechnology company. Additional Partners are Patrick Krol MBA, a successful entrepreneur and expert in Life Science marketing and business development and Kreske Nickelsen MSc/MBA, previous Director at 3i, with 10 years of experience in European Life Science venture capital.

About Z-Cube S.r.l.

Z-Cube S.r.l., Zambon's corporate venture company, focuses on life science ventures, applying innovative investment strategies that leverage the industrial competences of its team. Z-Cube was founded in 2003 to support young life-science start-up and spin-off companies with novel therapeutics that address significant unmet medical needs. The CEO of Z-Cube is Dr. Claudio Semeraro, who has more than 20 years senior R&D and business development experience in different pharmaceutical companies. ProtAffin is the third Z-Cube investment in Europe following SuppreMol, spin-off company of the Max Planck Institute in Munich, and PharmEste, spin-off of Ferrara University (Italy) which closed the first round of financing in January 2007.

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