

October 18, 2005 – News Release

Affectis Pharmaceuticals AG Receives State Grants for the Development of Novel Antidepressants

Munich, Germany -- Affectis Pharmaceuticals AG today announced that it has received two research grants totalling € 2.2 million to broaden and progress its proprietary drug discovery and development programmes.

The Company has secured € 1.7 million from the German Federal Ministry of Education and Research (BMBF) to develop novel drug candidates targeting a specific ion channel that is exclusively explored by Affectis Pharmaceuticals. Studies conducted so far have shown that this new target plays a crucial role in the development of depression and is therefore expected to fundamentally improve the treatment of the disease.

As a second grant, the State of Bavaria Technology Programme has committed almost € 0.5 million for the discovery of novel target genes involved in the development of depression and anxiety.

"The new funds allow Affectis to advance its existing development programmes and initiate additional R&D activities," says Dr Herbert Stadler, Chief Executive Officer of Affectis Pharmaceuticals AG. "Following the closing of a Series B financing round in March this year, the latest grants from BMBF and Bavaria's Technology Programme underline the potential of Affectis' pioneering research and development programmes in the field of affective disorders."

Contact:

Dr Herbert Stadler, Chief Executive Officer
Affectis Pharmaceuticals AG
Kraepelinstrasse 2
D-80804 Munich, Germany
Tel.: +49 (0)89 - 306 22 - 653
Fax: +49 (0)89 - 306 22 - 370
Email: stadler@affectis.com
www.affectis.com

Notes to Editors:

Affectis Pharmaceuticals AG is a biopharmaceutical company implementing novel concepts for the treatment of depression and anxiety. The Company has unique capabilities to discover and develop drugs based on pioneering findings in the field of affective disorders. These drugs address the increasing need for more comprehensive and faster-acting antidepressants with fewer side effects. The most advanced programme is planned to enter preclinical trials in early 2006. Affectis took up operations in November 2003 as a spin-off from the Max-Planck-Institute of Psychiatry, a world leader in the field of psychiatric research. A strong team of executives and scientists with long-term industry experience contribute to Affectis' progress. The Company raised its second round of venture financing in March 2005, led by EMBL Ventures. Affectis is based in Munich, Germany.