

**Jerini Aktiengesellschaft**  
**Consolidated Interim**  
**Financial Statements**  
For the Three-Month Period  
Ended March 31, 2007

**JERINI**

**Jerini AG**  
Invalidenstrasse 130  
10115 Berlin  
Germany  
T: +49.30.978.93.285  
F: +49.30.978.93.599  
wiedenmann@jerini.com  
www.jerini.com

## Contents

<b>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</b>	<b>3</b>
Overview	3
Outlook	3
First Quarter 2007 Compared to First Quarter 2006	4
Jerini Shares	5
Employees	5
<b>CONSOLIDATED INCOME STATEMENTS</b>	<b>6</b>
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>8</b>
<b>CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY</b>	<b>10</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOW</b>	<b>12</b>
<b>SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2007</b>	<b>14</b>
1. Corporate Information	14
2. Summary of Significant Accounting Policies	14
3. Segment Information	14
4. Loss per Share	16

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### Overview

In the first quarter of 2007, Jerini met with both the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA) to review its plans to submit marketing authorization applications for Icatibant in the treatment of hereditary angioedema (HAE). Based on these meetings, the company expects to complete submission of both the US New Drug Application and EU Marketing Authorization Application in the third quarter of 2007.

On March 20, 2007, Jerini announced the establishment of its wholly-owned US subsidiary, Jerini Ophthalmic, Inc., which will focus on the development of novel therapeutics for eye diseases. Dr. Anthony P. Adamis (co-founder of Eyetech Pharmaceuticals) will head Jerini Ophthalmic, Inc. as President and CEO. The objective of Jerini Ophthalmic, Inc. is the rapid development of novel, highly specific therapeutics for eye diseases along with extended-release formulations for chronic eye diseases. Using its Peptides-to-Drugs (P2D) technology platform, Jerini has developed several compounds targeting pathways associated with ophthalmic disease indications. One of these compounds, JSM 6427, an  $\alpha 5\beta 1$  integrin antagonist, has been biologically validated for therapeutic use in age-related macular degeneration (AMD) and proliferative vitreoretinopathy. The start of a Phase I clinical trial for JSM 6427 is planned for the third quarter of 2007. Jerini's C5a receptor antagonists also target pathways central to the development of AMD, and these will be further developed by Jerini Ophthalmic as well.

On February 6, 2007, Jerini announced the expansion of its current research collaboration with Baxter AG aimed at developing a non-intravenous therapy for the treatment of hemophilia. The companies have initiated two additional programs focusing on novel targets, which have the potential to offer innovative therapeutic developments in the treatment of hemophilia. These new agreements, along with the existing collaboration, concentrate on three specific targets associated with the disease.

### Outlook

Management expects further positive development of the business in the remainder of 2007. Clinical milestones planned for 2007 include the filing of US and EU marketing authorization applications for Icatibant in the treatment of HAE, the start of Phase I clinical testing for JSM 6427 in the treatment of AMD, and the start of clinical trials for

Icatibant in the treatment of drug-induced angioedema. Management forecasts a cash burn of approximately € 40 million for 2007 and a further increase in operating loss as compared to 2006. In addition to clinical development expenses, marketing activities related to Icatibant's expected 2008 market launch, along with further development of other preclinical programs, are the main factors behind higher cash burn and spending in 2007 as compared to 2006.

Following its acquisition of Kos Pharmaceuticals in late 2006, Abbott began integrating Kos' product portfolio in the first quarter of 2007. A licensing agreement between Kos and Jerini, including the North American marketing rights to Icatibant in the treatment of angioedema, is part of this portfolio. Jerini is currently in discussions with Abbott to evaluate future strategic options pertaining to Icatibant and the licensing agreement.

### First Quarter 2007 Compared to First Quarter 2006

Total revenues for the first quarter 2007 increased by 11.1 percent to € 3.6 million (compared to € 3.2 million in the prior year period). Revenues from collaboration agreements increased to € 2.7 million (prior year period: € 2.5 million), primarily attributable to revenues from the partnership agreement with Abbott, amounting to € 1.2 million in the first quarter 2007. Revenues from product sales, generated by Jerini's wholly-owned subsidiary JPT Peptide Technologies, increased by 28.6 percent to € 0.9 million (prior year period: € 0.7 million). Research and development expenses decreased in this first quarter to € 5.3 million (compared to € 5.9 million in the prior year period) as a result of higher spending related to preclinical research for  $\alpha 5\beta 1$  integrin compounds in the prior year. General and administrative expenses increased by € 0.5 million to € 2.1 million (prior year period: € 1.6 million) mainly attributable to compensation expenses related to stock options granted in the third quarter of 2006, and an increase in subcontracting. Marketing and sales expenses increased to € 1.1 million (compared to € 0.6 million in the prior year period) mainly due to the employment of several new sales representatives and conference and travel costs for activities associated with the planned market launch of Icatibant in 2008. The loss from operations before tax and finance cost (EBIT) increased, as anticipated, to € 5.4 million (compared to € 5.3 million in the prior year period). Net loss for the first quarter 2007 amounted to € 4.8 million (compared to € 4.7 million in 2006). Loss per share for the first quarter amounted to € 0.09 (prior year period: € 0.09).

Cash used in operating activities as of March 31, 2007 amounted to € 4.3 million (prior year period: € 6.2 million). Cash and cash-equivalents as of March 31, 2007 amounted to € 61.7 million (prior year period: € 89.3 million). Net cash-burn for the first three

months of 2007 amounted to € 4.5 million (prior year period: € 6.7 million). Net cash-burn is calculated by the addition of cash used in operating activities (€ 4.3 million) and cash used in investing activities (€ 0.2 million), as disclosed in the unaudited consolidated cash-flow statements for the three-month period ended March 31, 2007.

### Jerini Shares

As of March 30, 2007, the last day of trading in the first quarter, Jerini stock closed at € 4.45 per share compared to € 3.70 per share as of December 31, 2006, representing a 20.3 percent increase in share value.

### Employees

As of March 31, 2007, Jerini had 139 employees (compared to 140 employees as of December 31, 2006). Additional positions are expected to be filled during the remainder of the year, most of which will be added in the sales area (in preparation for the planned 2008 market launch of Icatibant for the treatment of HAE).

## CONSOLIDATED INCOME STATEMENTS

(In thousands, except share and per share data)	Three Months Ended March 31,		
	2007	2006	
	Note	(€)	(€)
Revenues:			
Collaboration agreements		2,692	2,530
Product sales		896	701
<b>Total revenues</b>		<b>3,588</b>	<b>3,231</b>
Other income		127	88
Cost of product sales		(557)	(434)
Research and development expenses		(5,291)	(5,940)
General and administrative expenses		(2,132)	(1,648)
Selling and distribution costs		(1,143)	(569)
Other expenses		(18)	0
<b>Loss from operations before tax and finance cost</b>		<b>(5,426)</b>	<b>(5,272)</b>
Finance income		648	613
Finance cost		(9)	(29)
<b>Net loss</b>		<b>(4,787)</b>	<b>(4,688)</b>
<b>Basic and diluted net loss per share</b>	<b>4</b>	<b>(0.09)</b>	<b>(0.09)</b>
Shares used in computing basic and diluted net loss per share		52,458,471	52,077,231

## CONSOLIDATED BALANCE SHEETS

(In thousands)	March 31, 2007	December 31, 2006
	(€)	(€)
<b>Assets</b>		
<b>Non-current Assets:</b>		
Intangible assets	203	216
Equipment	4,882	5,124
<b>Total Non-current Assets</b>	<b>5,085</b>	<b>5,340</b>
<b>Current Assets:</b>		
Inventories	64	58
Trade accounts receivable	726	1,078
Other current assets	800	1,238
Capital interest tax receivable	1,050	1,019
Other financial assets	73	134
Cash and cash equivalents	61,979	66,884
Prepaid expenses	377	289
<b>Total Current Assets</b>	<b>65,069</b>	<b>70,700</b>
<b>Total Assets</b>	<b>70,154</b>	<b>76,040</b>

(In thousands)	March 31, 2007	December 31, 2006
	(€)	(€)
<b>Liabilities and Shareholders' Equity</b>		
<b>Shareholders' Equity :</b>		
Common shares	52,458	52,458
Additional paid-in capital	71,403	71,119
Foreign currency differences	9	5
Accumulated deficit	(67,533)	(62,746)
<b>Total Shareholders' Equity</b>	<b>56,337</b>	<b>60,836</b>
<b>Non-current Liabilities:</b>		
Bank loans	350	500
Trade accounts payable and other liabilities	41	54
Upfront and prepaid research fees	97	650
Government grants	709	737
<b>Total Non-current Liabilities</b>	<b>1,197</b>	<b>1,941</b>
<b>Current Liabilities:</b>		
Bank loans	250	501
Government grants	395	395
Trade accounts payable and other liabilities	7,417	6,956
Provisions	208	208
Upfront and prepaid research fees	4,350	5,203
<b>Total Current Liabilities</b>	<b>12,620</b>	<b>13,263</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>70,154</b>	<b>76,040</b>

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share data)	Common Shares		Additional Paid-in Capital	Foreign Currency Differences	Accumulated Deficit	Total
	Shares	Amount				
		(€)	(€)	(€)	(€)	(€)
<b>Balances as of January 1, 2006</b>	52,077,231	52,077	70,085	0	(39,837)	82,325
<b>Net Loss = Total income and expense for the period</b>	0	0	0	0	(4,688)	(4,688)
Compensation Expense	0	0	226	0	0	226
Financing Expense	0	0	(707)	0	0	(707)
<b>Balances as of March 31, 2006</b>	52,077,231	52,077	69,604	0	(44,525)	77,156
<b>Balances as of January 1, 2007</b>	52,458,471	52,458	71,119	5	(62,746)	60,836
Translation adjustment	0	0	0	4	0	4
Net Loss	0	0	0	0	(4,787)	(4,787)
<b>Total income and expense for the period</b>	0	0	0	4	(4,787)	(4,783)
Compensation Expense	0	0	284	0	0	284
<b>Balances as of March 31, 2007</b>	52,458,471	52,458	71,403	9	(67,533)	56,337

## CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)	Three Months Ended March 31,	
	2007	2006
	(€)	(€)
<b>Operating activities:</b>		
Net loss	(4,787)	(4,688)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation expense	460	352
Amortization expense	13	11
Loss on sale of assets	0	6
Other interest expense	9	29
Net increase (decrease) of deferred government grants	(28)	5
Employee stock-based compensation	284	226
	<b>(4,049)</b>	<b>(4,059)</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	(6)	(36)
Trade accounts receivable	352	0
Other current assets, capital interest tax receivable, other financial assets and prepaid expenses	380	538
Trade accounts payable and other liabilities	448	96
Deferred revenues	(1,406)	(2,701)
<b>Cash used in operations</b>	<b>(4,281)</b>	<b>(6,162)</b>
Interest paid	(9)	(29)
<b>Net cash used in operating activities</b>	<b>(4,290)</b>	<b>(6,191)</b>
<b>Investing activities:</b>		
Purchases of equipment	(218)	(490)
Purchases of intangible assets	0	(1)
<b>Net cash used in investing activities</b>	<b>(218)</b>	<b>(491)</b>

(In thousands)	Three Months Ended March 31,	
	2007	2006
	(€)	(€)
<b>Financing activities:</b>		
Translation adjustment	4	0
Financing expense	0	(707)
Payment of bank loan	(401)	(74)
<b>Net cash used in (provided by) financing activities</b>	<b>(397)</b>	<b>(781)</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,905)</b>	<b>(7,463)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>66,611</b>	<b>96,750</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>61,706</b>	<b>89,287</b>

## SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2007

### 1. Corporate Information

The consolidated financial statements for the three-month period ended March 31, 2007, of Jerini AG ("the Company" or "Jerini") were authorized by the Management Board for issue on May 14, 2007.

Jerini AG's shares are listed on the Prime Standard of the Frankfurt Stock Exchange.

### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

The interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 "Interim Financial Reporting". The same accounting policies and methods of computation are followed in the interim financial report as in the consolidated financial statements as of December 31, 2006, and for the year then ended, which were authorized by the Management Board for issue to the Supervisory Board on March 9, 2007 (date of authorization for issuance pursuant to IAS 10.6).

Operating results for the three-month period ended March 31, 2007, are not necessarily indicative of results to be expected for the full year ending December 31, 2007. The consolidated financial statements are presented in euros, and all values are rounded to the nearest thousand except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements of Jerini AG and all of its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as in force in the European Union and supplemented by Sec. 315a of the German Commercial Code (HGB) as required for statutory purposes.

### 3. Segment Information

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically.

The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

#### Reportable Segments

The Company is organized based on the products and services that it offers and operates in the life science industry through two reportable segments:

JPH: Jerini AG, Jerini US, Inc., Jerini Ophthalmic Holding GmbH together with Jerini Ophthalmic, Inc., and

JPT: JPT Peptide Technologies GmbH together with JPT Peptide Technologies, Inc.

#### Business Segments

The following table presents revenue and profit information and certain asset and liability information regarding the Company's business segments for the three months ended March 31, 2007 and 2006, respectively.

Three Months Ended March 31, 2007 (In thousands)	JPH (€)	JPT (€)	Eliminations (€)	Total (€)
Revenues:				
External revenues	2,692	896		3,588
Inter-segment revenues	18	85	(103)	
Total segment revenues	2,710	981	(103)	3,588
Segment result	(5,427)	1		(5,426)
Net finance result				639
<b>Net loss for the period</b>				<b>(4,787)</b>

Three Months Ended March 31, 2006 (In thousands)	JPH	JPT	Eliminations	Total
	(€)	(€)	(€)	(€)
Revenues:				
External revenues	2,530	701		3,231
Inter-segment revenues	0	59	(59)	
Total segment revenues	2,530	760	(59)	3,231
Segment result	(5,257)	(15)		(5,272)
Net finance result				584
<b>Net loss for the period</b>				<b>(4,688)</b>

#### 4. Loss per Share

Basic loss per share amounts are calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares during the period.

Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares during the period (adjusted for the effects of dilutive options).

The following reflects the income data used in the basic and diluted loss per share computations:

Loss attributable to common shareholders

(In thousands)	Three Months Ended March 31,	
	2007	2006
	(€)	(€)
<b>Net loss = Loss Attributable to Common Shareholders</b>	<b>(4,787)</b>	<b>(4,688)</b>