

Jerini Aktiengesellschaft
Consolidated Interim
Financial Statements
For the Nine-Month Period
Ended September 30, 2008

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

INTERIM MANAGEMENT REPORT	4	SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008	16
Overview	4	1. Corporate Information	16
Outlook	4	2. Summary of Significant Accounting Policies	16
Third Quarter 2008 Compared to Third Quarter 2007	5	3. Segment Information	16
First Nine Months 2008 Compared to First Nine Months 2007	6	4. Loss per Share	18
Financial Position and Cash Flow	6	5. Intangible Assets	18
Jerini Shares	7	6. Deferred Taxes	18
Employees	7	7. Accounts Receivable from Parent Company	19
Report on Opportunities and Risks	7	8. Other Current Assets	19
Report on Major Related Party Transactions	8	9. Capital Interest Tax Receivable	19
CONSOLIDATED INCOME STATEMENTS	9	10. Cash and Cash Equivalents	19
CONSOLIDATED BALANCE SHEETS	10	11. Prepaid Expenses	20
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	12	12. Shareholders' Equity	20
CONSOLIDATED STATEMENTS OF CASH FLOW	14	13. Share-based Compensation	21
		14. Trade Accounts Payable and Other Liabilities	22
		15. Upfront and Prepaid Research Fees	22
		16. Supervisory and Management Board	22
		17. Subsequent Events	23

INTERIM MANAGEMENT REPORT

Overview

In the third quarter of 2008, Jerini's investor structure changed significantly. Jerini is now a subsidiary of Shire plc and a member of the Shire group of companies. Shire currently holds more than 93 percent of Jerini's shares.

On October 10, 2008, Jerini announced that Jerini and Shire Deutschland Investments GmbH had completed the strategic review of Jerini's assets and programs not related to Icatibant (Firazyr®), as referred to in the Offer Document published by Shire Deutschland Investments GmbH on August 13, 2008. Jerini's Supervisory and Management Boards concluded that it is in Jerini's best interests to divest Jerini Ophthalmic, Inc., JPT Peptide Technologies GmbH (JPT), and Jerini's preclinical projects. Jerini will now explore options to maximize its benefits from the divestment of these assets.

On August 25, 2008, Jerini announced that its Management and Supervisory Boards had thoroughly examined the offer document published on August 13, 2008 by Shire Deutschland Investments GmbH and recommended that Jerini's shareholders accept Shire's offer.

On July 15, 2008, Jerini announced that it had been granted marketing authorization for Firazyr® (Icatibant) in the treatment of acute attacks of hereditary angioedema (HAE) by the European Commission. With this approval, Jerini can market Firazyr® in the European Union's 27 member states as well as in Norway, Iceland, and Liechtenstein, making it the first product for the treatment of HAE to be approved in all EU countries.

On July 3, 2008, Jerini announced that Jerini and Shire Limited had reached a strategic agreement according to which Shire would be obliged to make a voluntary public takeover, offering € 6.25 per share to all Jerini shareholders. Shire also subscribed 5,229,747 shares of Jerini at a total issue price of approximately € 21 million, corresponding to approximately 9 percent of the increased share capital.

Outlook

In April 2008, Jerini received a Not Approvable Letter from the US FDA in response to its request for marketing authorization of Icatibant for the treatment of hereditary angioedema (HAE) in the US. Jerini plans to file a complete response to the FDA's

letter by the end of the year in which it will address the issues raised by the FDA and specifically outline how the Phase III data demonstrate the safety and efficacy of Icatibant for the treatment of HAE.

Jerini's roll-out activities for Firazyr® in Europe are ongoing, and commercial and preapproval sales have begun in the France, Germany, Belgium, and the UK. Product launch is expected in Austria and Luxembourg by the end of the year. In addition, Jerini expects that Firazyr® will be available in the next two months in Italy, Spain, Norway, Sweden, Denmark, Finland, and Portugal via paid named patient programs, while pricing and reimbursement procedures continue.

Third Quarter 2008 Compared to Third Quarter 2007

Total revenues for the third quarter 2008 decreased by 73.1 percent to € 2.5 million (prior year period: € 9.3 million). Revenues from collaboration agreements decreased to € 1.0 million (prior year period: € 8.1 million), mainly due to the payment made to Jerini US, Inc. by Abbott (formerly Kos) as part of the termination agreement concluded on September 4, 2007. Due to the termination agreement, the one-time upfront payment that Jerini received from Kos in November 2005, which was deferred until April 2008, was completely released to revenue in September 2007. Revenues from product sales amounted to € 1.5 million (prior year period: € 1.2 million), generated mainly by Jerini's wholly-owned subsidiary, JPT Peptide Technologies GmbH, whose revenues increased to € 1.3 million (prior year period: € 1.2 million). In the third quarter of 2008, Jerini AG generated revenues, for the first time, from product sales in Germany and France, amounting to € 0.2 million (prior year period: € 0.0 million) following the European Commission's marketing approval of Firazyr® in July 2008. Research and development expenses decreased in the third quarter to € 5.3 million (prior year period: € 8.7 million) due to a milestone payment to sanofi-aventis, resulting from the EMEA's acceptance of Jerini's marketing application for Icatibant in the treatment of HAE on August 15, 2007. General and administrative expenses increased to € 8.6 million (prior year period: € 2.3 million) due to higher legal and consulting fees in connection with Shire's acquisition of Jerini. In addition, personnel expenses increased due to the European Commission's approval of Firazyr®. Marketing and sales expenses increased to € 2.2 million (prior year period: € 1.8 million), mainly due to the hiring of new employees. The loss from operations before tax and finance cost (EBIT) increased, as anticipated, to € 14.1 million (prior year period: € 4.0 million). Net loss for the third quarter 2008 amounted to € 13.7 million (prior year period: € 3.4 million). Loss per share for this period amounted to € 0.24 (prior year period: € 0.07).

First Nine Months 2008 Compared to First Nine Months 2007

Total revenues for the nine-month period ended September 30, 2008 decreased by 51.6 percent to € 7.8 million (prior year period: € 16.2 million). Revenues from collaboration agreements decreased to € 3.3 million (prior year period: € 13.0 million), mainly due to Abbott's payment to Jerini US, Inc. as well as the complete release of the one-time upfront payment from Kos to revenue in September 2007. Revenues from product sales amounted to € 4.5 million (prior year period: € 3.2 million) and were mainly generated by Jerini's wholly-owned subsidiary JPT Peptide Technologies GmbH, whose revenues increased to € 4.3 million (prior year period: € 3.2 million). In the third quarter 2008, for the first time Jerini AG generated revenues from product sales in Germany and France amounting to € 0.2 million (prior year period: € 0.0 million) following the European Commission's marketing approval of Firazyr®. Research and development expenses decreased in the first nine months to € 18.5 million (prior year period: € 20.3 million) due to a milestone payment to sanofi-aventis resulting from the EMEA's acceptance on August 15, 2007 of Jerini's marketing application for Icatibant in the treatment of HAE. Higher legal and consulting fees in connection with Shire's acquisition of Jerini and increased personnel expenses due to the European Commission's approval of Firazyr® were largely responsible for the increase in general and administrative expenses to € 15.1 million (prior year period: € 7.0 million). Marketing and sales expenses increased to € 7.9 million (prior year period: € 4.8 million) due to intensified preparations for product launch, consisting mainly of personnel costs as well as conference and travel costs. The loss from operations before tax and finance cost (EBIT) increased, as anticipated, to € 35.4 million (prior year period: € 17.2 million). Net loss for the nine-month period ended September 30, 2008 amounted to € 34.2 million (prior year period: € 15.5 million). Loss per share for this period amounted to € 0.63 (prior year period: € 0.29).

Financial Position and Cash Flow

Intangible assets increased in the first nine months of 2008 to € 4.1 million (December 31, 2007: € 0.2 million) due to capitalization of a milestone payment to sanofi-aventis, resulting from the EMEA's marketing approval of Icatibant. The decrease in fixed assets for property, plant, and equipment in the first nine months to € 3.7 million (December 31, 2007: € 4.3 million) is attributable to regular depreciation. Accounts receivable from the parent company amounted to € 6.0 million (December 31, 2007: € 0.0 million) due to the cash settlement for employee stock options. The increase of the other current assets to € 1.2 million (prior year period: € 0.4 million) is mainly due to the increase of VAT receivables. Cash and cash equivalents in the first nine months of 2008

decreased to € 19.4 million (December 31, 2007: € 38.2 million). Bank loans decreased to € 0.2 million (December 31, 2007: € 0.3 million) due to repayment. Trade accounts payable and other liabilities increased to € 14.3 million (December 31, 2007: € 11.1 million) due to the milestone payment from Jerini to sanofi-aventis which was triggered in July 2008. The decrease in upfront and prepaid research fees by € 0.7 million was mainly attributable to the release of deferred upfront payments from Baxter to revenue in 2008.

Cash used in operating activities for the nine months period ended September 30, 2008 amounted to € 36.4 million (prior year period: € 14.6 million). Cash and cash-equivalents excluding restricted cash in the amount of € 0.3 million as of September 30, 2008 amounted to € 19.1 million (prior year period: € 50.4 million). Net cash burn for the first nine months of 2008 amounted to € 41.3 million (prior year period: € 15.3 million). Net cash burn is calculated by the addition of cash used in operating activities (€ 36.4 million) and cash used in investing activities (€ 4.9 million), as disclosed in the unaudited consolidated cash-flow statements for the nine-month period ended September 30, 2008.

Jerini Shares

As of September 30, 2008, the last day of trading in the third quarter, Jerini stock closed at € 6.24 per share compared to € 2.99 per share as of December 31, 2007.

Employees

As of September 30, 2008, Jerini had 165 employees (compared to 166 employees as of December 31, 2007).

Report on Opportunities and Risks

The opportunities and risks associated with Jerini's expected development in the remaining months of the year are described in the management report of December 31, 2007. The strategic agreement between Jerini AG and Shire Limited, announced on July 3, 2008, has secured the company's funding. There have been no additional changes in the opportunities and risks in this reporting period.

Report on Major Related Party Transactions

As of April 30, 2008, the company reported that on April 25, 2008, Jens Schneider-Mergener purchased 6,700 shares of Jerini AG at a share price of € 1.50. There have been no additional major related party transactions in this reporting period.

CONSOLIDATED INCOME STATEMENTS

(In thousands, except share and per share data) (unaudited)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2008	2007	2008	2007
		(€)	(€)	(€)	(€)
Revenues:					
Collaboration agreements		1,043	8,132	3,341	12,967
Product sales		1,457	1,161	4,481	3,209
Total revenues		2,500	9,293	7,822	16,176
Other income		178	140	509	366
Cost of product sales		(613)	(531)	(2,144)	(1,584)
Research and development expenses		(5,303)	(8,729)	(18,487)	(20,316)
General and administrative expenses		(8,561)	(2,340)	(15,067)	(6,996)
Selling and distribution costs		(2,246)	(1,751)	(7,868)	(4,761)
Other expenses		(39)	(50)	(137)	(96)
Loss from operations before tax and finance cost		(14,084)	(3,968)	(35,372)	(17,211)
Finance income		246	542	796	1,745
Finance cost		(3)	(7)	(15)	(24)
Loss before taxes		(13,841)	(3,433)	(34,591)	(15,490)
Income taxes	6	127	-	384	-
Net loss		(13,714)	(3,433)	(34,207)	(15,490)
Basic and diluted net loss per share	4	(0.24)	(0.07)	(0.63)	(0.29)
Shares used in computing basic and diluted net loss per share		58,328,633	52,534,705	53,995,092	52,534,705

CONSOLIDATED BALANCE SHEETS

(In thousands) (September 30, 2008 unaudited)		September 30, 2008	December 31, 2007
	Note	(€)	(€)
Assets			
Non-current Assets:			
Intangible assets	5	4,050	169
Equipment		3,746	4,268
Deferred taxes	6	384	-
Total Non-current Assets		8,180	4,437
Current Assets:			
Inventories		85	54
Trade accounts receivable		969	837
Accounts receivable from parent company	7	6,015	-
Other current assets	8	1,247	401
Capital interest tax receivable	9	934	1,428
Other financial assets		165	191
Cash and cash equivalents	10	19,358	38,180
Prepaid expenses	11	483	243
Total Current Assets		29,256	41,334
Total Assets		37,436	45,771

(In thousands) (September 30, 2008 unaudited)		September 30, 2008	December 31, 2007
	Note	(€)	(€)
Liabilities and Shareholders' Equity			
Shareholders' Equity :			
Common shares	12	58,942	52,535
Additional paid-in capital	12,13	89,589	72,365
Foreign currency differences		(716)	(645)
Retained loss		(125,967)	(91,760)
Total Shareholders' Equity		21,848	32,495
Non-current Liabilities:			
Trade accounts payable and other liabilities	14	22	31
Government grants		406	486
Bank loans		-	100
Total Non-current Liabilities		428	617
Current Liabilities:			
Trade accounts payable and other liabilities	14	14,280	11,029
Upfront and prepaid research fees	15	254	911
Government grants		426	511
Bank loans		200	200
Provisions		-	8
Total Current Liabilities		15,160	12,659
Total Shareholders' Equity and Liabilities		37,436	45,771

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share data) (unaudited)	Common Shares		Additional	Foreign Currency	Accumulated	Total
	Shares	Amount	Paid-in	Differences	Deficit	
		(€)	Capital	(€)	(€)	
Balances as of January 1, 2007	52,458,471	52,458	71,119	5	(62,746)	60,836
Translation adjustment	-	-	-	(424)	-	(424)
Net Loss	-	-	-	-	(15,490)	(15,490)
Net Loss = Total income and expense for the period	-	-	-	(424)	(15,490)	(15,914)
Stock based compensation	-	-	881	-	-	881
Issuance of shares from the exercise of stock options	76,234	77	56	-	-	133
Balances as of September 30, 2007	52,534,705	52,535	72,056	(419)	(78,236)	45,936
Balances as of January 1, 2008	52,534,705	52,535	72,365	(645)	(91,760)	32,495
Translation adjustment	-	-	-	(71)	-	(71)
Net Loss	-	-	-	-	(34,207)	(34,207)
Total income and expense for the period	-	-	-	(71)	(34,207)	(34,278)
Stock based compensation	-	-	1,014	-	-	1,014
Issuance of shares from the exercise of stock options	1,177,727	1,177	521	-	-	1,698
Issuance of common shares on July 7, 2008	5,229,747	5,230	15,689	-	-	20,919
Balances as of September 30, 2008	58,942,179	58,942	89,589	(716)	(125,967)	21,848

CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands) (unaudited)	Nine Months Ended September 30,	
	2008	2007
	(€)	(€)
Operating activities:		
Net loss before taxes	(34,591)	(15,490)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,403	1,362
Amortization expense	119	36
Interest received	(796)	(1,745)
Other interest expense	15	24
Net decrease of deferred government grants	(165)	(123)
Employee stock-based compensation	1,014	881
	(33,001)	(15,055)
Changes in operating assets and liabilities:		
Inventories	(31)	15
Trade accounts receivable	(132)	343
Trade accounts receivable from parent company	(6,015)	-
Other current assets, capital interest tax receivable, other financial assets and prepaid expenses	(566)	395
Trade accounts payable and other liabilities	3,236	3,337
Accrued expenses	(8)	-
Upfront and prepaid research fees	(657)	(5,308)
Cash generated from operations	(37,174)	(16,273)
Interest received	796	1,745
Interest paid	(15)	(24)
Net cash used in operating activities	(36,393)	(14,552)

(In thousands) (unaudited)	Nine Months Ended September 30,	
	2008	2007
	(€)	(€)
Investing activities:		
Purchases of intangible assets	(4,000)	-
Purchases of equipment	(880)	(766)
Net cash used in investing activities	(4,880)	(766)
Financing activities:		
Issuance of shares from the exercise of stock options	1,698	133
Issuance of common shares on July 7, 2008	20,919	-
Payment of bank loan	(100)	(651)
Net cash used in financing activities	22,517	(518)
Net change in cash and cash equivalents	(18,756)	(15,836)
Cash and cash equivalents at the beginning of the period	37,907	66,611
Translation adjustment of cash and cash equivalents	(66)	(417)
Cash and cash equivalents at the end of the period*	19,085	50,358

* In the consolidation balance sheet, the cash and cash equivalents as of September 30, 2008 and 2007 include restricted cash of T€273.

SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

1. Corporate Information

The consolidated financial statements of Jerini AG (“the Company” or “Jerini”) for the nine-month period ended September 30, 2008, were authorized by the Management Board for issue on November 13, 2008.

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 IAS 34 “Interim Financial Reporting” as adopted by the EU. The interim financial report has been prepared under the assumption that the company will continue as a going concern. The same accounting policies and methods of computation are followed in the interim financial report as in the consolidated financial statements of December 31, 2007, except for standards and interpretations where a first-time application was required for fiscal years beginning on or after January 1, 2008 and which are endorsed by the EU (i.e., IFRIC 11, IFRS 2 – Group and Treasury Share Transactions). New IFRS standards and interpretations applicable for periods starting January 1, 2008 have had no material impact on the interim financial report of September 30, 2008. The selected explanatory notes to the consolidated interim financial statements do not include all the information and disclosures required in the consolidated annual financial statements as of December 31, 2007, and should be read in conjunction with these statements.

These financial statements have not been reviewed by our auditors.

Operating results for the nine-month period ended September 30, 2008, are not necessarily indicative of results to be expected for the full year ending December 31, 2008. The consolidated financial statements are presented in euros, and all values are rounded to the nearest thousand unless otherwise indicated.

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. The operating businesses are organized and managed separately according to the nature of the products and rendered services, 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 together with Jerini US, Inc., Jerini Ophthalmic Holding GmbH, Jerini Ophthalmic, Inc., Jerini Beteiligungen GmbH, Jerini Holding Ltd., and Jerini Trading Ltd. and

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

Business Segments

The following table presents revenue and profit information regarding the Company’s business segments for the nine months ended September 30, 2008 and 2007, respectively. There have been no material changes in segment assets and liabilities.

Nine Months Ended September 30, 2008 (In thousands)	JPH	JPT	Elimi- nations	Total
	(€)	(€)	(€)	(€)
Revenues:				
External revenues	3,483	4,339	-	7,822
Inter-segment revenues	86	307	(393)	-
Total segment revenues	3,569	4,646	(393)	7,822
Segment result	(36,434)	1,062	-	(35,372)
Net finance result				781
Income taxes				384
Net loss for the period				(34,207)

Nine Months Ended September 30, 2007 (In thousands)	JPH	JPT	Elimi- nations	Total
	(€)	(€)	(€)	(€)
Revenues:				
External revenues	12,967	3,209	-	16,176
Inter-segment revenues	54	345	(399)	-
Total segment revenues	13,021	3,554	(399)	16,176
Segment result	(17,762)	551	-	(17,211)
Net finance result				1,721
Net loss for the period				(15,490)

4. Loss per Share

Basic and diluted 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. As of the reporting date, there were no dilutive effects.

5. Intangible Assets

The intangible assets increased in the first nine months 2008 to € 4.1 million (December 31, 2007: € 0.2 million) due to the capitalization of a milestone payment to sanofi-aventis, resulting from the EMEA's marketing approval of Icatibant in July 2008.

6. Deferred Taxes

(in thousands) (unaudited)	Nine Months Ended September 30,	
	2008	2007
	(€)	(€)
Current income tax	-	-
Deferred income tax gain	384	-
Income tax gain	384	-

The deferred taxes result from current losses of the Maltese entities that will be set off against future gains, therefore reducing tax expenses in the future. Tax losses of Maltese entities can be carried forward unlimited and are not subject to any other restrictions.

7. Accounts receivable from parent company

Accounts receivable from parent company amounted to € 6.0 million (December 31, 2007: € 0.0 million) due to the cash settlement of employee stock options by the parent company. The receivable was settled in October 2008.

8. Other Current Assets

On the reporting date September 30, 2008, other current assets amounted to € 1.2 million (December 31, 2007: € 0.4 million). These assets are composed mainly of VAT amounting to € 1.0 million (December 31, 2007: € 0.3 million) and investment grant receivables amounting to € 0.2 million (December 31, 2007: € 0.1 million).

VAT reflects claims of the Company against local tax authorities for VAT on services received. The net amount of VAT receivable and VAT tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a monthly basis.

9. Capital Interest Tax Receivable

The Company earns interest on its money market funds and short-term deposits. Respective financial institutions are required to withhold capital interest tax from these earnings. As the Company produced a net loss in the nine months ended September

30, 2008 and December 31, 2007, withheld capital interest tax was refundable in the amount of € 0.9 million and € 1.4 million, respectively.

10. Cash and Cash Equivalents

Cash and cash equivalents amounted to € 19.4 million on the reporting date September 30, 2008 and € 38.2 million on December 31, 2007. Cash and cash equivalents include cash of € 19.1 million (December 31, 2007: € 37.9 million) and restricted cash for lease deposits of € 0.3 million (December 31, 2007: € 0.3 million).

11. Prepaid Expenses

Prepaid expenses comprising prepaid annual fees for insurance and service contracts are deferred over the term of respective agreements. Prepaid expenses are short term in nature.

12. Shareholders' Equity

Common Shares

As of September 30, 2008 and December 31, 2007, the Company had 58,942,179 and 52,534,705 common shares authorized and outstanding, respectively.

Pursuant to a shareholders' resolution adopted on June 13, 2007, 5,229,747 shares were issued out of Authorized Capital 2005/II, which resulted in an increase of share capital of € 5.2 million on July 7, 2008.

As a result of the exercise of stock options, 1,177,727 no par value ordinary shares have been issued out of authorized capital 2005/II. Consequently, common shares increased by € 1.2 million.

As of September 30, 2008, common share capital amounted to € 58.9 million consisting of 58,942,179 no par value ordinary bearer shares.

Additional paid in capital

Payments to additional paid in capital in the amount of € 15.7 million were received as a result of the issuance of 5,229,747 shares following the shareholders' resolution adopted on June 13, 2007.

Payments to the additional paid in capital according to Sec. 272 Para. 2 Nr. 1 HGB in the amount of € 0.5 million were received as result of the exercise of 1,177,727 employee stock options.

Minority Interest

As losses have been allocated to minority interest as of December 31, 2007, minority interest amounts to € 0.0 million as of September 30, 2008 and December 31, 2007. Losses applicable to the minority interest that exceed the minority interest have been allocated against the majority interest pursuant to IAS 27.35.

13. Share-based Compensation

In the third quarter 2008, Jerini Ophthalmic, Inc. granted no stock options (second quarter 2008: 1,389,000 stock options) from the Jerini Ophthalmic, Inc. stock option plan 2007 to employees with an exercise price of USD 0.71.

In the first quarter 2008, Jerini Ophthalmic, Inc. granted 720,000 stock options from the Jerini Ophthalmic, Inc. stock option plan 2007 to employees, board members, and consultants with an exercise price of USD 0.71.

The fair value related to stock options under the plan is based on a Black-Scholes model using the following assumptions:

	2008
Expected dividend yield	0.0%
Risk-free interest rate	4.15%
Expected life	4 years
Volatility	50.0%

Volatility has been set using historical stock quotations of peer group companies.

Of the 720,000 stock options granted in the first quarter 2008, 600,000 have an additional payment commitment from Jerini Ophthalmic, Inc. amounting to USD 0.66 per stock option. The additional payment commitments are recorded as expenditures over the vesting period of the stock options and shown as other liabilities on the balance sheet.

Jerini AG had stock option forfeitures as a result of employee exits in first quarter 2008 amounting to 8,131 under the plan 2006/I. Stock option forfeitures as a result of employee exits in the second quarter 2008 amounted to 2,000 under the 2005/I plan and 27,000 under the 2006/I plan.

As a result of the cancellation of a total of 2,150,007 stock options under the 2002 plan, the 2005/I plan, the 2005/II plan and the 2006/I plan additional compensation in the amount of € 0.1 million was expensed in the three month period ended September 30, 2008.

14. Trade Accounts Payable and Other Liabilities

As of September 30, 2008 and December 31, 2007, the trade accounts payable and other liabilities amounted to € 14.3 million and € 11.1 million, respectively.

All liabilities are due in less than twelve months after the balance sheet date except for anticipated rent increases for offices as well as the additional payment commitment for stock options. Management considers the carrying amount of trade payables to approximate their fair value.

15. Upfront and Prepaid Research Fees

Non-refundable upfront licensing fees and certain guaranteed, time-based payments require continuing involvement in the form of research and development, manufacturing, or other commercialization efforts by the Company. As of September 30, 2008 and December 31, 2007, upfront and prepaid research fees amounted to € 0.3 million and € 0.9 million, respectively. Included in the € 0.3 million is a deferred upfront payment from Baxter AG resulting from a collaboration agreement concluded in January 2008.

16. Supervisory and Management Board

As of September 5, 2008 Hubert Birner, Stephan Goetz, and Bjoern Odlander resigned from the Supervisory Board. Effective September 6, 2008, Dr. Sylvie Gregoire, Graham Hetherington, and Tatjana May were elected as new Supervisory Board members.

As of September 15, 2008, Dr. Karl-Gerhardt Seifert stepped down as chairman of the Supervisory Board and Dr. Sylvie Gregoire was elected chairman of the Supervisory Board.

At the Supervisory Board meeting held on October 9, 2008, Jerini's Management Board stepped down from their positions, and Theresa Heggie (Chief Executive Officer), Dr. Whaijen Soo (Chief Scientific Officer), and Christian von Volkmann (Chief Financial Officer) were elected to the Management Board.

As of November 6, 2008, Dr. Karl-Gerhard Seifert, Prof. Dr. Guenther Stock, and Zsolt Lavoitha resigned from the Supervisory Board.

17. Subsequent Events

On October 9, 2008, Jerini's Supervisory and Management Boards concluded that it is in the best interests of Jerini AG to divest Jerini Ophthalmic, Inc., JPT Peptide Technologies GmbH, and Jerini's preclinical projects.

In October 2008, a total of 37,092 stock options were cancelled by Jerini. Jerini AG had no stock options outstanding at the date of issuance of this report.