

**Jerini Aktiengesellschaft**  
Half Year Financial Report  
2008

**JERINI**

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## INTERIM MANAGEMENT REPORT

### Overview

On August 13, 2008, Shire Deutschland Investments GmbH ("Shire"), a German wholly-owned indirect subsidiary of Shire Limited, published an offer document regarding its voluntary public takeover offer to Jerini shareholders offering EUR 6.25 per share in cash.

As of early August 2008, Jerini has been a subsidiary of Shire. In its offer document, Shire stated that as of August 12, 2008 it holds 80.98 percent of Jerini's outstanding shares, which it has acquired from subscription to a capital increase and from various shareholders prior to and after its announcement to make a voluntary public takeover offer.

On July 15, 2008, Jerini announced that the European Commission granted the company marketing authorization for Firazyr® (Icatibant) in the treatment of acute attacks of hereditary angioedema (HAE). The European Commission's approval allows Jerini to market Firazyr® in the European Union's 27 member states, making it the first product to be approved in all EU countries for the treatment of HAE.

On July 3, 2008, Jerini AG and Shire entered into a business combination agreement regarding a strategic partnership according to which Shire shall be obliged to subscribe for a capital increase and to make a voluntary public takeover offer to all shareholders of Jerini AG. After a thorough evaluation of different strategic options, the Management Board of Jerini AG has concluded that Shire is the best partner with which it can further pursue and ensure the market introduction of Firazyr® in Europe and obtain marketing approval in the United States.

The agreement regarding the strategic partnership provides for Shire to submit a voluntary public cash takeover offer at a price of Euro 6.25 per share to the shareholders of Jerini AG without a minimum acceptance threshold. The offer price corresponds to a premium of approximately 193 percent over the volume-weighted average stock price of Euro 2.13 of Jerini AG's shares during the three months prior to the announcement of the offer (July 3, 2008). The Management Board and the Supervisory Board of Jerini AG unanimously support the offer subject to further assessment after the publication of the offer document. The Management Board believes that the offer price reflects the value of the shares upon the successful market introduction of Firazyr®.

On June 23, 2008, Jerini announced that following its communication with the US Food and Drug Administration (FDA), the company will submit a complete response to the FDA's not approvable letter for Icatibant in the treatment of acute attacks of hereditary angioedema (HAE).

On April 24, 2008, Jerini announced it had received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommending approval for Icatibant in the treatment of acute attacks of hereditary angioedema (HAE). The committee recommended that the European Commission grant marketing authorization for Icatibant. In addition, Jerini received a not approvable letter from the US Food and Drug Administration (FDA) for its New Drug Application (NDA) for Icatibant in the treatment of HAE.

On April 10, 2008, Jerini announced a license and development agreement between Jerini Ophthalmic, Inc. (JOI), a US subsidiary of Jerini AG, and PR Pharmaceuticals (PRP). The collaboration agreement focuses on the development of sustained-release formulations (SRFs) for a range of ophthalmic indications, including JOI's lead drug candidates for the treatment of age-related macular degeneration (AMD): JSM 6427, an integrin antagonist, and JPE 1375, an inhibitor of the complement cascade. The collaboration agreement will enable JOI to leverage its drug development expertise with PRP's drug delivery platform and formulation resources for optimal product development. Under the terms of the agreement, JOI will pay an undisclosed upfront payment along with milestone payments for the achievement of preclinical and clinical goals and royalties on eventual product sales. In return, PRP agrees to cooperate exclusively with JOI on specified ophthalmic targets and to provide the company with all sustained-release formulations developed through the collaboration agreement.

### Outlook

As set out in a business combination agreement between Jerini and Shire, Firazyr® (Icatibant) will be commercialized in Europe for the treatment of HAE, and Shire will support Jerini in obtaining marketing approval in the United States. The companies have further agreed that they will undertake a strategic evaluation of Jerini's assets (in particular its subsidiaries and development projects) that are not related to Firazyr®, and then decide whether or not these programs should be integrated into Shire's portfolio.

After a transition phase, which is currently expected to end on November 30, 2008, the members of Jerini's current Management Board plan to step down from their positions. Jerini's current management team, along with some of the company's employees, may consider establishing a new company, which would make an offer to acquire Jerini programs that are not integrated into Shire's portfolio and focus on their further development.

Jerini's sales and marketing teams are prepared for Firazyr®'s product launch, which is planned for September in Germany and the UK. In various other EU countries, reimbursement activities are underway and subsequent product launches are expected once reimbursement is finalized.

## Second Quarter 2008 Compared to Second Quarter 2007

Total revenues for the second quarter 2008 decreased by 12.1 percent to € 2.9 million (prior year period: € 3.3 million). Revenues from collaboration agreements decreased to € 1.1 million (prior year period: € 2.1 million), mainly due to the termination of the agreement between Abbott (formerly Kos) and Jerini US, Inc. in 2007. In the prior year period, Kos' upfront payment, recorded as deferred revenues, was released to revenue on a monthly basis. Revenues from product sales, generated by Jerini's wholly-owned subsidiary JPT Peptide Technologies GmbH, increased to € 1.7 million (prior year period: € 1.2 million), attributable mainly to the acquisition of new key customers and intensified marketing activities in the US. Research and development expenses increased in the second quarter to € 7.2 million (prior year period: € 6.3 million) as a result of expenses for the clinical trial for JSM 6427 in the treatment of AMD, expenses for regulatory support with regard to the submission of US and EU marketing authorization applications for Icatibant in the treatment of HAE, and the continued advancement of other projects. General and administrative expenses increased to € 3.7 million (prior year period: € 2.6 million) due to higher legal and consulting fees and higher subcontracting costs. Marketing and sales expenses increased to € 3.6 million (prior year period: € 1.9 million) due to intensified launch activities and the hiring of new employees. The loss from operations before tax and finance cost (EBIT) increased, as anticipated, to € 12.2 million (prior year period: € 7.9 million). Net loss for the second quarter 2008 amounted to € 11.7 million (prior year period: € 7.3 million). Loss per share for this period amounted to € 0.22 (prior year period: € 0.14).

## First Six Months 2008 Compared to First Six Months 2007

Total revenues for the six-month period ended June 30, 2008 decreased by 23.2 percent to € 5.3 million (prior year period: € 6.9 million). Revenues from collaboration agreements decreased to € 2.3 million (prior year period: € 4.8 million), because Kos' upfront payment, recorded as deferred revenues, was released to revenue on a monthly basis in the prior year period. Revenues from product sales, generated by Jerini's wholly-owned subsidiary JPT Peptide Technologies GmbH, increased by 50.0 percent to € 3.0 million (prior year period: € 2.0 million) attributable mainly to the acquisition of new key customers and intensified marketing activities in the US. Research and development expenses increased in the first six months 2008 to € 13.2 million (prior year period: € 11.6 million) as a result of expenses for the clinical trial for JSM 6427 in the treatment of AMD, expenses for regulatory support with regard to the submission of US and EU marketing authorization applications for Icatibant in the treatment of HAE, and the continued advancement of other projects. General and administrative expenses increased by € 1.8 million to € 6.5 million (prior year period: € 4.7 million), mainly due to higher legal and consulting fees and higher subcontracting costs. Marketing and sales expenses increased to € 5.6 million (prior year period: € 3.0 million) due to intensified preparations for the

product launch of Icatibant. These expenses mainly include costs for hiring new employees as well as conference and travel costs. The loss from operations before tax and finance cost (EBIT) increased, as anticipated, to € 21.3 million (prior year period: € 13.3 million). Net loss for the six-month period ended June 30, 2008 amounted to € 20.5 million (prior year period: € 12.1 million). Loss per share for this period amounted to € 0.39 (prior year period: € 0.23).

## Financial Position and Cash Flow

Fixed assets for property, plant, equipment, and intangible assets decreased by 6.8 percent in the first six months of 2008 to € 4.1 million (December 31, 2007: € 4.4 million), due to regular depreciation. Trade receivables decreased by 25.0 percent to € 0.6 million (December 31, 2007: € 0.8 million). Cash and cash equivalents decreased to € 17.8 million (December 31, 2007: € 38.2 million) in the first six months of 2008. Bank loans decreased to € 0.2 million (December 31, 2007: € 0.3 million) due to repayment. The decrease in upfront and prepaid research fees by € 0.5 million was mainly attributable to the release of deferred upfront payments from Baxter to revenue in 2008.

Cash used in operating activities as of June 30, 2008 amounted to € 19.4 million (prior year period: € 12.1 million). Cash and cash-equivalents excluding restricted cash in the amount of € 0.3 million as of June 30, 2008 amounted to € 17.6 million (prior year period: € 53.4 million). Net cash burn for the first six months of 2008 amounted to € 20.1 million (prior year period: € 12.5 million). Net cash burn is calculated by the addition of cash used in operating activities (€ 19.4 million) and cash used in investing activities (€ 0.7 million), as disclosed in the unaudited consolidated cash-flow statements for the six-month period ended June 30, 2008.

## Jerini Shares

As of June 30, 2008, the last day of trading in the second quarter, Jerini stock closed at € 3.50 per share compared to € 2.99 per share as of December 31, 2007.

## Employees

As of June 30, 2008, Jerini had 168 employees (compared to 166 employees as of December 31, 2007).

## Report on Opportunities and Risks

The opportunities and risks associated with the expected development of Jerini in the remaining months of the year are described in the management report as of December 31, 2007. As a

result of the strategic agreement between Jerini AG and Shire Limited which was announced on July 3, 2008, the funding of the company has been secured. 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 the 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)		Three Months Ended June 30,		Six Months Ended June 30,	
		2008	2007	2008	2007
(unaudited)	Note				
Revenues:					
Collaboration agreements		1,146	2,141	2,298	4,835
Product sales		1,720	1,154	3,024	2,048
<b>Total revenues</b>		<b>2,866</b>	<b>3,295</b>	<b>5,322</b>	<b>6,883</b>
Other income		139	99	331	226
Cost of product sales		(795)	(497)	(1,531)	(1,054)
Research and development expenses		(7,161)	(6,296)	(13,184)	(11,587)
General and administrative expenses		(3,651)	(2,568)	(6,506)	(4,700)
Selling and distribution costs		(3,580)	(1,867)	(5,621)	(3,010)
Other expenses		-	(28)	(98)	(46)
<b>Loss from operations before tax and finance cost</b>		<b>(12,182)</b>	<b>(7,862)</b>	<b>(21,287)</b>	<b>(13,288)</b>
Finance income		212	555	550	1,203
Finance cost		(7)	(7)	(12)	(16)
<b>Loss before taxes</b>		<b>(11,977)</b>	<b>(7,314)</b>	<b>(20,749)</b>	<b>(12,101)</b>
Income taxes	5	257	-	257	-
<b>Net loss</b>		<b>(11,720)</b>	<b>(7,314)</b>	<b>(20,492)</b>	<b>(12,101)</b>
Attributable to:					
Minority interests		-	(44)	-	(44)
Equity holders of the parent		(11,720)	(7,270)	(20,492)	(12,057)
<b>Basic and diluted net loss per share</b>	4	<b>(0.22)</b>	<b>(0.14)</b>	<b>(0.39)</b>	<b>(0.23)</b>
<b>Shares used in computing basic and diluted net loss per share</b>		52,481,310	52,458,471	52,481,310	52,458,471

## CONSOLIDATED BALANCE SHEETS

(In thousands) (June 30, 2008 unaudited)		June 30, 2008	December 31, 2007
	Note	(€)	(€)
<b>Assets</b>			
<b>Non-current Assets:</b>			
Intangible assets		146	169
Equipment		3,997	4,268
Deferred taxes	5	257	-
<b>Total Non-current Assets</b>		<b>4,400</b>	<b>4,437</b>
<b>Current Assets:</b>			
Inventories		49	54
Trade accounts receivable		635	837
Other current assets	6	560	401
Capital interest tax receivable	7	1,508	1,428
Other financial assets		108	191
Cash and cash equivalents	8	17,827	38,180
Prepaid expenses	9	345	243
<b>Total Current Assets</b>		<b>21,032</b>	<b>41,334</b>
<b>Total Assets</b>		<b>25,432</b>	<b>45,771</b>

(In thousands) (June 30, 2008 unaudited)		June 30, 2008	December 31, 2007
	Note	(€)	(€)
<b>Liabilities and Shareholders' Equity</b>			
<b>Shareholders' Equity :</b>			
Common shares	10	52,535	52,535
Additional paid-in capital	11	73,079	72,365
Foreign currency differences		(858)	(645)
Retained loss	10	(112,252)	(91,760)
<b>Total Shareholders' Equity</b>		<b>12,504</b>	<b>32,495</b>
<b>Non-current Liabilities:</b>			
Trade accounts payable and other liabilities	12	29	31
Government grants		471	486
Bank loans		-	100
<b>Total Non-current Liabilities</b>		<b>500</b>	<b>617</b>
<b>Current Liabilities:</b>			
Trade accounts payable and other liabilities	12	11,341	11,029
Upfront and prepaid research fees	13	444	911
Government grants		443	511
Bank loans		200	200
Provisions		-	8
<b>Total Current Liabilities</b>		<b>12,428</b>	<b>12,659</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>25,432</b>	<b>45,771</b>

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share data) (unaudited)	Common Shares		Additional Paid-in Capital	Foreign Currency Differences	Accumulated Deficit	Shares of group	Shares of other shareholders	Total
	Shares	Amount						
		(€)	(€)	(€)	(€)	(€)	(€)	(€)
<b>Balances as of January 1, 2007</b>	<b>52,458,471</b>	<b>52,458</b>	<b>71,119</b>	<b>5</b>	<b>(62,746)</b>	<b>60,836</b>	<b>-</b>	<b>60,836</b>
Translation adjustment	-	-	-	(122)	-	(122)	-	(122)
Net Loss	-	-	-	-	(12,057)	(12,057)	(44)	(12,101)
<b>Net Loss = Total income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(122)</b>	<b>(12,057)</b>	<b>(12,179)</b>	<b>(44)</b>	<b>(12,223)</b>
Stock based compensation	-	-	570	-	-	570	-	570
Issuance of common shares by subsidiary	-	-	-	-	-	-	44	44
<b>Balances as of June 30, 2007</b>	<b>52,458,471</b>	<b>52,458</b>	<b>71,689</b>	<b>(117)</b>	<b>(74,803)</b>	<b>49,227</b>	<b>-</b>	<b>49,227</b>
<b>Balances as of January 1, 2008</b>	<b>52,534,705</b>	<b>52,535</b>	<b>72,365</b>	<b>(645)</b>	<b>(91,760)</b>	<b>32,495</b>	<b>-</b>	<b>32,495</b>
Translation adjustment	-	-	-	(213)	-	(213)	-	(213)
Net Loss	-	-	-	-	(20,492)	(20,492)	-	(20,492)
<b>Total income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213)</b>	<b>(20,492)</b>	<b>(20,705)</b>	<b>-</b>	<b>(20,705)</b>
Stock based compensation	-	-	714	-	-	714	-	714
<b>Balances as of June 30, 2008</b>	<b>52,534,705</b>	<b>52,535</b>	<b>73,079</b>	<b>(858)</b>	<b>(112,252)</b>	<b>12,504</b>	<b>-</b>	<b>12,504</b>

## CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands) (unaudited)	Six Months Ended June 30,	
	2008	2007
	(€)	(€)
<b>Operating activities:</b>		
Net loss before taxes	(20,749)	(12,101)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation expense	921	909
Amortization expense	23	24
Interest received	(550)	(1,203)
Other interest expense	12	16
Net decrease of deferred government grants	(83)	(90)
Employee stock-based compensation	714	570
Other non-cash transactions	-	44
	<b>(19,712)</b>	<b>(11,831)</b>
<b>Changes in operating assets and liabilities:</b>		
Inventories	5	(7)
Trade accounts receivable	202	335
Other current assets, capital interest tax receivable, other financial assets and prepaid expenses	(258)	256
Trade accounts payable and other liabilities	305	(71)
Accrued expenses	(8)	-
Upfront and prepaid research fees	(467)	(1,953)
<b>Cash generated from operations</b>	<b>(19,933)</b>	<b>(13,271)</b>
Interest received	550	1,203
Interest paid	(12)	(16)
<b>Net cash used in operating activities</b>	<b>(19,395)</b>	<b>(12,084)</b>

(In thousands) (unaudited)	Six Months Ended June 30,	
	2008	2007
	(€)	(€)
<b>Investing activities:</b>		
Purchases of equipment	(650)	(457)
<b>Net cash used in investing activities</b>	<b>(650)</b>	<b>(457)</b>
<b>Financing activities:</b>		
Payment of bank loan	(100)	(551)
<b>Net cash used in financing activities</b>	<b>(100)</b>	<b>(551)</b>
<b>Net change in cash and cash equivalents</b>	<b>(20,145)</b>	<b>(13,092)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>37,907</b>	<b>66,611</b>
<b>Translation adjustment of cash and cash equivalents</b>	<b>(208)</b>	<b>(117)</b>
<b>Cash and cash equivalents at the end of the period*</b>	<b>17,554</b>	<b>53,402</b>

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

## SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008

### 1. Corporate Information

The consolidated financial statements for the six-month period ended June 30, 2008, of Jerini AG ("the Company" or "Jerini") were authorized by the Management Board for issue on August 14, 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 June 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 six-month period ended June 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 six months ended June 30, 2008 and 2007, respectively. There have been no material changes in segment assets and liabilities.

Six Months Ended June 30, 2008 (In thousands)	JPH	JPT	Elimi- nations	Total
	(€)	(€)	(€)	(€)
Revenues:				
External revenues	2,298	3,024	-	5,322
Inter-segment revenues	57	196	(253)	-
Total segment revenues	2,355	3,220	(253)	5,322
Segment result	(21,974)	687	-	(21,287)
Net finance result				538
Income taxes				257
<b>Net loss for the period</b>				<b>(20,492)</b>

Six Months Ended June 30, 2007 (In thousands)	JPH	JPT	Elimi- nations	Total
	(€)	(€)	(€)	(€)
Revenues:				
External revenues	4,835	2,048	-	6,883
Inter-segment revenues	35	216	(251)	-
Total segment revenues	4,870	2,264	(251)	6,883
Segment result	(13,578)	290	-	(13,288)
Net finance result				1,187
<b>Net loss for the period</b>				<b>(12,101)</b>

#### 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. Deferred Taxes

(in thousands) (unaudited)	Six Months Ended June 30,	
	2008	2007
	(€)	(€)
Current income tax	-	-
Deferred income tax gain	257	-
<b>Income tax gain</b>	<b>257</b>	<b>-</b>

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.

#### 6. Other Current Assets

On the reporting date June 30, 2008, other current assets amounted to € 0.6 million (December 31, 2007: € 0.4 million). These assets are composed mainly of VAT amounting to € 0.4 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.

#### 7. 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 six months ended June 30, 2008 and December 31, 2007, withheld capital interest tax was refundable in the amount of € 1.5 million and € 1.4 million, respectively.

#### 8. Cash and Cash Equivalents

Cash and cash equivalents amounted to € 17.8 million on the reporting date June 30, 2008 and € 38.2 million on December 31, 2007. Cash and cash equivalents include cash of € 3.1 million (December 31, 2007: € 37.9 million), money market funds of € 14.4 million (December 31, 2007: € 0.0 million) and restricted cash for lease deposits of € 0.3 million (December 31, 2007: € 0.3 million).

#### 9. 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.

#### 10. Shareholders' Equity

##### Common Shares

As of June 30, 2008 and December 31, 2007, the Company had 52,534,705 common shares authorized and outstanding.

As of June 30, 2008, common share capital amounted to € 52.5 million consisting of 52,534,705 no par value ordinary bearer shares.

**Minority Interest**

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

**11. Share-based Compensation**

In the second quarter 2008, Jerini Ophthalmic, Inc. granted 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.

600,000 of the 720,000 stock options granted in the first quarter 2008 have an additional payment commitment from the 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 in 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 2006/1. Stock option forfeitures as a result of employee exits in the second quarter 2008 amounted to 2,000 under the plan 2005/1 and 27,000 under the plan 2006/1.

**12. Trade Accounts Payable and Other Liabilities**

As of June 30, 2008 and December 31, 2007, the trade accounts payable and other liabilities amounted to € 11.4 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.

**13. 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 June 30, 2008 and December 31, 2007 upfront and prepaid research fees amounted to € 0.4 million and € 0.9 million, respectively. Included in the € 0.4 million is a deferred upfront payment from Baxter AG resulting from a collaboration agreement concluded in January 2008.

**14. Subsequent Events**

On July 3, 2008 Jerini and Shire Deutschland Investments GmbH ("Shire"), a German wholly-owned indirect subsidiary of Shire Limited, Dublin, Ireland, announced a strategic agreement according to which Shire shall be obliged to make a voluntary public takeover offer to all shareholders of Jerini AG.

In a first step, Shire has subscribed for 5,229,747 shares of Jerini AG at a total issue price of approximately € 20,918,988.00, which corresponds to a participation of approximately 9 percent of the increased share capital. The capital increase was registered with the commercial register on July 18, 2008.

According to its offer document published on August 13, 2008, prior to and after its announcement to make a voluntary takeover offer, Shire has also entered into various purchase agreements which have already become effective (including purchase agreements with the chairman of the Management Board Prof. Dr. Jens Schneider-Mergener, the Supervisory Board member Dr. Stephan Goetz and a number of institutional shareholders) and has purchased additional shares over the stock exchange. In its offer document regarding its voluntary public takeover offer to all shareholders of Jerini AG published on August 13, 2008, Shire stated that as of August 12, 2008 it holds 80.98 percent of Jerini's share capital and voting rights.

During the period July 4, 2008 to July 22, 2008 a total of 1,000,313 stock options were exercised. Exercise prices ranged from € 1.00 to € 3.32. The weighted-average exercise price was € 1.49.

Share capital at the date of issuance of this report amounted to € 58,764,765.00.

On July 15, 2008 the European Commission has granted the company marketing authorization for Firazyr® (Icatibant) in the treatment of acute attacks of hereditary angioedema (HAE). Receipt of marketing authorization triggers a milestone to sanofi-aventis in the amount of € 4.0 million that is due for payment twelve months later.

## **RESPONSIBILITY STATEMENT**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Berlin, August 14, 2008

Prof. Dr. Jens Schneider-Mergener  
(Chief Executive Officer)

Berndt Modig  
(Chief Financial Officer)

Dr. Jochen Knolle  
(Chief Scientific Officer)

Dr. Adi Hoess  
(Chief Commercial Officer)