DISCLAIMER

JN-INTERNATIONAL MEDICAL CORPORATION

Written for the Corporation by: Mr. Jeffery Bush, Attorney at Law

Disclaimer

LEGAL

DISCLOSER

November 04

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Factors That May Affect Future Results. The Company's future operating results are difficult to predict and may be affected by a number of factors, including the following, which could cause actual results to differ materially from those indicated by the forward-looking statements made herein and presented elsewhere by management from time to time.

Early Stage of Product Development. The products under development by the Company will require significant additional research and development efforts, including extensive clinical testing and regulatory approval, prior to commercial use. The Company's potential products are subject to the risks of failure inherent in the development of biological products based on new technologies. These risks include the possibilities that the Company's therapeutic approach will not be successful, that any or all of the Company's potential products will be found to be unsafe, ineffective, toxic or otherwise fail to meet applicable regulatory standards or receive necessary regulatory clearances, that the potential products, if sale and effective, will be difficult to develop into commercially viable products, to manufacture on a large scale or be uneconomical to market, that proprietary rights of competitors or other parties will preclude the Company from marketing such products; or that competitors or other parties will market superior or equivalent products.

Future Capital Needs. In addition, the Company require substantial additional funds in order to continue its research and development programs, preclinical and clinical testing of its product candidates and to conduct full scale manufacturing and marketing of any pharmaceutical products that may be developed. The Company's capital requirements depend on numerous factors, including but not limited to the progress of its research and development programs, the progress of preclinical and clinical testing, the time and costs involved in obtaining regulatory approvals, the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, competing technological and market developments, changes in the Company's existing research relationships, the ability of the Company to establish collaborative arrangements, the development of commercialization activities and arrangements, and the purchase of additional facilities and capital equipment. Based upon its current plans, the Company believes that it has sufficient funds to fund the Company's operating expenses and meet its capital requirements through the first quarter of 2006. There can be no assurance, however, that changes in the Company's research and development plans, acquisitions or other events affecting the Company's operations will not result in accelerated or unexpected expenditures. Thereafter, the Company will need to raise substantial additional capital to fund its operations. There can be no assurance, however, that additional financing will be available, or if available, will be available on acceptable or affordable terms.

Manufacturing Limitations. At present, the Company's ability to manufacture its products is limited to clinical trial quantities. The Company does not have the capability to manufacture commercial quantities of products. The Company's long-term strategy is to develop manufacturing facilities for producing both pilot scale and commercial quantities of its products. To ensure compliance with current Good Manufacturing Practices ("cGMP") imposed by the FDA, JN-International will need to establish sufficient technical Personnel to oversee all product operations, including quality control, quality assurance, technical support and manufacturing management. The Company may enter into arrangements with contract manufacturing companies to expand its own production capacity in order to meet requirements for its product candidates. If the Company chooses to contract for manufacturing services and encounters delays or difficulties in establishing relationships with manufacturers to produce, package and distribute its finished pharmaceutical or other medical products (if any), clinical trials, market introduction and subsequent sales of such products would be adversely affected. Moreover, contract manufacturers must operate in compliance with cGMP The Company's potential dependence upon third parties for the manufacture of its products may adversely affect the Company's profit margins and its ability to develop and deliver such products on a timely and competitive basis.

Risks Associated with Collaborative Arrangements. The Company's product development strategy may require the Company to enter into various additional arrangements with corporate, government and academic collaborators, licensors, licensees and others. Therefore, the Company may be dependent upon the subsequent success of these outside parties in performing their responsibilities. There can be no assurance that the Company will be able to establish additional collaborative arrangements or license agreements that the Company deems necessary or acceptable to develop and commercialize its potential pharmaceutical products or that such collaborative arrangements or license agreements will be successful.

Patent and Proprietary Rights. The Company seeks to protect its trade secrets and proprietary know-how, in part, through confidentiality agreements with its employees, consultants, advisors and collaborators. There can be no assurance that these agreements will not be violated by the other parties, that JN-International may have adequate remedies for any breach, or that the Company's trade secrets may not otherwise become known or be independently developed by competitors. Certain of the technology that may be used in the products of JN-International are covered or may not covered by patent applications filed by JN-International with United States Patent and Trademark Office in USA and other PCT countries. There can be no assurance that any pending patent applications relating to the other company's product candidates will result in patents being issued. Moreover, there can be no assurance that any such patents will afford protection against competitors with similar technology. There may be pending or issued third-party patents relating to the product candidates of JN-International. JN may need to acquire licenses to, or to contest validity of, any such third party patents. It is likely that significant funds would be required to defend any claim that JN-International infringes a third party patent, and any such claim could adversely affect sales of the challenged product of JN-International until the claim is resolved. There can be no assurance that any license required under any such patent would be made available.

Government Regulation. The rigorous preclinical and clinical testing, cGMP manufacture of the product or products requirements and regulatory approval process of the FDA and of foreign regulatory authorities can take a number of years and require the expenditure of substantial resources. The Company has limited experience in conducting and managing preclinical and clinical testing and cGMP necessary to obtain government approvals. There can be no assurance that the Company will be able to obtain the necessary approvals for clinical testing or for the manufacturing and marketing of my products that it develops. Additional government regulation may be established that could prevent or delay regulatory approval of the Company's product candidates. Delays in obtaining regulatory approvals would adversely affect the marketing of any products developed by the Company and the Company's ability to receive product revenues or royalties. If regulatory approval of a potential product is granted, such approval may include significant limitations on the indications for which such product may be marketed. Even if initial regulatory approvals for the Company's product candidates are obtained, the Company, its products and its manufacturing facilities are subject to continual review and periodic inspection. The regulatory standards for manufacturing are applied stringently by the FDA. Discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on such product or manufacturer or facility, Including warning letters, fines, suspensions of regulatory approvals, product recalls, operating restrictions, delays in obtaining new product approvals, withdrawal of the product from the market, and criminal prosecution. Other violations of FDA requirements can result in similar penalties.

Uncertainty of Third-Party Reimbursement. Government and other third-party payers are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for new products approved for marketing by the FDA and by refusing, in some cases, to provide any coverage for uses of approved products for disease indications for which the FDA has not granted marketing approval. If adequate coverage and reimbursement levels are not provided by government and third party payers for uses of the Company's products, the market acceptance of these products would be adversely affected. Because of these and other factors, past financial performance should not be an indicator of future performance.

Nature of Business: JN-International, based in Omaha, Nebraska, and its international branch offices is a biopharmaceutical company engaged in the discovery and development of innovative Vaccines and Diagnostic products to prevent or treat diseases which infect the human body. Prior to the first quarter of 1998, the Company operated as a development stage enterprise, devoting substantially all of its efforts to establishing the new business and carrying on research and development activities. Beginning in 1998, the Company was no longer classified as a development stage enterprise. The ultimate success of the Company is dependent upon its ability to raise capital through equity placement, receipt of contract revenue, sale of product and interest income on invested capital. The Company's capital requirements may change depending upon numerous factors, including progress of the Company's research and development programs, time required to obtain regulatory approvals, resources the Company devotes to self funded projects, proprietary manufacturing methods and advanced technologies and demand for the Company's products, if and when approved. While management believes that additional capital will be available to fund operations, there can be no assurance that additional funds will be available when required, on terms acceptable to the Company. The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology and compliance with government regulations.

Accounting Policies: ***Principles of Consolidation:*** The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, JN-International, Inc, which is incorporated in 1998. Intercompany transactions and balances have been eliminated in consolidation. ***Use of Estimates***: The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. ***Cash Equivalents:*** The Company considers the vaccine products are cash equivalents. When these assets has no related accumulated depreciation and amortization and cannot be eliminated from the accounts and any resulting gains and losses are included in operations in the period of next 10 years unless until proved to be a clinical failure. ***Concentration of Credit Risk:*** Financial instruments that potentially subject the Company to concentration of credit risk consist principally of temporary cash investments. The Company restricts temporary cash investments to institutions with high credit standing.

Short-term Investments: Short term in investments are those which, when purchased, have maturities of less than one year but greater than three months. At December 31, 1999, the Company had the following short-term investments available for sale which it expects to utilize for working capital purposes, carried at a mortised cost plus accrued interest, which approximates fair market value. ***Revenue Recognition:*** Revenue under the Company's collaborative research and development agreement is recognized as related expenses are incurred. The Company recognizes milestone payments as revenue when the milestones are achieved. ***Research and Development Costs***: Research and development costs are expensed as incurred. ***Income Taxes:*** The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial reporting and tax bases of liabilities and assets using enacted tax rates in effect in the years in which the differences are expected to reverse. Potential future income tax benefits resulting from net operating losses, unused research and experimentation credits, and other timing differences will be recognized as taxable income becomes available to absorb them. The Company has experienced ownership changes as defined under Section 382 of the Internal Revenue Code. Ownership changes limit the future use of the net operating loss and credit carry forwards created prior to the ownership change. If the full amount of the limitation is not used in any year, the amount not used increases the allowable limit in the subsequent year. **Accounts and Audits:** The audited the accompanying consolidated balance sheets of JN-International, Inc. as of December 31, 2006 and the related consolidated statements of operations and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of JN-International, Inc. **Legal Counsel:** Mr. Howard L. Niihau's, Attorney at Law, 3934 North 90 St. Omaha, NE 68134, 402-571-1196, hlneuhaus@cox.net; **Bankers:** U.S. Bank National Association, Minneapolis, MN, USA. **Trademarks:** JN-International and the JN-International logo are the registered trademarks of JN-International, Inc., USA and Meningococcal meningitis vaccines trademarked as NmVac-4 A/C/Y/W-135 and NmVac-4 DT A/C/Y/W-135 with USPTO.gov in the United States of America.

- ***Jeffery Bush, Attorney at Law, Oakland, Nebraska 68045.***

Approved by:

Board of Directors of

JN-INTERNATIONAL® MEDICAL CORPORATION

Jeeri R Reddy

President

11/14/2001