Q1 Report 2011

intercell
SMART VACCINES

Intercell AG announces Q1 2011 results and updates on R&D progress

Significant increase in IXIARO®/JESPECT® sales compared to Q1 2010

Next steps for Pseudomonas vaccine candidate agreed with Novartis

Pandemic Influenza clinical trial started – Intercell and GSK maintain commitment on strategic patch collaboration

Cost restructuring progressing well – net loss reduced by 23.4% to EUR 11.3m

IXIARO®/JESPECT® – SIGNIFICANT SALES INCREASE FOR JAPANESE ENCEPHALITIS (JE) VACCINE

» IXIARO®/JESPECT® product sales increased from EUR 0.4m in Q1 2010 to EUR 3.3m in Q1 2011 underpinning the strong growth trend of previous quarters

» Growth expected in sales for 2011 to U.S. military due to higher IXIARO® uptake and final expiry of JE-Vax® stock

» Additional launches in Europe and roll-out in first Asian private market expected in 2011

» Pediatric Phase II/III study in India progressing to plan – first results expected in 2011

» Data for pediatric Phase III studies for IXIARO®/JESPECT® in children travelling to endemic areas expected for 2012 – label extension on track

HOSPITAL-ACQUIRED INFECTIONS – PROGRESS IN INTERCELL'S GROWING NOSOCOMIAL VACCINE FRANCHISE

Next steps defined for Pseudomonas vaccine candidate

» Agreement with Novartis to advance investigational *Pseudomonas* vaccine into confirmatory clinical efficacy trial in ventilated ICU patients

» New double-blind study planned with approx. 800 subjects - powered to show reduction in overall mortality between vaccine and control group

» Start of the trial executed by Intercell planned for H1 2012 - costs shared with Novartis

Update on Staphylococcus aureus vaccine candidate (Phase II/III)

» Study not futile - pre-specified futility criteria not met in Phase II/III trial (cardiothoracic surgery)

» Independent DMC recommended suspension of enrollment pending further analyses of the benefit/risk profile

» Further update expected after completion of analyses

Clostridium difficile vaccine candidate (Phase I)

» Phase I trial progressing according to plan

» First study results expected in 2011

PROGRESS IN PANDEMIC INFLUENZA VACCINE ENHANCEMENT PATCH (VEP) - INTERCELL AND GSK MAINTAIN COMMITMENT ON STRATEGIC PATCH COLLABORATION

» Confirmatory clinical study started – combines VEP with GSK's H5N1 Pandemic Influenza antigen

» GSK and Intercell committed to advancing value of the patch technology in the R&D of patch-delivered vaccines

ADDITIONAL CANDIDATE VACCINES WITH HIGH MEDICAL NEED PROGRESSING IN DEVELOPMENT

» Intercell and Romark combine therapies against Hepatitis C – combination Phase II trial start expected in H1 2011

» Phase I study for Pneumococcus vaccine successfully completed – next development steps under evaluation by Intercell and PATH

» Tuberculosis vaccine Phase I programs proceeding according to schedule – multiple Phase I studies delivered promising clinical data – start of Phase II study expected in 2011

» IC31® adjuvant to be tested in a Phase I clinical study by Novartis for an additional undisclosed indication

CORPORATE

» Thomas Lingelbach appointed new CEO of Intercell, effective May 10, 2011; Gerd Zettlmeissl resigns from the management board as of today

FINANCIAL RESULTS

» Year-on-year revenue growth of 19.7% driven by strong IXIARO®/JESPECT® sales revenues

» Restructuring process progressing successfully – operating loss reduced by 33.1%

» Higher sales and reduced spending lead to reduced net loss of EUR 11.3m

» Cash position of EUR 87.7m at quarter-end

» Unchanged net loss expectation of EUR 30-40m for full year 2011

KEY FINANCIAL INFORMATION

EUR in thousands	3 months ended March 31,		Year ended Dec. 31,
	2011	2010	2010
Revenues	5,692	4,756	34,215
Net loss	(11,257)	(14,702)	(255,182)
Net operating cash flow	(23,453)	(15,468)	(65,120)
Cash and marketable securities, end of period	87,697	158,216	86,182

Vienna (Austria), May 10, 2011 – Today Intercell AG (VSE: ICLL) announced its Q1 results and presented an update on the Company's R&D progress.

IXIARO®/JESPECT® – SIGNIFICANT SALES INCREASE LEADS TO BEST Q1 SALES REVENUES SINCE PRODUCT LAUNCH

Revenues from IXIARO®/JESPECT® product sales increased from EUR 0,4m in Q1 2010 to EUR 3.3m in Q1 2011. This excellent result in the usually weakest quarter of the year - due to travel seasonality - reflects the positive trend of increasing sales of IXIARO®/JESPECT® a already seen in 2010 in key travel markets and to U.S. military. Intercell's vaccine is currently marketed to travelers in the U.S., EU, Australia, Canada and Switzerland and it is supplied to the U.S. military under an exclusive five-year contract.

Intercell expects a growth of sales to the U.S. military in 2011 due to higher vaccination rates and the finally expired stock of no longer manufactured JE-Vax®.

Intercell continues to expand the global availability of IXIARO® by increasing the number of regulatory approvals and subsequent launches in various global markets. Furthermore it is planning to launch the product with its partner Novartis in additional European countries as well as Hong Kong and Singapore as the first Asian territories during 2011.

The U.S. authorities recently confirmed to Intercell that the first postmarketing safety evaluation of IXIARO® concluded that no new safety concerns were identified and no labeling changes are requested at this time.

Phase III clinical trials for IXIARO® as JE vaccine candidate for children traveling to endemic areas are currently ongoing and the pediatric vaccine launch is expected for end 2012/beginning of 2013.

The pivotal Phase II/III trial in children living in Asia is progressing according to plan and first results are expected in 2011. This randomized and controlled study is the first pivotal Phase II/III study for the Intercell vaccine in an endemic region and is designed to lead to Asian licensure of the product. The vaccine is manufactured in India by Biological E. Ltd. and is based on Intercell's technology. The first product launch for the new vaccine in Asia is expected in H1 2012. The WHO recommends that Japanese Encephalitis vaccination be integrated into national immunization programs in endemic areas.

FOCUS ON LEADING POSITION IN VACCINES AGAINST NOSOCOMIAL INFECTIONS

Next development steps for Pseudomonas vaccine candidate agreed with Novartis

In April, Intercell announced that it has agreed with Novartis to advance Intercell's investigational *Pseudomonas aeruginosa* vaccine into a confirmatory clinical efficacy trial in ventilated ICU (Intensive Care Unit) patients. The planned double-blind study is powered to show a clinically meaningful and statistically significant reduction in overall mortality between the vaccine and control group and envisages enrolling about 800 subjects. The study is subject to final regulatory concurrence and its start is planned for the first half of 2012. Intercell will execute the trial and the costs will be shared with Novartis.

The trial is expected to be conducted in various countries, predominantly in the EU, involving up to 50 study sites. Two study groups, both receiving standard of care in addition to the vaccine or placebo, will be compared. The subjects in the vaccine group, which will comprise about 400 ventilated ICU patients, will be vaccinated twice within a 7-day interval with the non-adjuvanted product formulation that was found to most impact observed survival. Primary endpoint of the trial will be mortality at day 28 after first vaccination in both study groups. Secondary objectives are to investigate *Pseudomonas aeruginosa* infections, infection-related mortality as well as immune response to the vaccine candidate and its safety and tolerability.

Intercell's *Pseudomonas aeruginosa* vaccine program is one of the development programs under the strategic alliance between Intercell and Novartis. Decisions on the program's next steps will be based upon data from the planned efficacy trial, taking into consideration Novartis' option rights and the Intercell right to choose between the option of profit-sharing or receiving milestones and royalties.

Staphylococcus aureus vaccine candidate (Phase II/III, Phase II)

On April 11, Intercell and Merck (known as MSD outside the United States and Canada) announced that following a pre-specified interim analysis from the Phase II/III clinical trial evaluating V710, the independent Data Monitoring Committee (DMC) recommended suspension of enrollment. Although the vaccine met the pre-specified efficacy criteria for non-futility, the independent DMC nonetheless recommended suspension of enrollment pending further analyses of the benefit/risk profile of the vaccine candidate. Merck and Intercell plan to provide a further update when analyses have been completed.

Data from a Phase II clinical study evaluating the immunogenicity and safety of V710 in patients with end-stage renal disease were presented by Merck at the National Kidney Foundation 2011, Spring Clinical Meetings (April 26-30) in Las Vegas and showed that the vaccine was immunogenic and generally well tolerated.

S. aureus is the most frequent cause of hospital-acquired infections. In addition to bloodstream infections with a mortality rate of up to 35%, infections of bone, heart and other inner organs lead to serious health complications, death and economic burden. Today, approximately 50% of *S. aureus* strains isolated in hospitals worldwide are resistant to multiple antibiotics, rendering staphylococcal disease management increasingly difficult and challenging.

Clostridium difficile vaccine candidate (Phase I) – main cause of nosocomial diarrhea

Intercell aims at developing a vaccine for the prevention of recurring *C. difficile* diarrhea for hospital prophylaxis and eventually a community-wide prophylaxis on an age- and risk-based vaccination strategy. The Phase I clinical study started at the end of 2010 and is progressing according to plan. First study results are expected for 2011.

C. difficile is the leading cause for nosocomial diarrhea in Europe and the U.S. It is estimated that in the U.S. alone, about 500,000 to three million people become infected every year while receiving hospital treatment. Currently, no vaccine against *C. difficile* exists and antibiotic treatment of the established disease has significant limitations.

START OF CLINICAL TRIAL IN PANDEMIC INFLUENZA WITH INTERCELL'S VACCINE ENHANCEMENT PATCH (VEP) – INTERCELL AND GSK MAINTAIN COMMITMENT ON STRATEGIC PATCH COLLABORATION

On May 4, Intercell announced the start of a further trial in the field of Pandemic Influenza, investigating Intercell's adjuvant patch (Vaccine Enhancement Patch - VEP) containing LT (a heat-labile toxin from E. coli) in combination with GSK's H5N1 pandemic antigen. This trial follows prior work with a non-GSK Pandemic Influenza antigen carried out by Intercell under its contract with the U.S. Department of Health and Human Services (HHS) to develop a dose-sparing approach with potential for a single dose immunization.

The confirmatory trial will be performed under a Phase I protocol due to the introduction of a different H5N1 antigen. The study will involve 300 healthy adults and investigate various combinations of antigen and patch doses in one and two injection regimes to confirm the mode of action and the value of "external" adjuvantation. GSK's adjuvanted and licensed H5N1 vaccine will be used to provide a positive control for the patch and GSK's well established and validated H5N1 hemagglutination inhibition (HI) assay will be applied.

Intercell and GSK have maintained their commitment to continue to explore the value of the patch technology and will focus on evaluating the use of the patch technology for transcutaneous vaccination with existing or new antigens. Following the discontinuation of the Travelers' Diarrhea (TD) Vaccine Patch program as announced at the end of 2010, Intercell and GSK have mutually terminated the respective marketing and distribution collaboration. On this basis, all rights on the TD Vaccine Patch revert back to Intercell. Based on the clinical efficacy data obtained against LT-positive enterotoxigenic E. coli (ETEC) Intercell will continue to evaluate the potential of the vaccine candidate especially for endemic countries.

ADDITIONAL CANDIDATE VACCINES WITH HIGH MEDICAL NEED PROGRESSING IN DEVELOPMENT

Hepatitis C vaccine: Intercell and Romark joined forces in combining therapies against Hepatitis C. The companies are designing a treatment that combines Intercell's investigational Hepatitis C vaccine with Romark's antiviral drug, nitazoxanide. A combination Phase II trial is expected to start in H1 2011.

Pneumococcus vaccine: Intercell and its partner PATH are currently evaluating possible next development steps, following the successfully completed Phase I study in healthy adults.

Tuberculosis vaccine: Phase I clinical programs are proceeding according to schedule, and promising clinical data have been obtained in multiple Phase I studies. The start of a Phase II study is expected in 2011.

IC31® adjuvant: Novartis has initiated a Phase I clinical trial, combining an undisclosed vaccine candidate with Intercell's IC31® adjuvant. Under a Strategic Alliance Agreement signed in 2007, Novartis received a non-exclusive license for the use of IC31® in selected new vaccines.

CORPORATE

On May 5, Intercell announced that the company's Supervisory Board has appointed Thomas Lingelbach as new Chief Executive Officer (CEO) for Intercell, effective May 10, 2011.

Gerd Zettlmeissl, current CEO, resigns from the Management Board as of today to pursue other personal and professional interests.

Q1 2011 FINANCIAL REVIEW

Revenues

Intercell's aggregate first-quarter 2011 **revenues** increased by 19.7% compared to the same period of the previous year to EUR 5.7m.

This increase was driven by strong **product sales of IXIARO®/JESPECT®** which showed a year-on-year growth of EUR 2.9m to EUR 3.3m in the first three months of 2011.

Revenues from collaborations and licensing decreased by EUR 1.1m to EUR 1.9m. This reduction was mainly due to lower recognition of deferred collaboration and licensing income.

Grant income decreased by EUR 0.9m to EUR 0.4m.

Operating results

Cost of goods sold for Q1 2011 amounted to EUR 2.9m (Q1 2010: EUR 0.9m) yielding a positive gross margin on the Japanese Encephalitis product.

Research and development expenses for Q1 2011 decreased by EUR 10.0m to EUR 7.9m (Q1 2010: EUR 17.9m). The decrease resulted from the implementation of a restructuring and cost-saving program, which was announced in December 2010.

General, selling and administrative expenses for Q1 2011 decreased slightly by 1.2% to EUR 4.2m (Q1 2010: EUR 4.3m).

Net other operating expenses for Q1 2011 were EUR 0.7m (Q1 2010: net other operating income EUR 3.3m). This change was primarily due to exchange rate fluctuations in the comparative period of 2010.

Intercell's **operating loss** for Q1 2011 decreased by 33.1% to EUR 10.0m (Q1 2010: EUR 15.0m). This improvement is mainly a result of the significant reduction in operating expenses.

Net result, finance and tax

The net **finance result** of minus EUR 0.8m in Q1 2011 (Q1 2010: plus EUR 0.3m) was mainly due to finance expenses in connection with the convertible notes issued in Q1 2011. **Income tax** expenses of EUR 0.4m in Q1 2011 (Q1 2010: EUR 0.1m income tax income) resulted mainly from changes in deferred tax assets.

The net loss for Q1 2011 was EUR 11.3m (Q1 2010: EUR 14.7m) representing an improvement of 23.4%. The net loss per share for Q1 2011 was EUR 0.23 (Q1 2010: EUR 0.31).

Cash flows and liquidity

Intercell's net **cash used in operating activities** for the first three months of 2011 was EUR 23.5m (Q1 2010: EUR 15.5m). This increase resulted primarily from changes in working capital, resulting in particular from the high level of trade payables and accrued expenses at the end of Q4 2010.

Cash generated from investing activities for Q1 2011 was EUR 2.8m (Q1 2010: EUR 15.8m) and included a final

payment of EUR 5.0m for the acquisition of the monoclonal antibody technology from Cytos, which had been announced in Q1 2010.

Cash generated from financing activities in Q1 2011 was EUR 31.1m (Q1 2010: EUR 0.4m net cash used in financing activities) and resulted mainly from the issuance of convertible bonds in March 2011. For additional information, see "Notes to condensed Interim Consolidated Financial Statements" within this Interim Report.

Liquid funds, which included cash of EUR 37.9m and available-for-sale financial assets of EUR 49.8m at the end of March 2011 amounted to EUR 87.7m (December 31, 2010: EUR 86.2m).

KEY FINANCIAL FIGURES

EUR in thousands	3 months ended March 31,		Year ended Dec. 31,
	2011	2010	2010
Revenues	5,692	4,756	34,215
Net loss	(11,257)	(14,702)	(255,182)
Net operating cash flow	(23,453)	(15,468)	(65,120)
Cash and marketable securities, end of period	87,697	158,216	86,182

ABOUT INTERCELL AG

Intercell AG is an innovative biotechnology company that develops novel vaccines for the prevention and treatment of infectious diseases with substantial unmet medical needs. Intercell's vaccine to prevent Japanese Encephalitis is the Company's first product on the market.

The Company's technology platform includes an antigen-discovery system and human anti-infective monoclonal antibody discovery system, adjuvants and a novel patch-based delivery system (Vaccine Patch, Vaccine Enhancement Patch). Based on these technologies, Intercell has strategic partnerships with a number of pharmaceutical companies, including GSK, Novartis, Merck & Co., Inc., sanofi-aventis, and Romark.

The Company's pipeline of investigational products includes a Pseudomonas aeruginosa vaccine candidate (Phase II) with Novartis, a vaccine to prevent Pandemic Influenza combining our Vaccine Enhancement Patch with an injected vaccine (Phase I/II), a vaccine program for S. aureus, which is being developed by Merck & Co., Inc. (Phase II/III), a vaccine candidate for Pneumococcus (Phase I) as well as a combination treatment approach for Hepatitis C (Phase II) with Romark. A vaccine candidate against infections with C. difficile entered Phase I clinical trials in 2010. In addition, further programs focused on infectious diseases are in pre-clinical and clinical development.

Intercell is listed on the Vienna Stock Exchange under the symbol "ICLL" (U.S. level one ADR symbol "INRLY").

For more information, please visit: www.intercell.com

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This communication expressly or implicitly contains certain forward-looking statements concerning Intercell AG and its business, including words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," or similar words. Such statements involve certain known and unknown risks, uncertainties and other factors which could cause the actual results, financial condition, performance or achievements of Intercell AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Intercell AG is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

Report on Review of Condensed Consolidated Interim Financial Report as of March 31, 2011

Introduction

We have reviewed the accompanying condensed consolidated interim financial report of Intercell AG, Vienna, for the period from January 1 to March 31, 2011. The condensed consolidated interim financial report comprise the condensed consolidated interim balance sheet as of March 31, 2011, the separate condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim cash flow statement and the condensed consolidated interim statement of changes in equity for the period from January 1 to March 31, 2011, as well as the explanatory notes.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial report in accordance with the IFRS for interim financial reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial report based on our review. A limitation of our liability, also with respect to third parties, was stipulated at the liability limit of EUR 2 million as applicable for the audit of the financial statements of small and medium-sized companies.

Scope of review

We conducted our review in accordance with laws and regulations applicable in Austria and in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope and involves less documentation than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report is not prepared, in all material respects, in accordance with the IFRS for interim financial reporting as adopted by the EU.

Vienna, May 6, 2011

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft
signed:

Aslan Milla
Austrian Certified Public Accountant

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

EUR in thousands (except per share amounts)	Three months ended March 31, 2011	2010
Revenues	5,692	4,756
Product sales	3,349	431
Revenues from collaborations, licensing and grants	2,343	4,325
Cost of goods sold	(2,866)	(880)
Gross profit	2,826	3,876
Research and development expenses	(7,936)	(17,939)
General, selling and administrative expenses	(4,238)	(4,289)
Other income and expenses, net	(696)	3,331
OPERATING LOSS	(10,045)	(15,021)
Finance income	322	419
Finance expenses	(1,096)	(156)
LOSS BEFORE INCOME TAX	(10,819)	(14,759)
Income tax	(438)	57
LOSS FOR THE PERIOD	(11,257)	(14,702)
Losses per share for loss attributable to the equity holders of the Company during the period, expressed in EUR per share (basic and diluted)	(0.23)	(0.31)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

EUR in thousands	Three months ended March 31, 2011	2010
Loss for the period	(11,257)	(14,702)
Other comprehensive income/(loss)		
Fair value gains/(losses) on available-for-sale financial assets	382	429
Currency translation differences	367	7,689
Other comprehensive income/(loss) for the period, net of tax	750	8,117
Total comprehensive income/(loss) for the period attributable to the owners of the Company	(10,508)	(6,585)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

EUR in thousands	March 31, 2011	December 31, 2010
ASSETS		
Non-current assets	296,054	281,860
Property, plant and equipment	46,879	48,194
Intangible assets	62,288	61,491
Available-for-sale financial assets	-	4,237
Other non-current assets	11,444	11,478
Deferred income tax assets	36	473
Current assets	105,306	99,347
Inventory	8,407	6,423
Trade receivables and other current assets	9,201	10,979
Available-for-sale financial assets	49,780	55,024
Cash and short-term deposits	37,917	26,921
TOTAL ASSETS	225,953	225,220
EQUITY		
Capital and reserves attributable to the Company's equity holders	111,518	121,082
Nominal capital	48,592	48,592
Additional capital paid in	408,875	407,965
Other reserves	25,046	24,262
Retained earnings	(370,995)	(359,737)
LIABILITIES		
Non-current liabilities	76,846	54,731
Borrowings	59,161	37,461
Other long-term liabilities	275	312
Deferred income	17,011	16,549
Deferred income tax liabilities	400	410
Current liabilities	37,588	49,407
Trade and other payables	15,469	32,675
Borrowings	11,177	3,361
Other financial liabilities	2,338	-
Deferred income	5,770	7,301
Provisions	2,835	6,071
Total liabilities	114,434	104,138
TOTAL EQUITY AND LIABILITIES	225,953	225,220

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

EUR in thousands	Three months ended March 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(11,257)	(14,702)
Depreciation and amortization	1,936	1,605
Share-based compensation	910	1,218
Income Tax	438	(57)
Other adjustments for reconciliation to cash used in operations	1,247	(4,595)
Changes in working capital	(16,396)	1,219
Cash used in operations	(23,123)	(15,312)
Interest paid	(203)	(156)
Income tax paid	(126)	(1)
Net cash used in operating activities	(23,453)	(15,468)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses	(5,000)	-
Purchases of property, plant and equipment	(301)	(917)
Proceeds from sale of property, plant and equipment	8	-
Cash outflow for security deposit in connection with finance lease	-	(858)
Purchases of intangible assets	(2,013)	(2,647)
Proceeds from sale of available-for-sale financial assets	10,038	20,000
Interest received	96	210
Net cash generated from investing activities	2,827	15,788
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	-	(115)
Proceeds from issuance of convertible bonds, net of transaction costs	32,492	-
Proceeds from borrowings	171	217
Repayment of borrowings	(1,583)	(495)
Net cash generated from/(used in) financing activities	31,081	(393)
Net increase/(decrease) in cash	10,455	(73)
Cash at beginning of the period	26,904	84,211
Exchange gains/(losses) on cash	541	(2,510)
Cash at end of the period	37,901	81,628
Cash, short-term deposits and marketable securities at end of the period	87,697	158,216

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

EUR in thousands	Nominal capital	Additional capital paid in	Other reserves	Retained earnings	Total equity
Balance as of January 1, 2010	48,480	407,676	13,514	(104,518)	365,153
Total comprehensive income for the first three months of fiscal year 2010	-	-	8,117	(14,702)	(6,585)
Employee share option plan - value of employee services	-	1,218	-	-	1,218
Deferred tax on share option scheme	-	-	-	1	1
Cost of equity transactions, net of tax	-	(3)	-	-	(3)
	-	1,215	8,117	(14,701)	(5,369)
Balance as of March 31, 2010	48,480	408,891	21,631	(119,219)	359,783
Balance as of January 1, 2011	48,592	407,965	24,262	(359,737)	121,082
Total comprehensive income for the first three months of fiscal year 2011	-	-	750	(11,257)	(10,508)
Employee share option plan - value of employee services	-	910	-	-	910
Option premium on convertible note	-	-	35	-	35
Cost of equity transactions, net of tax	-	-	(1)	-	(1)
	-	910	784	(11,257)	(9,563)
Balance as of March 31, 2011	48,592	408,875	25,046	(370,995)	111,518

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation

These condensed consolidated interim financial statements of Intercell AG (the "Company") for the three months ended March 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34). The accounting policies adopted are consistent with those of the consolidated annual financial statements for the year ended December 31, 2010. These condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2010.

For ease of presentation, numbers have been rounded and, where indicated, are presented in thousand EUR. However, calculations are based on exact figures. Therefore, the sum of the numbers in a column of a table may not conform to the total figure given for the column.

2. Segment reporting

The Company operates in one reportable segment, which comprises the development, production and marketing of vaccines. The Company identified the Management Board as the "chief operating decision maker". The Management Board reviews the consolidated operating results regularly to make decisions about resources and to assess overall performance.

3. Fluctuation of revenues

Revenues comprise grant income, revenues from collaborations and licensing and product sales for the first product, which was approved in the first quarter of 2009. Revenues have been fluctuating in the past and the Company expects that they will continue to fluctuate over different reporting periods in the future.

4. Convertible note

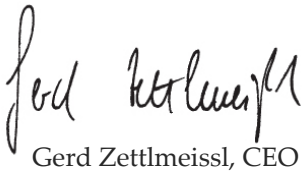
On February 23, 2011 the Company announced the placement of EUR 33.0 million of Senior Unsecured Convertible Notes (the "Notes") in a private placement transaction. The Notes have a conversion price of EUR 11.43 and bear a fixed rate coupon of 6% per annum which is payable quarterly in arrears. Principal and interest payments may be paid in cash or, subject to minimum thresholds in trading volume and values, in freely tradable listed shares of Intercell, at the sole option of the Company. The holders of the Notes may, at their sole option, choose to defer quarterly payments of principal though the final scheduled maturity of the Notes. The original investors in the Notes will have the right to purchase an additional EUR 33.0 million of Notes on essentially the same terms as the original issue for a period of 12 months following the closing and an additional EUR 16.5 million of Notes at the same coupon and repayment terms, but with a conversion price to be set at a 20% premium to the then current stock price, for a period of 18 months following the closing.

The Notes have three components, a liability component, an equity component and an increase option which results from the original investors' right to purchase additional notes. The liability component is included in the balance sheet item "borrowings", the equity component is included in the balance sheet item "other reserves" and the fair value of the increase option is included in the balance sheet item "other financial liabilities".

EUR in thousands	Liability component	Equity component	Increase option	Total
Proceeds of issue	31,340	35	1,625	33,000
Transaction costs	(482)	(1)	(25)	(508)
Net Proceeds of issue	30,858	35	1,600	32,492
Valuation change	150	-	738	888
Valuation at March 31, 2011	31,008	35	2,338	33,381
Less non-current portion	(21,920)			
Current portion	9,088			

Vienna, May 6, 2011

The Management Board:



Gerd Zettlmeissl, CEO

Thomas Lingelbach, COO

Mustapha Leavenworth Bakali, CBO

Reinhard Kandera, CFO

The condensed consolidated interim financial statements of Intercell AG as of March 31, 2011 and the report on review thereon have been issued in German language in accordance with Section 85 (1) Stock Exchange Law. We draw attention to the fact that this translation into English is presented for convenience purposes only and that the German wording is the only legally binding version.