Q3 Report 2010

intercell
SMART VACCINES

Intercell AG announces Q3 2010 results and updates on R&D progress and management

IXIARO®/JESPECT® vaccine against Japanese Encephalitis shows year-on-year growth – positive sales trend continues

Pseudomonas vaccine Phase II trial met primary endpoints and reduction of mortality observed – new development program on Clostridium difficile vaccine further strengthens leading position in the field of hospital-acquired infections

Investigational Travelers' Diarrhea Vaccine Patch Phase II and Phase III trials progressing according to plan

Additional clinical study with therapeutic Hepatitis C vaccine in cooperation with new collaborator

Focused R&D spending on late-stage programs and negative currency effects lead to EUR 27.8m loss for Q3 2010

Management Team strengthened – Staph Leavenworth Bakali appointed as new Chief Business Officer, complements Management Board with focus on commercial activities

IXIARO®/JESPECT® vaccine against Japanese Encephalitis shows year-on-year growth – positive sales trend continues

» The positive trend of increasing sales of IXIARO/JESPECT seen in Q2 2010 continued in Q3 and reflects increasing global marketing and sales efforts by Intercell and its partners, Novartis and CSL Ltd., who continue to foster disease and product awareness. Intercell's product is the only vaccine against Japanese Encephalitis licensed in Europe. It is manufactured for, and supplied into, the U.S., EU and Canada.

» 2010 U.S. military sales depend on further use of residual product stock of JE-Vax®.
A significant increase in sales is possible in 2011, when inventory of JE-Vax is expected to be exhausted or abandoned.

» Marketing approvals continue to expand global reach: The Department of Health, Government of the Hong Kong Special Administrative Regions has approved Intercell's vaccine to prevent Japanese Encephalitis. Licensure processes initiated for additional, selected small territories.

» Label extension on track: Pediatric Phase III clinical studies for IXIARO/JESPECT in children travelling to endemic areas progressing according to plan, with data expected in 2012.

» Clinical progress for endemic markets: Based on Intercell's technology, a JE vaccine candidate is also being developed for the endemic markets, where the WHO recommends that Japanese Encephalitis vaccination be integrated into national immunization programs. Clinical development in endemic areas is progressing, with a pivotal Phase III trial in children scheduled to start by the end of 2010/early 2011 sponsored and managed by Intercell's partner, Biological E., in India.

Positive Phase II data on Pseudomonas vaccine underscores progress against hospital-acquired infections – two further programs underscore leading R&D portfolio in nosocomial infections

» A Phase II clinical trial involving IC43, the vaccine candidate against infections with the bacterium Pseudomonas aeruginosa, met primary immunogenicity and safety endpoints; a statistically significant reduction in mortality compared to placebo was observed for the non-adjuvanted vaccine group. If confirmed by pivotal clinical trials, this could make IC43 an important vaccine for ICU patients who are subject to a particularly high mortality risk associated with hospital-acquired infections.

The vaccine generated a good immune response and was well tolerated. Vaccine-related serious side-effects which would raise any safety concern were not observed. The results provide a strong basis for evaluation of further development options. Intercell and its partner Novartis will determine next steps.

» Clostridium difficile program planned to enter clinic: After successful pre-clinical trials, Intercell is progressing its vaccine candidate to prevent infections with Clostridium difficile (C. diff). C. diff is the leading cause for nosocomial Diarrhea in Europe and the U.S. A Phase I clinical study is expected to start in 2010.

» Staphylococcus aureus vaccine (V710) on track: The Phase II/III study conducted and funded by Merck & Co., Inc. in cardiothoracic surgery patients for the investigational S. aureus vaccine is progressing to plan. The first critical interim analysis (surpassing futility) is expected in 2011.

Late-stage patch-based vaccine pipeline progressing according to plan – key data expected in Q4 and in early 2011

» Recruitment for the pivotal Phase III study of approximately 2,000 travelers for Intercell's investigational Travelers' Diarrhea (TD) Vaccine Patch is completed. The first data from that trial, conducted in travelers to Mexico and Guatemala, is expected for end 2010/early 2011. The enrollment of a complementary 800-traveler Phase II study in those travelling to India has also been completed; first data is expected in Q4 2010. The trial in India is the first study outside South America and has the potential to demonstrate proof of concept for the vaccine in Asia.

» Intercell will pursue activities with GSK to prepare markets as soon as data on Phase II and Phase III trials becomes available. Diarrhea is the most common health problem among travelers from developed countries who visit developing areas and most of the diarrheal cases in travelers are caused by bacteria, primarily by ETEC strains (Escherichia coli).

» Intercell and GSK will continue development of the investigational Vaccine Enhancement Patch (VEP) system for Avian H5N1 Influenza vaccination as part of a collaborative agreement signed in December 2009. The initiation of a respective clinical trial is expected for end 2010/early 2011.

» Intercell continues to work with GSK to expand the development of the use of patch technology for undisclosed targets.

Intercell enters collaboration to further develop its therapeutic vaccine program against Hepatitis C

» 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, IC41, with Romark's antiviral drug, nitazoxanide - a combination Phase II trial is expected to start in H1 2011.

All other clinical programs progressing according to schedule

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

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

Corporate/Other

» Effective October 1, 2010, Staph Leavenworth Bakali joined Intercell's Management Board as Chief Business Officer, with key responsibilities for the commercial aspects of the Company, directly leading Marketing & Sales, Corporate & Business Development, and Alliance Management.

» Eric Frings has joined the Company as the new Site Director of Intercell Biomedical Ltd. in Livingston, Scotland. Eric has a proven track record in overseeing viral and bacterial vaccines manufacturing operations within a highly regulated quality compliance setting.

» Andreas Meinke, who has been with Intercell since 1998, has been appointed to lead Intercell's research function as Senior Vice President & Head of Research.

Financial results

- » IXIARO and JESPECT sales revenues continue showing significant year-on-year growth – sales revenues totaled EUR 9.4m in the 9 months ended September 30, 2010.
- » Intercell's aggregate revenues decreased by 28.4% from EUR 29.5m in the 9 months ended September 30, 2009 to EUR 21.1m in the same period of 2010.
- » Net loss for the first nine months of 2010 increased to EUR 50.9m mainly driven by increased R&D expenses for late stage development programs and non-cash currency effects.
- » Solid cash position with EUR 107.1m.
- » Outlook full year 2010: Net loss for the full year 2010 expected to reach approximately EUR 40.0m, at the high end of previously communicated range and assumes positive outcome of upcoming milestone events.

Key Financial Figures

EUR in thousands	3 months ended		9 months ended		Year ended
	Sept 30, 2010	Sept 30, 2009	Sept 30, 2010	Sept 30, 2009	Dec 31, 2009
Revenues	6,704	9,159	21,118	29,480	61,681
Net profit/(loss)	(27,844)	(14,671)	(50,892)	(25,925)	(18,375)
Net operating cash flow	(22,724)	(14,753)	(49,218)	(43,322)	(25,995)
Cash and available-for-sale financial assets, end of period	107,141	139,746	107,141	139,746	180,019

Vienna (Austria), November 9, 2010 – Today, Intercell AG (VSE: ICLL) announced its financial results for the third quarter of 2010 and presented an update on the Company's key R&D programs as well as changes to the Management Board.

IXIARO®/JESPECT® vaccine against Japanese Encephalitis shows year-on-year growth – positive sales trend continues

Intercell reports that the positive trend of increasing sales of IXIARO/JESPECT seen in Q2 2010 continued in Q3. This is encouraging given that delayed Q1 deliveries were recorded in Q2 and reflects increasing global marketing and sales efforts by Intercell and its partners, Novartis and CSL Ltd., which have fostered disease and product awareness. Intercell's product is the only vaccine against Japanese Encephalitis licensed in Europe. It is manufactured for, and supplied into, the U.S., EU and Canada and the only vaccine being produced for the U.S. military. U.S. military sales in 2010 depend on further use of residual product stock of JE-Vax®. A significant increase in sales is possible for 2011, when leftover inventory of JE-Vax is expected to be exhausted or abandoned.

The Department of Health, Government of the Hong Kong Special Administrative Regions has approved Intercell's vaccine to prevent Japanese Encephalitis. The licensure process has been initiated for additional territories, and further recommendations are expected also for other key countries in Europe. These recommendations are essential to continue advancing product awareness and market growth.

The pediatric Phase III studies for IXIARO/JESPECT for use in children travelling to endemic areas are progressing according to plan, with data expected in 2012. These studies are the basis for a label extension to make the existing vaccine available for travelling children.

Based on Intercell's technology a novel JE vaccine candidate is also being developed for the endemic markets, where the WHO recommends that Japanese Encephalitis vaccination be integrated into national immunization programs. Clinical development in endemic areas is progressing, with a pivotal Phase III trial in children scheduled to start by the end of 2010/early 2011 sponsored and managed by Intercell's partner, Biological E., in India.

Focus on hospital-acquired infections – addressing a growing problem

Hospital-acquired infections are one of the major causes of death and serious illness worldwide, resulting in an annual cost burden of more than USD 20 billion in the developed world. In the United States and Europe, about 6 million patients become infected annually, resulting in 140,000 deaths per year. The incidence of nosocomial infections is steadily increasing due to medical interventions and antibiotic resistance. Intercell's growing nosocomial franchise includes a vaccine against Staphylococcus aureus in Phase II/III partnered with Merck & Co., Inc., a vaccine candidate against Pseudomonas aeruginosa (Phase II) as well as a clinical entry vaccine candidate against Clostridium difficile (C. diff).

On October 25, 2010 Intercell announced positive results from a Phase II clinical trial investigating the Company's nosocomial vaccine candidate against infections with the bacterium Pseudomonas aeruginosa, a leading cause of hospital-acquired infections with increasing antibiotic resistance and hence very high unmet medical need. The Phase II study in intensive care patients met primary immunogenicity and safety endpoints and demonstrated feasibility to assess Pseudomonas aeruginosa vaccine efficacy in ventilated intensive care patients. Vaccine-related serious side-effects which would raise any safety concern were not observed. A very interesting effect was observed in the reduction of mortality. A lower mortality rate was found in all vaccine groups as compared to the control group. The reduction in mortality rate was statistically significant ($p = 0.0196$) for the non-adjuvanted vaccine (21.7% mortality in the not-adjuvanted IC43 group compared to 40.0% mortality in the placebo group at day 28). If this effect is confirmed in pivotal clinical trials, it could make IC43 a very important product for ICU patients.

Intercell's investigational vaccine is a recombinant subunit vaccine consisting of two outer membrane proteins of Pseudomonas aeruginosa. The results provide a strong basis for evaluation of further development options. Intercell and its partner Novartis will determine next steps.

After successful pre-clinical trials, Intercell is progressing its vaccine candidate to prevent infections with Clostridium difficile (C. diff) into the clinical development phase. C. diff 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 3 million people become infected every year. Currently, no vaccine against C. diff exists and antibiotic treatment of the established disease has significant limitations. Intercell aims at developing a vaccine for the prevention of recurring C. diff Diarrhea, for hospital prophylaxis and eventually community-wide prophylaxis on an age- and risk-based vaccination strategy. The start of a Phase I clinical study is expected in 2010.

Intercell's investigational Staphylococcus aureus vaccine (V710) is currently undergoing Phase II/III studies in cardiothoracic surgery patients and a Phase II study in patients with end-stage kidney disease under hemodialysis. The trials are conducted and funded by Merck & Co., Inc., and are progressing to plan. The first critical interim analysis (surpassing futility) from the Phase II/III study is expected in 2011. S. aureus is the most common cause of nosocomial, or hospital-acquired, infections and accounts for about 30% of all such cases.

Intercell's late-stage patch-based vaccine pipeline progressing according to plan – key data expected in Q4 and in early 2011

The recruitment for the pivotal Phase III study of approximately 2,000 travelers for Intercell's investigational Travelers' Diarrhea (TD) Vaccine Patch is completed. The first data from that trial, conducted in travelers to Mexico and Guatemala, is expected for end 2010/early 2011.

In addition, a Phase II study in travelers from the EU to India is being conducted to evaluate the vaccine candidate in a different epidemiological setting. First data of this 800-traveler Phase II trial is expected in Q4 2010.

The manufacturing plant for the patch vaccine at Intercell's Gaithersburg site (USA) has been upgraded for commercial manufacturing. All qualification and validation activities are progressing according to plan.

Intercell will pursue activities with GSK to prepare markets as soon as data on Phase II and Phase III trials becomes available. Diarrhea is the most common health problem among travelers from developed countries who visit developing areas and most of the diarrheal cases in travelers are caused by bacteria, primarily by ETEC strains (Escherichia coli).

Intercell and GSK will continue the development of the investigational Vaccine Enhancement Patch (VEP) system for Avian H5N1 Influenza vaccination as part of a collaborative agreement signed in December 2009. The initiation of a respective clinical trial is expected for end 2010/early 2011.

Intercell continues to work with GSK to expand the development of the use of patch technology for existing vaccines. The current targets on which the companies are working remain undisclosed.

Intercell enters collaboration to further develop therapeutic vaccine program against Hepatitis C

On October 21, Intercell and Romark Laboratories L.C. announced plans to commence clinical trials of Intercell's investigational therapeutic Hepatitis C virus (HCV) vaccine, IC41, in combination with Romark's antiviral drug, nitazoxanide, during the first half of 2011. Intercell's vaccine candidate has demonstrated a sustained reduction of viral load in chronic Hepatitis C (CHC) patients in a Phase II proof-of-concept trial. Nitazoxanide is an oral therapy that targets host cell factors involved in HCV replication and is not associated with viral mutations conferring resistance. Nitazoxanide has been shown to induce sustained virologic response as monotherapy in some CHC patients. The planned European Phase II trial will include about 60 treatment-naïve patients chronically infected with HCV genotype-1 in three treatment arms. The primary endpoint will be sustained virologic response (no detectable HCV RNA 24 weeks after end-of-treatment). The companies involved in the combination study retain commercial rights for their respective products.

All other clinical programs progressing according to schedule

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

» Tuberculosis vaccine: promising clinical data have been shown in multiple Phase I studies. The start of a Phase II study is expected for 2011.

Corporate/Other

Effective October 1, 2010, Staph Leavenworth Bakali joined Intercell's Management Board as Chief Business Officer with key responsibilities for the commercial aspects of the Company, directly leading Marketing & Sales, Corporate & Business Development, and Alliance Management. Staph also plays a key role with the other Management Board members in helping drive forward the Company's strategy. Staph brings 20 years of vaccine industry experience from his previous leadership positions. His commercial and strategic experience ideally complements the skills of Intercell's Management Board.

Eric Frings has joined the Company as the new Site Director of Intercell Biomedical Ltd. in Livingston, Scotland. Eric has a proven track record in overseeing viral and bacterial vaccines manufacturing operations within a highly regulated quality compliance setting.

Andreas Meinke, who has been with Intercell since 1998, has been appointed to lead Intercell's research function as Senior Vice President & Head of Research.

Q3 2010 Financial Review

Revenues

Revenues from product sales increased significantly from EUR 2.7m in Q3 2009 to EUR 3.8m in Q3 2010 or by 38.6%, driven by increasing global marketing and sales efforts by Intercell and its distribution partners. Intercell's aggregate revenues decreased from EUR 9.2m in Q3 2009 to EUR 6.7m in Q3 2010, or by 26.8%, mainly due to lower recognition of deferred collaboration and licensing income.

Revenues from collaborations and licensing decreased from EUR 4.1m in Q3 2009 to EUR 2.2m in Q3 2010, or by 47.2%. Grant revenues decreased from EUR 2.4m in Q3 2009 to EUR 0.8m in Q3 2010. The Company's revenues from collaborations, licensing, and grants generally depend on the achievement of milestones or on the effective date of new agreements, which results in significant fluctuations in these revenues from period to period.

Results of Operations

Intercell's net loss increased from EUR 14.7m in Q3 2009 to EUR 27.8m in Q3 2010. This increase was primarily due to lower revenues, an increase in research and development expenses to support later stage clinical programs, non-cash currency effects recorded in other operating expenses and a decrease in income tax income.

Cost of goods sold was EUR 4.0m in Q3 2009, compared to EUR 3.0m in Q3 2010, leading – for the first time – to a positive gross margin from JEV product sales.

Research and development expenses increased from EUR 17.0m in Q3 2009 to EUR 19.7m in Q3 2010, or by 15.8%. This increase was primarily due to increased expenses for our clinical TD Vaccine patch program in Phase III. Intercell's general, selling and administrative expenses increased by 12.0% from EUR 4.3m in Q3 2009 to EUR 4.8m in Q3 2010. Net other operating expenses were EUR 1.9m in Q3 2009, compared to EUR 7.4m in Q3 2010. This significant increase was mainly attributable to the non-cash effects of foreign currency exchange rate fluctuations.

Finance Results and Tax

Finance income, net of expenses, was EUR 0.3m in Q3 2009 compared to EUR 0.1m in Q3 2010. This decrease was due to a lower interest income. Income tax income was EUR 3.1m in Q3 2009 compared to EUR 0.3m in Q3 2010.

Nine Months 2010 Financial Review

Revenues

Intercell's aggregate revenues decreased by 28.4% from EUR 29.5m in the nine months ended September 30, 2009 to EUR 21.1m in the nine months ended September 30, 2010. Product sales of IXIARO and JESPECT increased significantly from EUR 5.6m in the nine months ended September 30, 2009 to EUR 9.4 m in the nine months ended September 30, 2010, or by 68.4%. Revenues from collaborations, licensing, and grants decreased from EUR 23.9m in the first three quarters of 2009 to EUR 11.7m in the first three quarters of 2010.

Results of Operations

Intercell's net loss increased from EUR 25.9m in the nine months ended September 30, 2009 to EUR 50.9m in the nine months ended September 30, 2010. The increase in net loss was mainly due to lower revenues and higher research and development expenses which were only partly offset by an increase of net other income.

Research and development expenses increased from EUR 45.7m in the nine months ended September 30, 2009 to EUR 54.6m in the nine months ended September 30, 2010, or by 19.3%. This increase was mainly due to increased expenses for our late stage clinical programs especially our Phase III clinical study for the Travelers' Diarrhea Vaccine Patch. General, selling and administrative expenses increased by 14.7% from EUR 12.4m in the nine months ended September 30, 2009 to EUR 14.3m in the same period in 2010. Net other operating expenses were EUR 1.5m in the nine months ended September 30, 2009, compared to net other operating income of EUR 5.4m in the nine months ended September 30, 2010, which resulted primarily from foreign exchange rate fluctuations.

Finance Results and Tax

Finance income, net of expense was EUR 2.0m in the nine months ended September 30, 2009 compared to EUR 0.8m in the nine months ended September 30, 2010. This decrease in financial income, net of expense was due to lower interest income and a reduction of financial assets.

Income tax income decreased from EUR 10.5m in the first three quarters of 2009 to EUR 0.6m in the same period in 2010. Income tax income resulted from the recognition of deferred income tax assets from tax losses, which will be carried forward to offset future income tax obligations.

Cash Flow and Capital Resources

Intercell's net cash used in operating activities was EUR 43.3m in the nine months ended September 30, 2009, compared to EUR 49.2m in the nine months ended September 30, 2010. This increase was primarily due to a higher loss for the period.

Net cash generated from investing activities totaled EUR 16.6m in the nine months ended September 30, 2009, compared to net cash used in investing activities of EUR 4.4m in the nine months ended September 30, 2010. Cash used in investing activities in the nine months ended September 30, 2010, included a EUR 10m payment for the acquisition of Cytos' platform technology for monoclonal antibody discovery.

Intercell's net cash generated from financing activities was EUR 3.5m in the first nine months of 2009, compared to net cash used in financing activities of EUR 0.4m in the nine months ended September 30, 2010. This decrease resulted primarily from lower proceeds from the issuance of new shares and lower proceeds from borrowings.

As of September 30, 2010, Intercell had liquid funds of EUR 107.1m, of which EUR 31.8m was cash and EUR 75.3m were available-for-sale financial assets.

EUR in thousands	3 months ended		9 months ended		Year ended
	Sept 30, 2010	Sept 30, 2009	Sept 30, 2010	Sept 30, 2009	Dec 31, 2009
Revenues	6,704	9,159	21,118	29,480	61,681
Net profit/(loss)	(27,844)	(14,671)	(50,892)	(25,925)	(18,375)
Net operating cash flow	(22,724)	(14,753)	(49,218)	(43,322)	(25,995)
Cash and available-for-sale financial assets, end of period	107,141	139,746	107,141	139,746	180,019

Company Profile

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 global pharmaceutical companies, including GSK, Novartis, Merck & Co., Inc., sanofi-aventis, and Pfizer (formerly Wyeth).

The Company's pipeline of investigational products includes a Travelers' Diarrhea Vaccine Patch (Phase III), a Pseudomonas vaccine candidate (Phase II), a vaccine to prevent Pandemic Influenza combining our Vaccine Enhancement Patch with an injected vaccine (Phase II), a vaccine program for S. aureus, which is being developed with Merck & Co., Inc. (Phase II/III), as well as a vaccine candidate for Pneumococcus (Phase I). In addition, further products focused on infectious diseases are in pre-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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Report on Review of Condensed Consolidated Interim Financial Report as of September 30, 2010

Introduction

We have reviewed the accompanying condensed consolidated interim financial report of Intercell AG, Vienna, for the period from January 1 to September 30, 2010. The condensed consolidated interim financial report comprise the condensed consolidated interim balance sheet as of September 30, 2010, 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 September 30, 2010, as well as the explanatory notes.

Management is responsible for the preparation and presentation of this 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 this 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 report 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, November 2, 2010

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Aslan Milla
Austrian Certified Public Accountant

The condensed consolidated interim financial report of Intercell AG as of September 30, 2010 and the report on review thereon have been issued in German 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.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

EUR in thousands (except per share amounts)	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Revenues	6,704	9,159	21,118	29,480
Product sales	3,761	2,714	9,374	5,567
Revenues from collaborations, licensing and grants	2,943	6,445	11,744	23,913
Cost of goods sold	(3,040)	(4,018)	(9,970)	(8,277)
Gross profit	3,664	5,141	11,148	21,203
Research and development expenses	(19,694)	(17,005)	(54,555)	(45,713)
General, selling and administrative expenses	(4,797)	(4,284)	(14,268)	(12,436)
Other income and expenses, net	(7,426)	(1,900)	5,414	(1,456)
OPERATING LOSS	(28,253)	(18,047)	(52,261)	(38,402)
Finance income	530	788	1,489	3,860
Finance expenses	(398)	(522)	(692)	(1,856)
LOSS BEFORE INCOME TAX	(28,121)	(17,781)	(51,464)	(36,399)
Income tax	276	3,110	572	10,474
LOSS FOR THE PERIOD	(27,844)	(14,671)	(50,892)	(25,925)
Losses per share for loss attributable to the equity holders of the Company, expressed in EUR per share (basic and diluted)	(0.58)	(0.31)	(1.06)	(0.55)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

EUR in thousands	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Loss for the period	(27,844)	(14,671)	(50,892)	(25,925)
Other comprehensive income				
Fair value gains/(losses) on available-for-sale financial assets, net of tax	(48)	583	164	322
Currency translation differences	(12,873)	(4,009)	6,739	(5,257)
Other comprehensive income/(loss) for the period, net of tax	(12,921)	(3,426)	6,903	(4,935)
Total comprehensive income/(loss) for the period attributable to the owners of the Company	(40,765)	(18,096)	(43,989)	(30,860)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

EUR in thousands	September 30, 2010	December, 31 2009
ASSETS		
Non-current assets	312,953	281,860
Property, plant and equipment	56,394	56,435
Intangible assets	221,176	189,656
Available-for-sale financial assets	3,782	3,784
Other non-current assets	11,485	10,622
Deferred income tax assets	20,117	21,363
Current assets	119,542	195,799
Inventory	6,917	3,441
Trade receivables and other current assets	9,267	16,123
Available-for-sale financial assets	71,516	92,024
Cash and short-term deposits	31,843	84,211
TOTAL ASSETS	432,495	477,659
EQUITY		
Capital and reserves attributable to the Company's equity holders	324,630	365,153
Nominal capital	48,592	48,480
Additional capital paid-in	411,030	407,676
Other reserves	20,417	13,514
Retained earnings	(155,409)	(104,518)
LIABILITIES		
Non-current liabilities	69,947	79,609
Borrowings	37,725	38,867
Other long-term liabilities	325	382
Deferred income	22,858	30,092
Deferred income tax liabilities	9,039	10,268
Current liabilities	37,917	32,897
Trade and other payables	24,920	20,749
Borrowings	3,409	3,029
Deferred income	9,589	9,119
Total liabilities	107,865	112,506
TOTAL EQUITY AND LIABILITIES	432,495	477,659

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

EUR in thousands	Nine months ended September 30, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(50,892)	(25,925)
Depreciation and amortization	5,403	3,938
Share-based compensation	2,682	3,089
Income tax	(571)	(10,418)
Other adjustments for reconciliation to cash used in operations	(9,344)	(1,676)
Changes in working capital	3,944	(11,444)
Cash used in operations	(48,778)	(42,436)
Interest paid	(437)	(871)
Income tax paid	(3)	(16)
Net cash used in operating activities	(49,218)	(43,322)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses	(10,000)	-
Purchases of property, plant and equipment	(3,415)	(9,194)
Proceeds from sale of property, plant and equipment	-	1,767
Cash outflow for security deposit in connection with finance lease	(858)	(355)
Purchases of intangible assets	(8,842)	(9,477)
Purchases of financial assets	(12,519)	(40,000)
Proceeds from sale of financial assets	29,499	69,250
Interest received	1,749	4,583
Net cash generated from/(used in) investing activities	(4,385)	16,574
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	235	3,088
Disposal of treasury shares	291	99
Proceeds from borrowings	588	1,819
Repayment of borrowings	(1,460)	(1,480)
Net cash generated from/(used in) financing activities	(345)	3,527
Net decrease in cash	(53,947)	(23,222)
Cash at beginning of the period	84,211	29,896
Exchange gains/(losses) on cash	(1,925)	2,552
Cash at end of the period	28,339	9,226
Cash, short-term deposits and marketable securities at end of the period	107,141	139,746

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, 2009	47,235	373,423	15,696	(86,121)	350,233
Total comprehensive loss for the first nine months of fiscal year 2009	-	-	(4,935)	(25,925)	(30,860)
Employee share option plan					
- value of employee services	-	3,089	-	-	3,089
- proceeds from shares issued	269	2,822	-	-	3,091
- treasury stock re-issued	-	99	-	-	99
Deferred tax on share option scheme	-	-	-	7	7
Cost of equity transactions, net of tax	-	(26)	-	-	(26)
	269	5,984	(4,935)	(25,918)	(24,600)
Balance as of September 30, 2009	47,504	379,407	10,761	(112,039)	325,634
Balance as of January 1, 2010	48,480	407,676	13,514	(104,518)	365,153
Total comprehensive income/(loss) for the first nine months of fiscal year 2010	-	-	6,903	(50,892)	(43,989)
Employee share option plan					
- value of employee services	-	2,682	-	-	2,682
- proceeds from shares issued	112	818	-	-	930
- treasury stock re-issued	-	291	-	-	291
Deferred tax on share option scheme	-	-	-	2	2
Cost of equity transactions, net of tax	-	(438)	-	-	(438)
	112	3,353	6,903	(50,890)	(40,522)
Balance as of September 30, 2010	48,592	411,030	20,417	(155,409)	324,630

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

1. Basis of preparation

This condensed consolidated interim financial report of Intercell AG (the "Company") for the nine months ended September 30, 2010 has 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, 2009. This condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2009.

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. Intangible assets

EUR in thousands	Software	In-process R&D	Development cost	Advance payments	Total
At January 1, 2009	488	182,465	-	-	182,953
Exchange rate differences	(6)	(8,108)	-	-	(8,115)
Additions	468	3,211	5,923	-	9,601
Disposals	-	-	-	-	-
Amortization charge	(239)	(93)	(127)	-	(459)
At September 30, 2009	711	177,474	5,795	-	183,980
At September 30, 2009					
Cost	1,473	177,568	5,923	-	184,963
Accumulated depreciation	(762)	(93)	(127)	-	(983)
Net book value	711	177,474	5,795	-	183,980
At January 1, 2010	686	180,612	8,282	76	189,656
Exchange rate differences	10	8,798	69	-	8,877
Business combination (note 7)	-	14,983	-	-	14,983
Additions	278	443	8,043	31	8,795
Reclassification	76	-	-	(76)	-
Disposals	-	-	-	-	-
Amortization charge	(263)	(297)	(576)	-	(1,136)
At September 30, 2010	786	204,539	15,819	31	221,176
At September 30, 2010					
Cost	1,928	204,981	16,627	31	223,567
Accumulated depreciation	(1,142)	(442)	(807)	-	(2,391)
Net book value	786	204,539	15,819	31	221,176

5. Share capital

EUR in thousands (except numbers of shares)	Shares issued				Treasury shares		
Balance sheet item	Nominal capital		Additional capital paid in				
	Number of shares	Nominal capital	Share premium	Capital from ESOP*	*Number of shares*	Book value	Total
Balance at January 1, 2009	*47,234,603*	47,235	358,428	15,344	*360,889*	(349)	420,658
Employee share option plan:							
- value of employee services	-	-	-	3,089	-	-	3,089
- proceeds from shares issued	*269,292*	269	2,822	-	-	-	3,091
- re-issuance of treasury stock	-	-	87	-	*(12,500)*	12	99
Cost of equity transactions, net of tax	-	-	(26)	-	-	-	(26)
Balance at September 30, 2009	*47,503,895*	47,504	361,311	18,433	*348,389*	(337)	426,911
Balance at January 1, 2010	*48,480,486*	48,480	388,509	19,504	*348,389*	(337)	456,157
Employee share option plan:							
- value of employee services	-	-	-	2,682	-	-	2,682
- proceeds from shares issued	*111,733*	112	818	-	-	-	930
- re-issuance of treasury stock	-	-	260	-	*(32,500)*	31	291
Cost of equity transactions, net of tax	-	-	(438)	-	-	-	(438)
Balance at September 30, 2010	*48,592,219*	48,592	389,149	22,186	*315,889*	(305)	459,622

* Employee Share Option Program

6. Share options

Options exercised in the nine months ended September 30, 2010 resulted in 111,733 shares being issued (2009: 269,292 shares) at an exercise price of between EUR 3.99 and EUR 11.43 per share. In addition, in the nine months ended September 30, 2010, 32,500 (2009: 12,500) shares of treasury stock (recorded at an average historical price of EUR 0.97 per share) were sold at an exercise price of between EUR 5.50 and EUR 10.72 per share for servicing the exercise of stock options. The weighted average value per share at the time of option exercise was EUR 14.61 in the first nine months of the year 2010 (2009: EUR 25.05).

In the nine months ended September 30, 2010, 60,000 share options with a strike price of EUR 17.96 per share and expiring in June 2015 were granted to members of the Supervisory Board. The weighted-average grant-date fair value of options granted during the nine months ended September 30, 2010 was EUR 3.35. The fair value of the granted options was determined using the Black Scholes valuation model.

The significant inputs into the models were:

	2010	2009
Expected volatility (%)	28.00	26.00
Expected vesting period (term in years)	2.00 – 5.00	2.00 – 5.00
Risk-free interest rate (%)	0.54 – 1.52	0.81 – 1.83

7. Business Combinations

On June 7, 2010, the Company completed the acquisition of a technology platform for monoclonal antibody discovery from Cytos Biotechnology Ltd., Schlieren, Switzerland ("Cytos"). The technology is based on expression cloning of monoclonal antibodies from human B-cells and enables the identification of anti-infective antibodies to prevent and treat infectious diseases. The acquired assets and liabilities partly remain located in the newly established Intercell AG branch in Schlieren, Switzerland, and have been included in the Company's assets and liabilities as of June 7, 2010.

The agreed purchase consideration is EUR 15,000 thousand. The payment will be effected in two tranches. The first tranche of EUR 10,000 thousand was paid in June 2010 and the second tranche is due in January 2011. The business combination has been accounted for under the purchase method, i.e. the cost of the business combination was allocated to the assets acquired and liabilities and contingent liabilities assumed at their respective fair values.

Details of net assets acquired are as follows:

Purchase consideration	EUR in thousands
- Cash consideration paid to Cytos on June 7, 2010	10,000
- Cash consideration to be paid to Cytos on January 31, 2011	5,000
Total purchase consideration	15,000
Fair value of net assets acquired	15,000
Goodwill	0

The fair value of the assets and liabilities acquired through the business combination are as follows:

EUR in thousands	Fair Value
Property, plant and equipment	91
In-process research and development projects	14,983
Trade and other payables	(74)
Net assets acquired	15,000

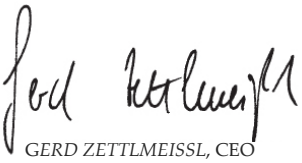
In the initial accounting for the business combination, the fair values assigned to the identifiable assets and liabilities have been determined on a provisional basis. Any adjustments to those provisional values as a result of completing the initial accounting shall be recognized within twelve months of the acquisition date.

8. Subsequent Events

Mustapha Leavenworth Bakali was appointed a member of the board and as Intercell AG's Chief Business Officer on October 1, 2010, after having previously served as a member of the Supervisory Board since May 2006.

Vienna, November 2, 2010

The Management Board



GERD ZETTLMEISSL, CEO

THOMAS LINGELBACH, COO

STAPH BAKALI, CBO

REINHARD KANDERA, CFO

The condensed consolidated interim financial report of Intercell AG as of September 30, 2010 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.