Q3 Report 2011

intercell
SMART VACCINES

Intercell AG announces Q3 2011 results and provides an update on ongoing operations

IXIARO®/JESPECT® net product sales of EUR 15.5m in the first nine months of 2011 – an increase of 65% compared to 2010

Re-structuring measures successfully implemented – operating loss for the first nine months of 2011 reduced by 63% compared to 2010

Development programs progressing according to plan

Significant progress in net loss-reduction (minus 72% in Q3) and cash-conservation (EUR 68.8m liquid funds at quarter-end)

IXIARO®/JESPECT® sales growth trend continues – total net product sales year-to-date EUR 15.5m

- IXIARO®/JESPECT® net product sales of EUR 15.5m in the first nine months 2011 – a growth of 65.4% compared to 2010. Sales growth reflects successful execution by Intercell and its partners in the key market segments.
- IXIARO®/JESPECT® guidance for growth rate of at least 60-70% for full-year 2011 reconfirmed.
- Following successful pivotal Phase II/III trial in India, Partner Biological E. Ltd. has completed its submission for product licensure and is awaiting approval.
- The pediatric development program for IXIARO®/JESPECT® label extension for children is progressing towards Phase III results and submission in early 2012.
- Following a batch-specific IXIARO® recall in Q2 2011, Intercell is completing its investigation and root cause analysis in order to execute against a subsequent EMA Article 20 procedure*.

  ** Regulation (EC) No 726/2004*

Re-structuring measures successfully implemented

- R&D pipeline prioritization completed.
- Cost reductions successfully implemented while maintaining focused R&D activities, key talents and capabilities.
- Commercial operations consolidated at Intercell's U.S. site in Gaithersburg (MD). Patch R&D activities transferred to Vienna. Transfer of facility leases and sale of residual equipment underway.
- Total operating expenses for the first nine months reduced by 50.1% compared to prior year.

Good progress on development program execution

- Pseudomonas vaccine candidate: Intercell received positive scientific advice from EMA for a pivotal Phase II/III study. Trial initiation expected for Q1/2012.
- C. difficile: First data from Phase I clinical trial show good safety and immunogenicity of the vaccine candidate and indicate functionality of the induced antibodies. Transition into target population (elderly >65 years) planned.
- Pandemic Influenza Vaccine Enhancement Patch (VEP): Study enrollment nearing completion with data expected mid 2012.

» Tuberculosis: Start of Phase II study expected before the end of 2011.

» IC31®: Adjuvant currently tested in a Phase I clinical study (undisclosed indication) by Novartis.

» Hepatitis C: Partner Romark still awaiting regulatory clearance for study initiation, which is expected to start in H2 2011. In the absence of receipt of regulatory clearance in the near future, the trial will not proceed as expected.

Corporate/Other

» Intercell is part of the collaborative research program Advanced Immunization Technologies (ADITEC), which aims at accelerating the development of novel immunization technologies for the next generation of human vaccines. ADITEC is co-funded with EUR 30m by the European Commission.

Financial results

» Year-on-year revenue growth of 22.7% for the first nine months driven by strong IXIARO®/JESPECT® sales revenues.

» Net loss of EUR 7.8m in Q3 2011 and EUR 20.6m for the first nine months of 2011.

» Cash position of EUR 68.8m at quarter-end.

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

Key Financial Figures

EUR in thousands	3 months ended		9 months ended		Year ended
	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010	Dec 31, 2010
Revenues	7,527	6,704	25,904	21,118	34,215
Net profit/(loss)	(7,754)	(27,844)	(20,620)	(50,892)	(255,182)
Net operating cash flow	(3,035)	(22,724)	(31,940)	(49,218)	(65,120)
Cash and marketable securities, end of period	68,791	107,141	68,791	107,141	86,182

Vienna (Austria), November 8, 2011 – Today, Intercell AG (VSE: ICLL) announced its financial results for the third quarter of 2011 and provided an update on its operations.

IXIARO®/JESPECT® – STRONG PROGRESS IN LINE WITH FULL-YEAR 2011 GROWTH GUIDANCE

The IXIARO®/JESPECT® sales revenues exceeded EUR 15m in the first nine months 2011 and showed a year-on-year revenue growth of 65% compared to the prior year. Hence, the product sales development is progressing towards the company´s expectations for a full year-on-year growth of 60-70% compared to 2010.

Intercell and its distribution partner, Novartis, will continue to employ its resources to increase penetration in key markets, the military sector, and expand into new territories. The approval for the Japanese Encephalitis vaccine was obtained for Hong Kong, and approval for Singapore is expected in the next few months. Furthermore, the first submission in Latin America has been filed, and other submissions are planned.

In September Intercell and its partner, Biological E. Ltd., announced the successful completion of a pediatric pivotal Phase II/III study for its vaccine to protect children from Japanese Encephalitis (JE). Analysis of the pivotal Phase III safety and immunogenicity data showed positive results, and the study met its primary endpoint. Because of a rolling submission process initiated during the course of 2010 as well as Biological E´s recent completion of submissions for licensure to the Indian authorities (DCGI), licensure is expected in the very near future. The launch preparations for the product are on track and launch is expected in H1 2012. Manufacturing of commercial launch batches at Biological E.'s facility in Hyderabad has already commenced.

The pediatric development program for IXIARO®/JESPECT® label extension for children traveling to endemic areas is progressing towards Phase III results and submission in early 2012. The pediatric approval is expected by the end of 2012 or beginning of 2013.

Following a batch-specific, voluntary recall of IXIARO® in May, Intercell is completing a comprehensive investigation and root cause analysis in order to reduce the risk for future potential recalls, regulatory actions or batch-specific measures. These activities as well as other relevant measures and clinical implications are overseen and governed by the EMA (European Medicines Agency) under a procedure in accordance with Article 20 of the Commission Regulation (EC) 726/2004. Intercell is working closely with the authorities to execute against the regulatory requirements.

In order to further improve operational and cost-effectiveness Intercell plans to fully license its Quality Control Operations at the Vienna site for assays used to test and release IXIARO®/JESPECT®. As an important step to achieve this goal, Intercell successfully passed a pre-approval inspection by the U.S. Food and Drug Administration (FDA).

RE-STRUCTURING MEASURES SUCCESSFULLY IMPLEMENTED

Following Intercell´s presentation of its renewal strategy the Company successfully implemented its key consolidation and cost reduction measures while maintaining focused R&D activities, key talents and capabilities.

The commercial operations at Intercell's U.S. site in Gaithersburg (MD) have been consolidated. The patch R&D activities have been successfully transferred to Vienna. Intercell is transitioning the residual R&D facility leases and selling the unused equipment, and hence, expects to deliver its objective to eliminate any remaining R&D costs from its U.S. operations as of 2012.

The Company's operating expenses have been reduced by 50.1% year-to-date compared to 2010 – the majority gained through cost reduction implemented by R&D prioritization, consolidation and general rationalization.

UPDATE ON DEVELOPMENT PROGRAMS – GOOD PROGRESS

Pseudomonas aeruginosa infections – high unmet medical need

In September Intercell received positive scientific advice from the European Medicines Agency (EMA) for an investigational Pseudomonas vaccine Phase II/III study. Intercell is preparing for a pivotal clinical efficacy trial of the Pseudomonas aeruginosa vaccine candidate 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 expects to enroll approximately 800 subjects. Intercell obtained clearance from the EMA for the proposed key elements of the study design, i.e. size, population, and primary endpoint.

Based on the positive feedback, Intercell intends to initiate the confirmatory efficacy study in Q1/2012. First interim data are expected in mid 2013. The program is one of the development programs under the strategic alliance between Novartis and Intercell. The trial will be executed by Intercell.

Clostridium difficile vaccine candidate – leading cause of nosocomial diarrhea

Intercell received positive first data from a Phase I clinical trial with the Company's vaccine candidate, IC84, to prevent disease caused by the bacterium Clostridium difficile (C. difficile). The pathogen is one of the main causes of nosocomial diarrhea. Data showed good safety and immunogenicity of the vaccine candidate and indicates functionality of the induced antibodies.

The investigational vaccine induced antibodies which reacted with both native toxins, A and B, of C. difficile. A dose response to the vaccine candidate could be observed, and the non-adjuvanted candidates were at least as immunogenic as the adjuvanted candidates for both toxins. Functionality of vaccine-induced antibodies could be shown in toxin-neutralizing assays.

This Phase I trial is a first-in-man study to obtain safety and immunogenicity data. The first part of the study was conducted in a population of healthy adults up to 65 years. The second part will enroll healthy elderly subjects above 65 years of age, as this age group is considered to represent the main target population for a C. difficile vaccine.

Additional vaccine candidates with high medical need progressing in development

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

Pandemic Influenza Vaccine Enhancement Patch (VEP): The enrollment for the confirmatory Phase I trial is nearing completion, and a first safety analysis has been completed. The study will involve 300 healthy adults and will 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. Final data are expected by mid 2012.

IC31® adjuvant: The Phase I clinical trial (undisclosed indication) with Intercell's adjuvant IC31®, initiated by Novartis, is ongoing. In 2007, Novartis acquired a non-exclusive license for the use of IC31® in selected new vaccines.

Hepatitis C: Romark is still awaiting regulatory clearance for study initiation of a combination Phase II trial which is expected to start in H2 2011. In the absence of receipt of regulatory clearance in the near future, the trial will not proceed as expected. Intercell and Romark joined forces in 2010 in combining therapies against Hepatitis C for a trial fully funded by Romark.

CORPORATE/OTHER

In September Intercell announced that it is part of the collaborative research program – Advanced Immunization Technologies (ADITEC). The program started in order to accelerate the development of novel and powerful immunization technologies for the next generation of human vaccines. ADITEC is co-funded with EUR 30m by the European Commission to establish a robust platform for innovation in this key strategic area with a high socio-economic impact. Scientists from 42 research partners in 13 countries will collaborate in this new program.

Q3 2011 FINANCIAL REVIEW

Revenues

Intercell's aggregate third-quarter 2011 revenues increased by 12.3% to EUR 7.5m compared to the same period of the previous year. This growth was driven by an increase of product sales from IXIARO®/JESPECT® to EUR 5.1m and partly offset by a decrease in revenues from collaborations and licensing and grants of EUR 0.5m to EUR 2.4m.

Operating results

Cost of goods sold for Q3 2011 amounted to EUR 5.6m (Q3 2010: EUR 3.0m). The increase was due to higher sales volumes and write-offs of finished and unfinished inventory.

Research and development expenses for Q3 2011 decreased by EUR 11.1m, or 56.3%, to EUR 8.6m (Q3 2010: EUR 19.7m). The decrease mainly resulted from R&D pipeline rationalization as part of the Company's strategic execution as announced in June 2011.

General, selling and administrative expenses for Q3 2011 decreased by 19.8% to EUR 3.8m (Q3 2010: EUR 4.8m), mainly due to a reduction in personnel expenses and consulting and service fees.

Net other operating income for Q3 2011 was EUR 3.7m (Q3 2010: net other operating expense EUR 7.4m). The change was mainly due to effects from exchange rate fluctuations.

Re-structuring income of EUR 0.1m in Q3 2011 resulted from an adjustment of the re-structuring provision due to lower than expected costs in connection with the implementation of the Company's re-structuring and cost saving program.

Intercell's operating loss for Q3 2011 decreased by 76.3% to EUR 6.7m (Q3 2010: EUR 28.3m). This improvement is a result of increased revenues and the significant reduction in operating expenses as part of the Company's re-structuring and renewal strategy.

Net result, finance and tax

The net finance result of minus EUR 1.1m in Q3 2011 (Q3 2010: plus EUR 0.1m) was mainly due to the effective interest on the convertible notes issued in Q1 2011. No income tax income or expenses were recorded in Q3 2011 (Q3 2010: EUR 0.3m income tax income).

The net loss for Q3 2011 was EUR 7.8m (Q3 2010: EUR 27.8m) representing an improvement of EUR 20.1m, or a decrease of 72.2% compared to Q3 2010. The net loss per share for Q3 2011 was EUR 0.16 (Q3 2010: EUR 0.58).

NINE MONTHS 2011 FINANCIAL REVIEW

Revenues

Intercell's aggregate Q3 YTD 2011 revenues increased by 22.7% to EUR 25.9m compared to the same period of the previous year. This increase was driven by strong product sales of IXIARO®/JESPECT® amounting to EUR 15.5m in the first nine months of 2011 representing a year-on-year growth of 65.4%.

Revenues from collaborations and licensing increased by EUR 1.1m to EUR 9.9m in the first three quarters of 2011.

Grant income decreased by EUR 2.4m to EUR 0.5m in the same period due to reduced expenses on grant-funded programs.

Operating results

Cost of goods sold for the first nine months of 2011 amounted to EUR 13.5m (2010: EUR 10.0m) yielding a positive gross margin of EUR 2.0m on the Japanese Encephalitis product.

Research and development expenses for the first three quarters of 2011 decreased by EUR 31.2m, or 57.2% to EUR 23.4m (2010: EUR 54.6m). The decrease mainly resulted from R&D pipeline rationalization as part of the Company's strategic execution as announced in June 2011.

General, selling and administrative expenses for the first nine months of 2011 decreased by 21.2% to EUR 11.2m (2010: EUR 14.3m) mainly due to lower consulting and service expenses and adjustments relating to stock options expense.

Net other operating income for the first nine months of 2011 was EUR 3.9m (2010: EUR 5.4m). The decrease mainly resulted from lower effects from exchange rate fluctuations as in the comparative period of 2010.

Re-structuring costs of EUR 0.9m in the first nine months of 2011 resulted from the Company's R&D site consolidation announced in Q2.

Intercell's operating loss for the first nine months of 2011 decreased by 63.3% to EUR 19.2m (2010: EUR 52.3m) reflecting consistent revenue growth from sales of IXIARO®/JESPECT® and significant progress in the reduction of operating expenses.

Net result, finance and tax

The net finance result was minus EUR 1.0m in the first nine months of 2011 (2010: plus EUR 0.8m). Income tax expense was EUR 0.5m in the first nine months of 2011 (2010: EUR 0.6m income tax income).

The net loss for the first nine months of 2011 was EUR 20.6m, which corresponds to a reduction of 30.3m or 59.5% compared to the same period in 2010 (2010: EUR 50.9m). The net loss per share for the first nine months 2011 was EUR 0.43 (2010: EUR 1.06).

Cash flows and liquidity

Intercell's net cash used in operating activities for the first nine months of 2011 was EUR 31.9m (2010: EUR 49.2m) of which EUR 23.5m incurred in Q1 2011, EUR 5.5m in Q2 and EUR 3.0m Q3. The significant reduction of operating cash out-flow in the second and third quarter reflects the progress in operational re-structuring and revenue growth, while the operating cash outflow in Q1 2011 still resulted from the high level of trade payables and accrued expenses at the end of Q4 2010.

Cash generated from investing activities for the first three quarters of 2011 amounted to EUR 1.1m (2010: cash used in investing activities of EUR 4.4m).

Cash generated from financing activities in the first nine months of 2011 was EUR 26.8m (2010: EUR 0.3m 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 at the end of September 2011 amounted to EUR 68.8m (December 31, 2010: EUR 86.2m) and included cash of EUR 21.4m and marketable securities of EUR 47.4m.

Company Profile

Intercell AG is a vaccine-biotechnology company with the clear vision to develop and commercialize novel immunomodulatory biologicals to prevent disease and reduce suffering across the world.

Intercell's vaccine to prevent Japanese Encephalitis (JE) is the Company's first product on the market.

The Company's technology base includes novel platforms, such as the patch-based delivery system and the proprietary human monoclonal antibody discovery system eMabs®, in addition to well-established technologies upon which Intercell has entered into strategic partnerships with a number of leading pharmaceutical companies, including GSK, Novartis, Merck & Co., Inc., and sanofi-aventis.

The Company's pipeline of investigational products includes a development program for the pediatric use of Intercell's JE-Vaccine IXIARO® in endemic markets (in collaboration with Biological E.) and non-endemic markets. Furthermore, the portfolio comprises different product candidates in clinical trials: a Pseudomonas aeruginosa vaccine candidate (Phase II/III) partnered with Novartis, a vaccine to prevent Pandemic Influenza by combining the Company's Vaccine Enhancement Patch with an injected vaccine (Phase I), a combination treatment approach for Hepatitis C (Phase II) partnered with Romark, a vaccine candidate against infections with C. difficile (Phase I) as well as partnered vaccine programs using the Company's IC31® adjuvant, e.g. in a Tuberculosis vaccine candidate.

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, 2011

Introduction

We have reviewed the accompanying condensed consolidated interim financial report of Intercell AG, Vienna, for the period from January 1 to September 30, 2011. The condensed consolidated interim financial report comprise the condensed consolidated interim balance sheet as of September 30, 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 September 30, 2011, 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 4, 2011

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, 2011 and the report on review thereon have been issued in German. 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, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenues	7,527	6,704	25,904	21,118
Product sales	5,123	3,761	15,500	9,374
Revenues from collaborations, licensing and grants	2,404	2,943	10,404	11,744
Cost of goods sold	(5,638)	(3,040)	(13,459)	(9,970)
Gross profit	1,889	3,664	12,445	11,148
Research and development expenses	(8,598)	(19,694)	(23,355)	(54,555)
General, selling and administrative expenses	(3,849)	(4,797)	(11,245)	(14,268)
Other income and expenses, net	3,729	(7,426)	3,880	5,414
Re-structuring and impairment	128	-	(893)	-
OPERATING LOSS	(6,702)	(28,253)	(19,168)	(52,261)
Finance income	196	530	2,389	1,489
Finance expenses	(1,247)	(398)	(3,365)	(692)
LOSS BEFORE INCOME TAX	(7,753)	(28,121)	(20,144)	(51,464)
Income tax	(1)	276	(476)	572
LOSS FOR THE PERIOD	(7,754)	(27,844)	(20,620)	(50,892)
Losses per share for loss attributable to the equity holders of the Company, expressed in EUR per share (basic and diluted)	(0.16)	(0.58)	(0.43)	(1.06)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

EUR in thousands	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Loss for the period	(7,754)	(27,844)	(20,620)	(50,892)
Other comprehensive income/(loss)				
Fair value gains/(losses) on available-for-sale financial assets	59	(48)	1,357	164
Currency translation differences	(1,479)	(12,873)	(892)	6,739
Other comprehensive income/(loss) for the period, net of tax	(1,420)	(12,921)	465	6,903
Total comprehensive income/(loss) for the period attributable to the owners of the Company	(9,174)	(40,765)	(20,155)	(43,989)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

EUR in thousands	September 30, 2011	December, 31 2010
ASSETS		
Non-current assets	120,807	125,873
Property, plant and equipment	44,750	48,194
Intangible assets	64,535	61,491
Available-for-sale financial assets	-	4,237
Other non-current assets	11,523	11,478
Deferred income tax assets	-	473
Current assets	87,580	99,347
Inventory	8,414	6,423
Trade receivables and other current assets	10,374	10,979
Available-for-sale financial assets	47,372	55,024
Cash and short-term deposits	21,420	26,921
TOTAL ASSETS	208,387	225,220
EQUITY		
Capital and reserves attributable to the Company's equity holders	100,928	121,082
Nominal capital	48,592	48,592
Additional capital paid in	407,932	407,965
Other reserves	24,761	24,262
Retained earnings	(380,357)	(359,737)
LIABILITIES		
Non-current liabilities	69,258	54,731
Borrowings	53,413	37,461
Other long-term liabilities	237	312
Deferred income	15,201	16,549
Deferred income tax liabilities	408	410
Current liabilities	38,201	49,407
Trade and other payables and accruals	16,612	32,675
Borrowings	13,965	3,361
Other financial liabilities	-	-
Deferred income	3,795	7,301
Provisions	3,829	6,071
Total liabilities	107,459	104,138
TOTAL EQUITY AND LIABILITIES	208,387	225,220

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

EUR in thousands	Nine months ended September 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(20,620)	(50,892)
Depreciation and amortization	5,653	5,403
Impairment fixed assets/intangibles	1,189	-
Share-based compensation	211	2,682
Income tax	476	(571)
Other adjustments for reconciliation to cash used in operations	(495)	(9,344)
Changes in working capital	(17,093)	3,944
Cash used in operations	(30,680)	(48,778)
Interest paid	(1,132)	(437)
Income tax paid	(128)	(3)
Net cash used in operating activities	(31,940)	(49,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses	(5,000)	(10,000)
Purchases of property, plant and equipment	(1,208)	(3,415)
Proceeds from sale of property, plant and equipment	17	-
Cash outflow for security deposit in connection with finance lease	-	(858)
Purchases of intangible assets	(5,656)	(8,842)
Purchases of financial assets	-	(12,519)
Proceeds from sale of financial assets	11,539	29,499
Interest received	1,389	1,749
Net cash generated from/(used in) investing activities	1,082	(4,385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	(244)	235
Disposal of treasury shares	-	291
Proceeds from issuance of convertible bonds, net of transaction costs	32,417	-
Repayment of convertible bonds	(2,600)	-
Proceeds from borrowings	230	588
Repayment of borrowings	(2,965)	(1,460)
Net cash generated from/(used in) financing activities	26,838	(345)
Net decrease in cash	(4,020)	(53,947)
Cash at beginning of the period	26,904	84,211
Exchange losses on cash	(1,482)	(1,925)
Cash at end of the period	21,402	28,339
Cash, short-term deposits and marketable securities at end of the period	68,791	107,141

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/(loss)	-	-	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
Balance as of January 1, 2011	48,592	407,965	24,262	(359,737)	121,082
Total comprehensive income/(loss)	-	-	465	(20,620)	(20,155)
Employee share option plan					
- value of employee services	-	211	-	-	211
Option premium on convertible note	-	-	35	-	35
Cost of equity transactions, net of tax	-	(244)	-	-	(244)
	-	(33)	499	(20,620)	(20,154)
Balance as of September 30, 2011	48,592	407,932	24,761	(380,357)	100,928

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 first nine months ended September 30, 2011, 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, 2010. This condensed consolidated interim financial report 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 that 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	(554)	(1)	(29)	(583)
Net Proceeds of issue	30,786	35	1,596	32,417
Valuation change	1,170	-	(1,596)	(426)
Repayment	(2,600)	-	-	(2,600)
Valuation at September 30, 2011	29,355	35	-	29,390
Less non-current portion	(16,899)			
Current portion	12,456			

5. Provisions

Provisions include a re-structuring provision, which was first recognized when the Company developed and announced the main features of an ongoing re-structuring and cost saving program. During the implementation of the program, the Company reviews the items included in the provision, such as cost related to the reduction of the workforce, remnant clinical study costs, and costs related to the site consolidation. During the nine months ended September 30, 2011, the following changes to the provision have been recognized:

EUR in thousands	Total
Balance at January 1, 2011	6,071
Charged to the income statement:	
- Additional provision	2,544
- Reversed provision	(1,734)
Used provisions	(3,001)
Exchange differences	(51)
Balance at September 30, 2011	3,829

6. Contingencies

Other contingencies as of September 30, 2011 amounted to EUR 4,619 thousand (December 31, 2010: EUR 3,664 thousand) and result from contractual arrangements with members of the Management Board and key employees, entitling them to one-off payment in certain cases of termination of their employment relationship with the Company.

Vienna, November 4, 2011

The Management Board

THOMAS LINGELBACH, CEO

REINHARD KANDERA, CFO

STAPH BAKALI, CBO

The condensed consolidated interim financial report of Intercell AG as of September 30, 2011 and the report on review thereon have been issued in German in accordance with Article 85 (1) Stock Exchange Act. 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.