Q3 Report 2012

intercell
SMART VACCINES

Intercell AG announces Q3 2012 financial results and provides operational update

IXIARO®/JESPECT® product sales growth trend continues despite lower than expected product sales of EUR 3.5m in Q3 2012

U.S. military places largest IXIARO® order to date in Q4 2012

Net loss for Q3 2012 slightly decreased by 2.8% to EUR 7.5m

IXIARO®/JESPECT® product sales

» Product sales for IXIARO®/JESPECT® increased by 17.4% to EUR 18.2m for the nine months ended September 30, 2012 representing considerable growth compared to EUR 15.5m sales in the same period of 2011

» Product sales of EUR 3.5m in Q3 2012 (Q3 2011: EUR 5.1m) reflect delay in orders and lower order volumes from distributors as a result of high post-travel season stock-levels in-market

» The Company now expects full year 2012 IXIARO®/JESPECT® sales growth of EUR 5m to EUR 7m, resulting in expected product sales of EUR 26.5m to EUR 28.5m for the full year 2012 (2011: EUR 21.6m)

» Intercell's forecast assumes strong Q4 2012 sales of EUR 8.5m to EUR 10.5m, which includes sale of IXIARO® to the U.S. military under the largest order received since product launch

Japanese Encephalitis vaccine has successfully delivered key achievements

» U.S.-FDA grants 24 month shelf-life extension for IXIARO®, aligning it with other regulatory jurisdictions

» Partner Biological E. Ltd. launched Japanese Encephalitis vaccine in India

» Positive results from booster trial of Japanese Encephalitis vaccine in children obtained

» IXIARO® pediatric vaccine application for travelling children was granted Orphan Drug Status in the U.S. resulting in fee reductions pre and post approval

» JESPECT® successfully achieved approval and market authorization in New Zealand

Update of Intercell's technology partnering options

» Intercell focuses its future patch strategy on partnering and out-licensing, following results from the Phase I trial with Pandemic Influenza antigens and the Vaccine Enhancement Patch

» Positive pre-clinical data for a Tetanus toxoid booster vaccine patch support partnering and out-licensing of the Vaccine Delivery Patch (VDP) for use as possible needle-free booster vaccine technology. Besides Tetanus, Intercell is also testing the applicability of the VDP in additional indications to support licensing discussions

» Intercell's eMAB® platform is available for different discovery partnering options and current pre-clinical research activities include not only the field of infectious diseases, but also the area of inflammation and oncology

Financial results

» Total revenues decreased by 41.3% to EUR 4.4m in Q3 2012 compared to EUR 7.5m in Q3 2011, mainly resulting from lower IXIARO®/JESPECT® product sales

» Net loss of EUR 7.5m in Q3 2012, compared to a net loss of EUR 7.8m in Q3 2011

» Full year 2012 net loss between EUR 20m and EUR 24m expected

» Cash position of EUR 59.3m at the end of Q3 2012 reflects progress in reduction of operating cash outflow on the way towards financial self-sustainability

Vienna (Austria), November 7, 2012 *– Today, Intercell AG (VSE: ICLL) announced its financial results for Q3 2012 and provides an operational update.*

OPERATIONAL BUSINESS AND STRATEGY REVIEW

Intercell's vaccine to prevent Japanese Encephalitis is reaching important milestones, delivering on its cornerstone role for the Company's strategic plan, expecting substantial further growth in 2013

Product sales

IXIARO®/JESPECT® product sales for the nine months ended September 30, 2012 of EUR 18.2m still represent a considerable 17.4% increase compared to the same period in 2011 (EUR 15.5m). Delay in orders and higher than anticipated post-travel season stock-levels in-market in Q3 2012 led to decreased product sales of EUR 3.5m compared to Q3 2011 (EUR 5.1m).

Intercell recently received its largest order ever of IXIARO® vaccine from the U.S. military. Subject to timely product release to secure supply of the vaccine and based on current orders and demand, Intercell expects strong Q4 2012 sales of EUR 8.5m to EUR 10.5m (Q4 2011: EUR 6.1m) underscoring the unlocked potential of this vaccine.

Product launched in India

In September 2012, Intercell's partner Biological E. Ltd. launched the product JEEV® – a vaccine to protect small children and adults from Japanese Encephalitis (JE) – in India. The vaccine was approved by the Drugs Controller General of India (DCGI) in November 2011 and is manufactured at Biological E.'s dedicated facility in Hyderabad. First deliveries of the product are expected to take place in Q4 2012. This is the first time this next-generation Japanese Encephalitis vaccine is available in an endemic country.

The vaccine is based on Intercell's technology, which was successfully used to gain product licensure of the adult vaccine in Europe, the U.S., Canada, Hong Kong, Singapore, Israel (IXIARO®), and Australia (JESPECT®).

Biological E. Ltd. plans to focus its sales efforts of JEEV® primarily on private market customers including pediatricians and general practitioners. To ensure a successful product launch, Biological E. Ltd. has recruited and trained its own sales force, which will initially be fully dedicated to the product.

JESPECT® successfully achieved approval and market authorization in New Zealand

Intercell received "Medsafe Consent to Distribute a New Medicine" and the corresponding Gazette notice for JESPECT®, equivalent to the registration approval letter and the marketing authorization. This means JESPECT® is now registered in New Zealand and can be marketed there.

Intercell expects pediatric approval for JEV in early 2013

Intercell filed the submissions for approval of the IXIARO®/JESPECT® pediatric label extension to EMA and the FDA, following the successful completion of a pivotal Phase III trial in 1,869 children conducted in the Philippines and favorable interim data achieved from a second Phase III trial in the EU, U.S., and Australia. The pediatric approval is expected in early 2013.

Pediatric indication of IXIARO® has been granted Orphan Drug Status in the U.S.

The Company's Japanese Encephalitis vaccine IXIARO®, currently licensed in more than 30 countries for ages 18-64, was granted Orphan Drug status by the FDA following its recent submission of the pediatric licensure indications for ages from 1 year to less than 17 years. The Orphan Drug designation includes a substantial reduction of fees payable and waivers during the pre- and post-approval phases for this pediatric indication.

Positive JEV booster data published

Intercell obtained favorable data from a Phase III trial in 300 children conducted in the Philippines. Interim results of the trial showed that a booster dose of the vaccine was well tolerated and highly immunogenic in children aged 1 to <18 years. Intercell plans to present the data at the International Society of Travel Medicine meeting in May 2013.

Prix Galien

IXIARO® was nominated for the International Prix Galien 2012, which was awarded on October 4th in Lyon, France. This industry award recognizes outstanding innovation to improve the human condition by means of biomedical research. In 2011, the French Prix Galien was awarded to Novartis and Intercell for IXIARO® in the category "Medicines available solely in international vaccination centers".

Planned marketing and sales activities

IXIARO®/JESPECT® is the key driver of revenue growth for Intercell. Therefore, Intercell, together with its distribution partners, continues to focus on marketing and sales activities to increase market penetration in 2013.

Key initiatives for the U.S. commercial market

Intercell is working in the U.S. market to improve JE immunization rates by aligning with corporate vaccination service administrators, in addition to focusing on corporations and travel vaccination clinics directly. Furthermore, Intercell is planning to exploit growth success achieved in the university travel abroad sector. Due to extended expiry dating of IXIARO® from 18 to 24 months in the U.S., Intercell is aiming to increase the vaccine inventory leading to more readily available supply and usage.

U.S. military

Within the U.S. military market, it is planned to improve vaccination of service members and dependents living in Japan and the Republic of Korea by increasing JE awareness and working to adopt CDC ACIP recommendations. Additional measures include improvement of JE policies within the U.S. military (e.g. PACOM), establishment of communications with key decision making committees, advocacy development, and education. Intercell expects to leverage on the announced U.S. geopolitical national security alignment from Southwest Asia to the Pacific Rim by ensuring JE vaccination is offered to those troops moving into the JE endemic region. More military personnel are expected to work in less developed Asian countries on temporary duties.

Japanese Encephalitis Vaccine (JEV) into Asia

Intercell and its partner Novartis Vaccines & Diagnostics intend to further expand the global strategy for JEV initiating first registration trials in one or two Asian countries starting in 2013.

JE vaccination programs have been in place in Asia for decades, with a strong demand coming from local key opinion leaders to shift usage from the still available mouse-brain derived vaccine to a modern, safer vaccine alternative.

R&D programs and activities are proceeding to next stages of development

Pseudomonas aeruginosa vaccine candidate – a high unmet medical need

Intercell's investigational Pseudomonas aeruginosa vaccine is currently tested in a pivotal Phase II/III efficacy trial. The trial follows an exploratory Phase II study in which lower all-cause mortality rates were observed in the vaccine groups as compared to the control group.

The Phase II/III trial is a randomized, placebo-controlled double-blind study which will enroll a total of 800 ventilated intensive-care unit patients in approximately 40 study sites across five European countries. The study is sufficiently powered to show a clinically meaningful reduction in all-cause mortality with statistical significance between the vaccine and control group. The study enrollment is progressing and first interim data from a futility analysis (planned after approximately 400 patients enrolled) are expected in H2 2013.

The Pseudomonas aeruginosa program is part of the strategic alliance between Novartis and Intercell. The trial is being conducted by Intercell and costs are being shared between both parties.

Clostridium difficile vaccine candidate – leading cause of nosocomial Diarrhea

Intercell's vaccine candidate IC84 to prevent C. difficile infection is currently in the second part of the Phase I clinical trial (Phase Ib). This follows positive first data from a Phase I study (Phase Ia) in a population of healthy adults aged 18-65 years.

This Phase Ib trial will enroll 80 healthy elderly subjects above 65 years of age, as this age group represents the main target population for a C. difficile vaccine. Two vaccine concentrations will be tested with and without alum

to confirm the vaccine dose and necessity of the adjuvant in the elderly. Compared to the Phase Ia part of the study in healthy young adults, the vaccination schedule has been modified to potentially optimize the immune response in elderly subjects who might respond differently to the vaccination due to their immunosenescence. The Phase Ib study is progressing according to plan and results are expected by mid 2013.

Pandemic Influenza Vaccine Enhancement Patch (VEP) – Phase I study completed

In September 2012, Intercell announced the results from a Phase I study investigating Intercell's adjuvant patch (Vaccine Enhancement Patch - VEP) containing LT (a heat-labile toxin from E. coli) in combination with an intramuscular (IM) administration of an A/H5N1 antigen supplied by GSK. The study was performed to confirm the mode of action of transcutaneous applied adjuvants when co-administered with an Influenza A/H5N1 antigen, following different and inconsistent results from the previous Phase I and Phase II clinical studies.

The study involved 300 healthy adults and investigated two combinations of A/H5N1 antigen doses with or without patch in one and two injection regimes. GSK's adjuvanted and licensed H5N1 vaccine was used to provide a positive control arm.

The combination of A/H5N1 with VEP met two of three CHMP criteria for Pandemic Influenza Vaccines (GMT fold rise from day 0 and seroconversion). However, the study endpoint of a 2 or more fold rise in HI titers was not achieved since the immunogenicity was only moderately increased by VEP. However, VEP enhanced significantly the immune response in subjects with existing HI titers, indicating the potential use of VEP in booster vaccination.

Patch strategy: emphasis on partnering and out-licensing

Based on this study outcome and other pre-clinical results achieved with different antigens, Intercell will focus its future patch strategy on partnering and out-licensing – with a strong emphasis on antigen delivery as well as booster vaccination target product profiles.

Additional vaccine candidates with high medical need are moving ahead

Tuberculosis

In addition to the Phase II study announced in January 2012, the Statens Serum Institut (SSI) and Intercell have initiated a second clinical Phase II study in August 2012, which assesses the safety and immunogenicity of the vaccine candidate in healthy adolescents.

The randomized, observer-blinded clinical trial is evaluating the immunogenicity and safety of two different doses and two different vaccination schedules of an adjuvanted TB subunit vaccine candidate, H1IC (a combination of SSI's Ag85B-ESAT-6 and Intercell's IC31®), in healthy males and females between 12 and 18 years who have tested negatively for TB.

The collaboration between SSI and Intercell in the field of Tuberculosis currently includes three clinical vaccine candidates, all formulated with Intercell's IC31® adjuvant: H1IC, now being tested in two Phase II studies (supported by the European and Developing Countries Clinical Trials Partnership EDCTP, the Tuberculosis Vaccine Initiative TBVI, and the South African Tuberculosis Vaccine Initiative SATVI), H4IC, currently in Phase I (partnered with Sanofi Pasteur and Aeras), and H56IC, developed with support of Grand Challenges in Global Health and currently in a Phase I in partnership with Aeras and the South African Tuberculosis Vaccine Initiative.

IC31® adjuvant

The Phase I clinical study (undisclosed indication) by Novartis with the adjuvant IC31® is ongoing. Furthermore, Intercell maintains research collaborations with different partners to evaluate IC31® in new vaccine formulations, additional collaborations have been initiated in the field of cancer.

Pre-clinical proof of concept for vaccine candidate against Lyme borreliosis

The Company's pre-clinical lead vaccine candidate against Lyme borreliosis is completing pre-clinical proof of concept studies according to plan. The proprietary vaccine candidate, based on a novel technology has passed all pre-clinical research steps and is moving towards pre-clinical development in preparation for clinical testing. These studies will include toxicology testing, GMP production of proteins and assay development.

Intercell's goal is to develop a new, urgently needed vaccine for the prevention of Lyme borreliosis. In Europe, the infectious disease is mainly caused by the three bacterial species Borrelia burgdorferi, Borrelia garinii and Borrelia afzelii, transmitted to humans through a bite of infected ticks. Lyme borreliosis is a multi-systemic infection, which can affect the skin, nervous system, joints and heart. It is a danger to health for humans of every age and also causes an enormous economic burden, primarily because both the treatment and the diagnosis of chronic diseases are difficult. In Europe, there is currently no vaccine available to protect humans against Lyme borreliosis, however, the development of such a vaccine is of major importance.

Q3 2012 FINANCIAL REVIEW

Revenues

Intercell's third-quarter 2012 revenues decreased by 41.3% to EUR 4.4m compared to the same period of the previous year (Q3 2011: EUR 7.5m). Product sales decreased by EUR 1.6m to EUR 3.5m (Q3 2011: EUR 5.1m) due to lower order volumes from distributors as a result of high inventory levels and a delay in orders. Revenues from collaborations, licensing and grants decreased by EUR 1.5m to EUR 0.9m (Q3 2011: EUR 2.4m), which was mainly due to reduced R&D spending and lower non-cash revenue from recognition of deferred up-front license and option fees.

Operating results

Cost of goods sold in Q3 2012 amounted to EUR 3.3m (Q3 2011: EUR 5.6m) yielding a positive gross margin on the Japanese Encephalitis product despite the lower level of sales volumes.

R&D expenses in Q3 2012 decreased by EUR 3.9m, or 45.7% to EUR 4.7m (Q3 2011: EUR 8.6m). This decrease mainly resulted from the implementation of a re-structuring and cost-saving program and from timing effects in connection with clinical trial costs. SG&A expenses decreased by 21.5% to EUR 3.0m (Q3 2011: EUR 3.8m) due to reduced personnel expenses.

Net other operating income in Q3 2012 was EUR 1.0m (Q3 2011: EUR 3.9m). The change was mainly due to prior-year effects from exchange rate fluctuations, which had contributed EUR 3.0m to other operating income in Q3 2011.

Intercell's operating loss decreased by 16.4% to EUR 5.6m (Q3 2011: EUR 6.7m) in Q3 2012. The improvement was a result of a significant reduction in operating expenses, which was partly offset by a decrease in revenues.

Net result, finance and tax

The net finance result of minus EUR 1.9m in Q3 2012 (Q3 2011: minus EUR 1.1m) was mainly due to the effective interest on convertible debt and other borrowings. No income tax expenses were incurred in Q3 2012 and in Q3 2011.

The net loss in Q3 2012 was EUR 7.5m (Q3 2011: EUR 7.8m) representing an improvement of 2.8% compared to Q3 2011. The net loss per share in Q3 2012 was EUR 0.14 (Q3 2011: EUR 0.16).

NINE MONTHS 2012 FINANCIAL REVIEW

Revenues

Intercell's aggregate Q3 YTD 2012 revenues decreased slightly by 1.2% to EUR 25.6m compared to the same period of the previous year. This slight decrease was due to lower revenues from collaborations, licensing and grants of EUR 7.4m (2011: EUR 10.4m), which could be largely offset by higher product sales of IXIARO®/JESPECT® of EUR 18.2m (2011: EUR 15.5m).

Operating results

Cost of goods sold for the first nine months of 2012 amounted to EUR 14.1m (2011: EUR 13.5m) yielding a positive gross margin of EUR 4.1m for the Japanese Encephalitis product.

R&D expenses decreased by EUR 9.1m, or by 38.8%, to EUR 14.3m in the first three quarters of 2012 (2011: EUR 23.4m). This decrease mainly resulted from an R&D pipeline rationalization, implemented as part of the Company's re-structuring and cost-saving program, and from timing effects in connection with clinical trial costs.

SG&A expenses for the first nine months of 2012 decreased by 7.3% to EUR 10.4m (2011: EUR 11.2m). This decrease was mainly due to lower personnel expenses and distribution costs for the Japanese Encephalitis product.

Net other operating income for the first nine months of 2012 was EUR 2.8m (2011: EUR 3.0m). Net other operating income for the first nine months of 2011 included re-structuring costs of EUR 0.9m.

Intercell's operating loss during the first nine months of 2012 decreased by 45.6% to EUR 10.4m (2011: EUR 19.2m) reflecting significant progress in the reduction of operating expenses.

Net result, finance and tax

The net finance result in the first nine months of 2012 was minus EUR 4.2m (2011: minus EUR 1.0m). This increase was mainly due to higher effective interest expenses on borrowings compared to the first nine months of 2011 and to one-time income effects from fair value gains on financial instruments in the prior year. No income tax expenses incurred in the first nine months 2012 (2011: EUR 0.5m).

The net loss for the first nine months of 2012 was EUR 14.6m (2011: EUR 20.6m) representing a reduction of EUR 6.0m, or 29.2%, to the loss of the comparative period in 2011. This resulted in a net loss per share for the first nine months of 2012 of EUR 0.29 (2011: EUR 0.43).

Cash flows and liquidity

Intercell's net cash used in operating activities in the first nine months of 2012 amounted to EUR 10.4m (2011: EUR 31.9m) of which EUR 8.9m incurred in Q1 2012, EUR 0.5m in Q2 2012 and EUR 0.9m in Q3 2012.

Cash used in investing activities in the first three quarters of 2012 amounted to EUR 1.0m (2011: cash generated from investing activities EUR 1.1m). Without giving effect to investments in and proceeds from sale of securities, net cash used in investing activities in the first three quarters of 2012 was EUR 2.5m. Investments included purchases of intangible assets of EUR 3.6m (capitalized development costs) and purchases of property, plant and equipment of EUR 0.5m, and were partly offset by proceeds of EUR 0.9m from sale of property, plant and equipment and received interest payments of EUR 0.7m.

Cash generated from financing activities in the first nine months of 2012 totaled EUR 22.1m (2011: EUR 26.8m) and included net proceeds, after reduction of transaction costs, amounting to EUR 19.7m from a loan provided by BB Biotech and EUR 13.6m from the issuance of new shares. For additional information see "selected Notes to the Condensed Consolidated Interim Financial Report" within this document. These financing proceeds were partly offset by repayments of convertible debt of EUR 9.1m and of other borrowings of EUR 1.1m as well as a capital tax payment of EUR 1.5m in connection with an equity financing completed in 2007.

Liquid funds at the end of September 2012 amounted to EUR 59.3m (December 31, 2011: EUR 50.9m) and included EUR 26.5m in cash and short-term deposits and EUR 32.9m in marketable securities.

Key Financial Information

EUR in thousands	3 months ended		9 months ended		Year ended
	Sept 30, 2012	Sept 30, 2011	Sept 30, 2012	Sept 30, 2011	Dec 31 2011
Revenues	4,416	7,527	25,592	25,904	32,884
Net loss	(7,536)	(7,754)	(14,600)	(20,620)	(29,265)
Net operating cash flow	(943)	(3,035)	(10,372)	(31,940)	(42,858)
Cash, short-term deposits and marketable securities, end of period	59,328	68,791	59,328	68,791	50,859

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. This is a next-generation vaccine against the most common vaccine-preventable cause of Encephalitis in Asia licensed in more than thirty countries.

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

The Company's pipeline of investigational products includes a development program for the pediatric use of Intercell's JE vaccine IXIARO®/JESPECT® in non-endemic markets. The development of a comparable vaccine based on Intercell's technology for endemic markets in collaboration with Biological E. Ltd. was completed. Furthermore, the portfolio comprises different product candidates in clinical trials: a Pseudomonas aeruginosa vaccine candidate (Phase II/III), a program that is part of the strategic alliance with Novartis; a vaccine candidate against infections with C. difficile (Phase I); and numerous investigative vaccine programs using the Company's IC31® adjuvant, e.g. in a Tuberculosis vaccine candidate (Phase II).

Intercell has in-house cGMP capability to manufacture both clinical and commercial biologicals at its fully owned site in Livingston / Scotland. The manufacturing site is currently dedicated to the production of the Company's novel Japanese Encephalitis vaccine. It is licensed and operates under a Manufacturing Authorization granted by the Medicines and Healthcare products Regulatory Agency (MHRA) and it is also registered by the FDA. As such, the facility is subject to routine inspection by the MHRA, FDA and other Competent Authorities in connection with the manufacture, sale and supply of Japanese Encephalitis vaccine (trade name IXIARO®/JESPECT®).

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, 2012

Introduction

We have reviewed the accompanying condensed consolidated interim financial report of Intercell AG, Vienna, for the period from January 1 to September 30, 2012. The condensed consolidated interim financial report comprises the condensed consolidated interim balance sheet as of September 30, 2012, 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, 2012, 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 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, November 5, 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Aslan Milla
Austrian Certified Public Accountant

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

EUR in thousands (except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenues	4,416	7,527	25,592	25,904
Product sales	3,548	5,123	18,202	15,500
Revenues from collaborations, licensing and grants	868	2,404	7,390	10,404
Cost of goods sold	(3,301)	(5,638)	(14,079)	(13,459)
GROSS PROFIT	1,115	1,889	11,513	12,445
Research and development expenses	(4,670)	(8,598)	(14,282)	(23,355)
General, selling and administrative expenses	(3,022)	(3,849)	(10,423)	(11,245)
Other income and expenses, net	975	3,857	2,764	2,987
OPERATING LOSS	(5,601)	(6,702)	(10,427)	(19,168)
Finance income	63	196	393	2,389
Finance expenses	(1,998)	(1,247)	(4,602)	(3,365)
LOSS BEFORE INCOME TAX	(7,535)	(7,753)	(14,636)	(20,144)
Income tax	(1)	(1)	35	(476)
LOSS FOR THE PERIOD	(7,536)	(7,754)	(14,600)	(20,620)
Losses per share for loss attributable to the equity holders of the Company, expressed in EUR per share (basic and diluted)	(0.14)	(0.16)	(0.29)	(0.43)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

EUR in thousands	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
LOSS FOR THE PERIOD	(7,536)	(7,754)	(14,600)	(20,620)
Other comprehensive income/(loss)				
Fair value gains on available-for-sale financial assets	445	59	1,035	1,357
Currency translation differences	873	(1,479)	452	(892)
Other comprehensive income/(loss) for the period, net of tax	1,317	(1,420)	1,488	465
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	(6,219)	(9,174)	(13,112)	(20,155)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

EUR in thousands	September 30, 2012	December 31, 2011
ASSETS		
Non-current assets	116,446	118,109
Property, plant and equipment	41,652	44,220
Intangible assets	63,389	62,304
Other non-current assets	11,296	11,481
Deferred income tax assets	108	104
Current assets	79,535	73,841
Inventory	10,490	9,737
Trade receivables and other current assets	9,717	13,245
Available-for-sale financial assets	32,872	34,486
Cash and short-term deposits	26,455	16,373
TOTAL ASSETS	**195,981**	**191,950**
EQUITY		
Capital and reserves attributable to the Company's equity holders	92,342	92,328
Nominal capital	55,184	48,592
Additional capital paid in	415,595	409,061
Other reserves	25,166	23,678
Retained earnings	(403,603)	(389,003)
LIABILITIES		
Non-current liabilities	73,994	65,340
Borrowings	60,936	50,105
Other long-term liabilities	-	152
Deferred income	13,058	15,083
Current liabilities	29,644	34,281
Trade and other payables and accruals	11,413	14,712
Borrowings	14,658	13,842
Deferred income	3,016	3,337
Provisions	557	2,389
Total liabilities	103,638	99,621
TOTAL EQUITY AND LIABILITIES	**195,981**	**191,950**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

EUR in thousands	Nine months ended September 30, 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(14,600)	(20,620)
Depreciation and amortization	5,429	5,653
Impairment fixed assets/intangibles	-	1,189
Share-based payments	(446)	211
Income tax	(35)	476
Other adjustments for reconciliation to cash used in operations	1,972	(495)
Changes in working capital	(546)	(17,093)
Cash used in operations	(8,227)	(30,680)
Interest paid	(2,143)	(1,132)
Income tax paid	(3)	(128)
Net cash used in operating activities	(10,372)	(31,940)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses	-	(5,000)
Purchases of property, plant and equipment	(548)	(1,208)
Proceeds from sale of property, plant and equipment	896	17
Purchases of intangible assets	(3,583)	(5,656)
Purchases of financial assets	(35,597)	-
Proceeds from sale of financial assets	37,148	11,539
Interest received	693	1,389
Net cash generated from/(used in) investing activities	(990)	1,082
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	12,120	(244)
Proceeds from issuance of convertible bonds, net of transaction costs	-	32,417
Repayment of convertible bonds	(9,100)	(2,600)
Proceeds from other borrowings	20,212	230
Repayment of other borrowings	(1,125)	(2,965)
Net cash generated from financing activities	22,107	26,838
Net increase/(decrease) in cash	10,744	(4,020)
Cash at beginning of the period	16,356	26,904
Exchange losses on cash	(662)	(1,482)
Cash at end of the period	26,438	21,402
Cash, short-term deposits, and marketable securities at end of the period	59,328	68,791

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, 2011	**48,592**	**407,965**	**24,262**	**(359,737)**	**121,082**
Total comprehensive 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**
Balance as of January 1, 2012	**48,592**	**409,061**	**23,678**	**(389,003)**	**92,328**
Total comprehensive loss	-	-	1,488	(14,600)	(13,112)
Employee share option plan					
- value of employee services	-	(446)	-	-	(446)
Issuance of common stock, June 2012	6,592	8,569	-	-	15,161
Cost of equity transactions, net of tax	-	(1,589)	-	-	(1,589)
	6,592	6,535	1,488	(14,600)	14
Balance as of September 30, 2012	**55,184**	**415,595**	**25,166**	**(403,603)**	**92,342**

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, 2012, 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, 2011. This condensed consolidated interim financial report should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2011.

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. Other income/(expenses), net

Other income, net of other expenses includes re-structuring and impairment in the prior year.

5. Nominal capital and additional capital paid in

EUR in thousands (except numbers of shares)	Shares issued				Treasury shares		Total nominal capital and additional capital paid in
Balance sheet item	Nominal capital		Additional capital paid in				
	Number of shares	Nominal capital	Share premium	Capital from ESOP*	*Number of shares*	Book value	
Balance at January 1, 2011	***48,592,219***	**48,592**	**385,234**	**23,023**	***301,748***	**(292)**	**456,557**
Employee share option plan: - value of employee services	-	-	-	211	-	-	211
Cost of equity transactions	-	-	(244)	-	-	-	(244)
Balance at September 30, 2011	***48,592,219***	**48,592**	**384,990**	**23,233**	***301,748***	**(292)**	**456,524**
Balance at January 1, 2012	***48,592,219***	**48,592**	**385,173**	**24,179**	***301,748***	**(292)**	**457,653**
Employee share option plan: - value of employee services	-	-	-	(446)	-	-	(446)
Issuance of common stock, June 2012	*6,591,742*	6,592	8,569	-	-	-	15,161
Cost of equity transactions	-	-	(1,589)	-	-	-	(1,589)
Balance at September 30, 2012	***55,183,961***	**55,184**	**392,153**	**23,734**	***301,748***	**(292)**	**470,779**

* Employee share option plan

In June 2012, the Company completed an equity private placement of 6,591,742 new shares at an offering price of EUR 2.30 per share, which resulted in gross proceeds of EUR 15.2 million. The net proceeds from the issuance of new shares, after deducting EUR 1.6 million in offering fees and expenses, were EUR 13.6 million.

6. Convertible note

On February 23, 2011 the Company announced the placement of Senior Unsecured Convertible Notes (hereafter referred to as "Notes") with a par value of EUR 33.0 million in a private placement transaction, of which EUR 18.1 million were still outstanding on September 30, 2012. 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 through the final scheduled maturity of the Notes.

The Notes have had three components, a liability component, an equity component and an increase option, which results from the original investors' right to purchase additional Notes. This increase option was not exercised and therefore expired in March and September 2012, respectively. The liability component is included in the balance sheet item "borrowings", the equity component is included in the balance sheet item "other reserves".

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	1,970	-	(1,596)	374
Repayment	(14,900)	-	-	(14,900)
Value at September 30, 2012	17,856	35	-	17,890
Less non-current portion	(5,484)			
Current portion	12,372			

7. Other loans

On May 7, 2012 the Company announced the signing of a combined debt and equity financing with BB Biotech. The financing consists of EUR 5.0 million as an equity private placement and a EUR 20.0 million secured loan (hereafter referred to as "Term Loan") with a six-year term. Repayment of the loan starts in the fourth year through twelve equal quarterly installments. The loan carries a variable interest rate of EURIBOR plus 6.5% (but not less than 10.9%). In addition, the Company will pay a royalty of 5.0% on its sales revenues from IXIARO®/JESPECT® (decreasing to 1.5% for sales revenues in excess of EUR 50.0 million) for a ten-year period. The terms include a buy-out option which entitles the Company to repurchase the Term Loan and Royalty Interest at predefined conditions at any time. The variable interest rate and the royalty payable in connection with the loan are both recognized as finance expenses. The finance expense is calculated using the effective interest method and is therefore recognized pro rata to the outstanding principal in each accounting period until the loan is fully amortized. The loan is secured by a security interest in the assets related to IXIARO®/JESPECT®. As part of this security a Bond and Floating Charge over all the assets of Intercell Biomedical, Ltd has been agreed. At September 30, 2012 the book values of the assets pledged amounted to EUR 25,633 thousand. Cash and cash equivalents include balances of EUR 1,300 thousand which have to be held by Intercell Biomedical, Ltd due to financial covenants relating to the Term Loan.

The Term Loan is included in the balance sheet item "borrowings".

EUR in thousands	Term Loan
Proceeds of issue	20,000
Transaction costs	(287)
Net proceeds of issue	19,713
Accrued interest and royalty expense	1,107
Value at September 30, 2012	20,820
Less non-current portion	(19,880)
Current portion	940

Vienna, November 5, 2012

The Management Board

Thomas Lingelbach, CEO

Reinhard Kandera, CFO

The condensed consolidated interim financial report of Intercell AG as of September 30, 2012 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.