Q4 Report 2010

intercell
SMART VACCINES

INTERCELL ANNOUNCES Q4 AND PRELIMINARY FULL YEAR 2010 FINANCIAL RESULTS

GROWING REVENUES FROM IXIARO®/JESPECT® SALES – SIGNIFICANT NET LOSS DUE TO ONE-TIME NON-CASH EFFECTS FROM PREVIOUSLY ANNOUNCED DISCONTINUATION OF TRAVELERS' DIARRHEA VACCINE PROGRAM – CASH POSITION FURTHER STRENGTHENED THROUGH CONVERTIBLE BOND PLACEMENT

- Increase in IXIARO®/JESPECT® sales by approximately 66% to EUR 12.8m for the full year 2010, due to increased sales in key travel markets and to U.S. military.
- EUR 255.2m net loss for the full year 2010 resulting mainly from one-time, non-cash impairment cost due to the discontinuation of the Travelers' Diarrhea vaccine program.
- Restructuring charges fully reflected in 2010 result – reorganization and reduction of headcount by approximately 100 employees largely completed.
- R&D expenses for the full year 2010 of EUR 74.7m driven by Phase III studies for Travelers' Diarrhea vaccine program and progression of other clinical stage product candidates and technologies – 40% R&D cost reduction expected for 2011 with increased focus on hospital-acquired infections.
- Cash position of EUR 86.2m at year-end 2010 – recently further strengthened through placement of EUR 33.0m senior unsecured convertible notes.
- Outlook 2011: Growing revenues from product sales and significantly lower expected net loss of EUR 30-40m.

IXIARO®/JESPECT® VACCINE AGAINST JAPANESE ENCEPHALITIS (JE) – SIGNIFICANT YEAR-ON-YEAR GROWTH ACHIEVED – SUBSTANTIAL GROWTH TREND EXPECTED TO CONTINUE IN TRAVELER AND MILITARY MARKETS

- Strong sales increase witnessed in 2010 with a growth trend expected to continue at least at the same rate for the full year 2011.
- U.S. military's transition from JE-Vax® to the Intercell's IXIARO® is on track; complete switch expected to foster significant growth in sales to U.S. military in 2011.
- Start of a pediatric Phase II/III study in India for the vaccine to protect children from JE represents important progress towards availability of a modern, cell-derived product in endemic countries.
- The U.S. Centers for Disease Control and Prevention (CDC) Advisory Committee on Immunization Practices (ACIP) voted to update its recommendations to include a booster dose of IXIARO®.

VACCINES AGAINST HOSPITAL-ACQUIRED INFECTIONS – INTERCELL IS UNIQUELY POSITIONED WITH A LEADING CLINICAL-STAGE PORTFOLIO IN NOSOCOMIAL INFECTIONS

Vaccine candidate to prevent infections with *Pseudomonas aeruginosa* (Phase II)

- Intercell previously announced results from a Phase II clinical trial in 400 ventilated ICU patients involving the Company's investigational nosocomial vaccine candidate against infections with the bacterium *Pseudomonas aeruginosa*, a leading cause of hospital-acquired pneumonia. The primary immunogenicity and safety endpoints were met. In addition, a significant reduction of mortality, a secondary endpoint, was observed compared to placebo.
- Novartis and Intercell are currently analyzing all data of the vaccine candidate in detail and plan to decide on next development steps within the Novartis opt-in rights by the end of Q1 2011.

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

» The **Phase II/III** study of the investigational vaccine for the prevention of *S. aureus* infections, conducted and funded by Merck in cardiothoracic surgery patients is progressing according to plan. An interim analysis is still expected in 2011.

» In November 2010, Intercell announced first top-line results from the **Phase II** clinical trial of the investigational vaccine for the prevention of *S. aureus* infections. The study, conducted by Intercell's collaborator, Merck & Co., Inc., was designed to evaluate the safety and immunogenicity of the vaccine in patients with end-stage renal disease (ESRD) undergoing hemodialysis treatment. The study met primary immunogenicity and safety objectives. Study results show that all formulations of the vaccine were immunogenic following a one- or two-dose application.

Clostridium difficile vaccine candidate (Phase I)

» In December 2010, Intercell announced the start of a Phase I clinical trial with the Company's vaccine candidate to prevent disease caused by *C. difficile*. This Phase I trial is a first-in-man study to obtain safety and immunogenicity data in healthy adults aged 18-65 years in the first part of the study as well as from healthy elderly subjects above 65 years of age in a second part of the study, the latter age group representing the main target population for a *C. difficile* vaccine. First study results are expected in 2011.

TRAVELERS' DIARRHEA (TD) VACCINE PATCH – INTERCELL DECIDED NOT TO PURSUE FURTHER CLINICAL DEVELOPMENT OF ITS TD VACCINE CANDIDATE – COMPANY REMAINS COMMITTED TO EXPANDING THE DEVELOPMENT OF THE USE OF PATCH TECHNOLOGY FOR EXISTING OR NOVEL VACCINES

» TD vaccine candidate failed to meet efficacy endpoints to protect against enterotoxigenic E. coli (ETEC)-mediated diarrheal infections in efficacy studies.

» Intercell decided not to pursue further clinical development of the TD vaccine candidate.

» The study results clearly support the continued investigation of the patch technology as a suitable route of immunization for future potential vaccine candidates in other diseases.

» Activities to adapt the strategic collaboration on patches with GSK based on the findings of the TD studies have been initiated.

ADDITIONAL CANDIDATE VACCINES WITH HIGH MEDICAL NEED PROGRESSING IN DEVELOPMENT

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

» Pneumococcus vaccine: 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. The start of a Phase II study is expected in 2011.

CORPORATE/OTHER

» Implementation steps for headcount reduction of approximately 20% (corresponding to about 100 people) have been largely completed and the reduction of R&D costs by approximately 40% for full year 2011 as announced in December 2010 is on track.

» Last week Intercell announced the successful placement of EUR 33.0m of Senior Unsecured Convertible Notes in a private placement transaction to international institutional investors. The Notes have a conversion price of EUR 11.43 and a fixed rate coupon of 6% per annum.

KEY FINANCIAL INFORMATION

in EUR thousand	Year ended December 31,		
	2010	2009	2008
Revenues	34,215	61,681	55,763
Net profit/(loss)	(255,182)	(18,375)	17,175
Net operating cash flow	(65,120)	(25,995)	(10,186)
Cash, short-term deposits and marketable securities, end of the year	86,182	180,019	190,865

Vienna (Austria), March 1, 2011 – Today Intercell AG (VSE: ICLL) announced its financial results for Q4 and the preliminary results for the full financial year 2010 and presented an update on the Company's development programs.

2010 BUSINESS HIGHLIGHTS AND OUTLOOK

IXIARO®/JESPECT® – SIGNIFICANT YEAR-ON-YEAR GROWTH ACHIEVED

In 2010, Intercell achieved a strong increase of IXIARO®/JESPECT® sales with a growth of approximately 66% as compared to 2009. Following a very good year-on-year performance in Q4 2010, Intercell also expects strong sales results in Q1 2011 and a continuous, significant increase in sales, with a planned full-year 2011 growth rate of at least 60-70%. Intercell's vaccine is currently marketed to travelers in the U.S., EU, Australia, Canada and Switzerland and it is supplied to the U.S. military under an exclusive five-year contract.

Remaining military stock of mouse brain-derived JE-Vax®, which is no longer produced, are expected to be depleted soon, allowing the full transition to IXIARO®.

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

Furthermore, the WHO recommends that Japanese Encephalitis vaccination be integrated into national immunization programs in endemic areas. Towards this end, a pivotal Phase II/III trial in children started in February 2011. This randomized and controlled study will be the first pivotal Phase II/III study for the Intercell vaccine in an endemic region and is designed to lead to Asian licensure of the product. The study will enroll healthy children between 1 and 3 years of age across multiple sites in India. The vaccine is manufactured in India by Biological E. Ltd. and is based on Intercell's technology, which was successfully used to gain international product approvals for adult travelers and military personnel. The first product launch for the new vaccine in Asia is expected in H1 2012.

The U.S. Centers for Disease Control and Prevention (CDC) Advisory Committee on Immunization Practices (ACIP) voted to update its previous recommendations for Japanese Encephalitis vaccines to include the administration of a booster dose for IXIARO® prior to potential JE virus exposure, if the primary series was administered more than one year previously – data on the response to a booster dose administered more than two years after the primary series and need for and timing of additional booster doses are not yet available.

FOCUS ON LEADING POSITION IN VACCINES AGAINST NOSOCOMIAL INFECTIONS

Nosocomial infections are infections that hospitalized patients acquire during the course of receiving treatment for other conditions. They are becoming an increasingly prominent problem as patients admitted to hospitals are on average older and often multimorbid (having several concurrent medical conditions). Also, they may have compromised immune systems and are often affected by antibiotic-resistant bacteria circulating in hospitals across the world. Intercell's growing nosocomial franchise includes an investigational vaccine candidate to prevent infections with *Pseudomonas aeruginosa* (Phase II), an investigational vaccine candidate against *Staphylococcus aureus* in Phase II/III trials and partnered with Merck & Co. Inc., and an investigational vaccine candidate to prevent disease caused by *Clostridium difficile* (Phase I).

Vaccine candidate to prevent infections with *Pseudomonas aeruginosa* (Phase II)

Intercell previously announced results from a Phase II clinical trial involving the Company's investigational nosocomial vaccine candidate against infections with the bacterium *Pseudomonas aeruginosa*, one of the leading causes of nosocomial infections.

In the randomized, controlled Phase II clinical trial, about 400 mechanically ventilated intensive care patients were vaccinated on days 0 and 7 in four treatment groups. The primary endpoints of the study were met in that all vaccine groups showed good seroconversion rates and a favorable safety profile. Secondary immunogenicity endpoints were also met in this study. Although this trial was not powered for efficacy, the Clinical Endpoint Committee (CEC) confirmed infection rates and mortality were recorded within the secondary endpoints analysis. A lower mortality rate was observed in all vaccine groups as compared to the control group.

Novartis and Intercell are currently analyzing all data obtained so far for the vaccine candidate in detail and plan to decide on next development steps by the end of Q1 2011, taking into consideration the Novartis opt-in rights.

Pseudomonas infections affect hospitalized persons. Infections of the heart, respiratory system, skin, and soft tissue are common and a special threat to patients who are immunosuppressed, suffering from severe burns, cancer, or HIV. *Pseudomonas aeruginosa* is the second most common cause of nosocomial infections and the most common cause of intensive care unit Pneumonia.

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

In November 2010, Intercell announced top-line results from the **Phase II** clinical trial of the investigational vaccine for the prevention of *S. aureus* infections. The study, conducted by Intercell's collaborator, Merck & Co., Inc., was designed to evaluate the safety and immunogenicity of the vaccine in patients with end-stage renal disease (ESRD) undergoing hemodialysis treatment. In the randomized, double-blind, placebo-controlled study, 201 patients received vaccine or placebo at 12 centers in the U.S.

The study was designed to assess whether administration of the vaccine to ESRD patients receiving hemodialysis at high risk of developing serious *S. aureus* infections could increase the level of antibodies to the antigen. The study met primary immunogenicity and safety objectives. Study results show that all formulations of the vaccine were immunogenic following a one- or two-dose application.

Merck & Co., Inc. plans to present the data at an upcoming medical meeting.

The **Phase II/III study** also conducted and funded by Merck & Co., Inc. in cardiothoracic surgery patients is progressing according to plan. An interim analysis is still expected in 2011.

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

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

In December 2010, Intercell announced the start of a Phase I clinical trial with the Company's vaccine candidate to prevent disease caused by *C. difficile*. This Phase I trial is a first-in-man study to obtain safety and immunogenicity data in healthy adults aged 18-65 years in the first part of the study as well as from healthy elderly subjects above 65 years of age in a second part of the study, the latter age group representing the main target population for a *C. difficile* vaccine. The pathogen is one of the main causes of nosocomial diarrhea. First study results are expected for 2011.

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

INTERCELL REMAINS COMMITTED TO THE DEVELOPMENT OF PATCH TECHNOLOGY AS POTENTIAL INNOVATION FOR EXISTING OR NOVEL VACCINES

In December 2010, Intercell announced clinical results on its investigational Travelers' Diarrhea (TD) Vaccine Patch program and the decision not to pursue further the development of this vaccine candidate. The decision was made following the top-line analysis of results of a randomized and placebo-controlled Phase III study with travelers from Europe to Mexico and Guatemala as well as the pilot efficacy Phase II trial with travelers from Europe to India.

However, the studies clearly support the continued investigation of the patch technology as a suitable route of immunization for future potential vaccine candidates in other diseases. The patch is an innovative and needle-free delivery technology which can be used to develop new vaccines that are appropriate for transcutaneous administration without a needle (Vaccine Patch) and to enhance the effect of injected vaccines: Vaccine Enhancement Patch (VE Patch).

Activities to adapt the strategic collaboration on patches with GSK based on the findings from the TD studies have been initiated.

Compared with standard immunization via needles, the Vaccine Patch could offer certain benefits, e.g. easy administration and direct delivery of the antigen and adjuvant to the immune system through a natural defense pathway, which could make vaccination more efficient.

In studies, the VE Patch was shown to boost cellular immunity to a diverse range of antigens and to stimulate both B-cell and T-cell responses. It contains the heat-labile enterotoxin from *E. coli* (LT), a potent stimulator of the immune system.

ADDITIONAL CANDIDATE VACCINES WITH HIGH MEDICAL NEED PROGRESSING IN DEVELOPMENT

Hepatitis C vaccine: Intercell and Romark joined forces in combining therapies against Hepatitis C. 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 from Romark 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 patients chronically infected with HCV.

The European Phase II trial is planned to start in H1 2011 and will include about 60 treatment-naïve patients chronically infected with HCV genotype-1 in three treatment arms: (1) IC41 plus nitazoxanide, (2) IC41 plus nitazoxanide and Pegasys® (peginterferon alfa-2a), and (3) Pegasys® and Copegus® (ribavirin), the current standard of care, as an active control. The primary endpoint will be sustained virologic response (no detectable HCV RNA 24 weeks after end-of-treatment).

Pneumococcus vaccine: The Company's vaccine candidate is a recombinant subunit vaccine consisting of three conserved surface proteins from *Streptococcus pneumoniae*. Two of these proteins were discovered using Intercell's proprietary Antigen Identification Program (AIP®), while the third was in-licensed from the U.S. Centers of Disease Control and Prevention (CDC).

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

Tuberculosis vaccine: The investigational vaccine targeting Tuberculosis combines Intercell's adjuvant IC31® with antigens discovered by the Danish Statens Serum Institut (SSI). The program is based on a partnership between Intercell, Statens Serum Institut, sanofi-aventis, and the AERAS Global Tuberculosis Foundation.

The 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

The implementation steps for the about 20% global headcount reduction involving the Gaithersburg and Vienna sites (corresponding to about 100 people) and the planned decrease of R&D costs by about 40% for full year 2011 as announced in December 2010 have been largely completed.

Last week, Intercell announced that it successfully placed EUR 33.0m 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. The principal amount will amortize in 11 equal quarterly installments, with a final maturity of March 15, 2014. Principal and interest payments may be paid in cash or, subject to minimum thresholds in trading volumes 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 original investors in the Notes will have the right to purchase an additional EUR 33.0m of Notes on essentially the same terms as the original issue for a period of 12 months following the closing and an additional EUR 16.5m 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 transaction was subscribed by international institutional investors.

Q4 2010 FINANCIAL REVIEW

REVENUES

Intercell's aggregate revenues decreased from EUR 32.2m in Q4 2009 to EUR 13.1m in Q4 2010, or by 59.3%. However, sales from our Japanese Encephalitis vaccine increased by 58.4% from EUR 2.2m in Q4 2009 to EUR 3.4m in Q4 2010, mainly due to intensified joint marketing and sales efforts of Intercell and its Partner Novartis.

Revenues from collaborations and licensing decreased from EUR 28.2m in Q4 2009 to EUR 9.3m in Q4 2010, or by 66.9%, since Q4 2009 revenues included substantial revenue recognition of upfront-payments from GlaxoSmithKline Biologicals SA (GSK). Grant income decreased from EUR 1.9m in Q4 2009 to EUR 0.4m in Q4 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

Net loss was EUR 204.3m in Q4 2010, compared to a net income of EUR 7.6m in Q4 2009. This change was principally due to significant one-time effects from impairment and restructuring costs in connection with the discontinuation of our TD program.

Cost of goods sold was EUR 5.5m in Q4 2010, compared to EUR 4.2m in Q4 2009.

Research and development expenses increased from EUR 16.8m in Q4 2009 to EUR 20.2m in Q4 2010, or by 20.0%. General, selling and administrative expenses increased from EUR 4.9m in Q4 2009 to EUR 5.5m in Q4 2010, or by 11.7%.

Net other operating income increased by 14.5% from EUR 1.7m in Q4 2009 to EUR 1.9m in Q4 2010. This increase was mainly due to positive effects of foreign currency exchange rate fluctuations in Q4 2010.

Restructuring costs and impairments of EUR 182.8m in Q4 2010 were triggered by the discontinuation of our late-stage TD program and included impairments of intangible and fixed assets as well as remnant clinical and regulatory costs of the program and restructuring costs in connection with the termination of employment contracts to realign our organizational structures.

FINANCE RESULT AND TAX

Net financial expenses were EUR 0.1m in Q4 2010, compared to financial income, net of expenses, of EUR 0.1m in Q4 2009. This change was mainly due to lower interest income on cash and available-for-sale securities. Income tax expense was EUR 5.3m in Q4 2010 compared to EUR 0.5m in Q4 2009. This increase in income tax expenses was due to adjustments in deferred tax assets as a result of the high impairments and loss before tax.

FULL YEAR 2010 FINANCIAL REVIEW

REVENUES

Intercell's annual revenues decreased by 44.5% from EUR 61.7m in the year ended December 31, 2009 to EUR 34.2m in the year ended December 31, 2010. Product sales of IXIARO® and JESPECT® increased significantly from EUR 7.7m in the year ended December 31, 2009 to EUR 12.8m in the year ended December 31, 2010. Revenues from collaborations and licensing decreased from EUR 46.2m in the year ended December 31, 2009 to EUR 18.1m in the year ended December 31, 2010, or by 60.8%, mainly because expected milestone payments were not received due to the discontinuation of the TD program. Grant income decreased from EUR 7.7m in the year ended December 31, 2009 to EUR 3.3m in the year ended December 31, 2010.

RESULTS OF OPERATIONS

The net loss increased from EUR 18.4m in the year ended December 31, 2009 to EUR 255.2m in the year ended December 31, 2010. The increase in net loss was mainly due to the one-time effect of impairments and restructuring costs in connection with the discontinuation of our TD clinical program and higher research and development expenses. The Company recorded a loss before income tax of EUR 250.5m in 2010, compared to a loss before income tax of EUR 28.4m in the year ended December 31, 2009.

Cost of goods sold was EUR 15.4m in the year ended December 31, 2010, of which EUR 9.2m was directly attributable to vaccine sales and EUR 6.2m was due to write-offs of unfinished and finished products, compared to cost of goods sold of EUR 12.4m in the year ended December 31, 2009, of which EUR 5.8m was directly attributable to vaccine sales and EUR 6.7m was due to write-offs of unfinished and finished products.

Net operating expenses increased from EUR 30.5m in 2009 to EUR 251.2m in the year ended December 31, 2010, mainly as a result of impairment and restructuring costs and lower collaboration and licensing revenues. Research and development expenses increased from EUR 62.5m in the year ended December 31, 2009 to EUR 74.7m in the year ended December 31, 2010, or by 19.5%. General, selling and administrative expenses were EUR 19.8m in the year ended December 31, 2010 and EUR 17.4m in the year ended December 31, 2009, which represents an increase of 13.9%.

Restructuring costs and impairments in connection with the discontinuation of our late-stage TD program amounted to EUR 182.8m in the year ended December 31, 2010.

Net other operating income was EUR 7.3m in the year ended December 31, 2010 and EUR 0.2m in the year ended December 31, 2009. This increase in net other operating income was primarily due to exchange rate fluctuations.

FINANCE RESULTS AND TAX

Financial income, net of expenses, was EUR 0.7m in the year ended December 31, 2010 and EUR 2.1m in the year ended December 31, 2009. This decrease was mainly due to lower interest rates and a lower balance of cash and securities, which was partly offset by lower finance expenses.

Income tax expenses was EUR 4.7m in the year ended December 31, 2010, compared to income tax income of EUR 10.0m in the year ended December 31, 2009. Income tax expense resulted from adjustments in deferred income tax assets.

CASH FLOW AND CAPITAL RESOURCES

Intercell's net cash used in operating activities of EUR 65.1m in the year ended December 31, 2010 compares to EUR 26.0m in the year ended December 31, 2009. This change was primarily due to lower revenues from collaborations and licensing and higher R&D expenses.

Net cash generated from investing activities for the year ended December 31, 2010 totaled EUR 10.6m, compared to EUR 47.6m in the year ended December 31, 2009. Without giving effect to investments in, and proceeds from, sale of securities, net cash used in investing activities was EUR 26.5m in the year ended December 31, 2010, compared to EUR 16.9m in the year ended December 31, 2009. Cash used in investing activities in the year ended December 31, 2010 included a EUR 10.0m payment for the acquisition of Cytos' platform technology for monoclonal antibody discovery.

Net cash generated from financing activities was EUR 31.2m in the year ended December 31, 2009, and no net cash was generated from financing activities in the year ended December 31, 2010.

As of December 31, 2010, Intercell had liquid funds of EUR 86.2m, of which EUR 26.9m was cash and EUR 59.3m was available-for-sale financial assets.

KEY FINANCIAL INFORMATION

in EUR thousand	Year ended December 31,		
	2010	2009	2008
Revenues	34,215	61,681	55,763
Net profit/(loss)	(255,182)	(18,375)	17,175
Net operating cash flow	(65,120)	(25,995)	(10,186)
Cash, short-term deposits and marketable securities, end of the year	86,182	180,019	190,865

ABOUT INTERCELL AG

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

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

The Company's pipeline of investigational products includes a Pseudomonas aeruginosa vaccine candidate (Phase II), a vaccine to prevent Pandemic Influenza combining our Vaccine Enhancement Patch with an injected vaccine (Phase I/II), a vaccine program for S. aureus, which is being developed with Merck & Co., Inc. (Phase II/III), a vaccine candidate for Pneumococcus (Phase I) as well as a combination treatment approach for Hepatitis C (Phase II). A vaccine candidate against infections with C. difficile has entered Phase I clinical trials in 2010. 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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CONDENSED INCOME STATEMENTS (UNAUDITED)

EUR in thousands (except per share amounts)	Three months ended Dec 31, 2010	Three months ended Dec 31, 2009	Year ended Dec 31, 2010	Year ended Dec 31, 2009
Revenues	13,097	32,200	34,215	61,681
Product sales	3,421	2,160	12,795	7,727
Revenues from collaborations and licensing and grants	9,676	30,041	21,420	53,954
Cost of goods sold	(5,464)	(4,172)	(15,434)	(12,450)
GROSS PROFIT	7,633	28,028	18,781	49,231
Research and development expenses	(20,185)	(16,826)	(74,740)	(62,539)
General, selling and administrative expenses	(5,494)	(4,919)	(19,762)	(17,355)
Other income and expenses, net	1,890	1,651	7,305	195
Restructuring and impairment	(182,787)	-	(182,787)	-
OPERATING PROFIT / (LOSS)	(198,943)	7,934	(251,204)	(30,468)
Finance income	335	455	1,824	4,315
Finance expenses	(425)	(389)	(1,118)	(2,245)
PROFIT / (LOSS) BEFORE INCOME TAX	(199,033)	8,001	(250,498)	(28,398)
Income tax	(5,256)	(451)	(4,684)	10,023
PROFIT / (LOSS) FOR THE PERIOD	(204,290)	7,550	(255,182)	(18,375)
Earnings/(Losses) per share for profit/(loss) attributable to the equity holders of the Company, expressed in Euro per share - Basic and diluted	(4.23)	0.16	(5.29)	(0.39)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

EUR in thousands	Three months ended Dec 31, 2010	Three months ended Dec 31, 2009	Year ended Dec 31, 2010	Year ended Dec 31, 2009
PROFIT / (LOSS) FOR THE PERIOD	(204,290)	7,550	(255,182)	(18,375)
Other comprehensive income/(loss)				
Fair value gains/(losses) on available-for-sale financial assets, net of tax	(405)	841	(241)	1,270
Currency translation differences	4,250	1,804	10,989	(3,452)
Other comprehensive income/(loss) for the period, net of tax	3,845	2,645	10,748	(2,183)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	(200,445)	10,195	(244,434)	(20,557)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

EUR in thousands	December 31, 2010	December 31, 2009
ASSETS		
Non-current assets	125,873	281,860
Property, plant and equipment	48,194	56,435
Intangible assets	61,491	189,656
Available-for-sale financial assets	4,237	3,784
Other non-current assets	11,478	10,622
Deferred income tax assets	473	21,363
Current assets	99,347	195,799
Inventory	6,423	3,441
Trade receivables and other current assets	10,979	16,123
Available-for-sale financial assets	55,024	92,024
Cash and short-term deposits	26,921	84,211
TOTAL ASSETS	225,220	477,659
EQUITY		
Capital and reserves attributable to the Company's equity holders	121,082	365,153
Nominal capital	48,592	48,480
Additional capital paid in	407,965	407,676
Other reserves	24,262	13,514
Retained earnings	(359,737)	(104,518)
LIABILITIES		
Non-current liabilities	54,731	79,609
Borrowings	37,461	38,867
Other long-term liabilities	312	382
Deferred income	16,549	30,092
Deferred income tax liabilities	410	10,268
Current liabilities	49,407	32,897
Trade and other payables and accruals	32,675	20,749
Borrowings	3,361	3,029
Deferred income	7,301	9,119
Provisions	6,071	-
Total liabilities	104,138	112,506
TOTAL EQUITY AND LIABILITIES	225,220	477,659

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

EUR in thousands	Year ended December 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(255,182)	(18,375)
Depreciation and amortization	7,662	5,331
Impairment fixed assets/intangibles	176,664	-
Share-based compensation	3,519	4,160
Income tax	4,684	(10,066)
Other adjustments for reconciliation to cash used in operations	(15,702)	(1,992)
Changes in working capital	13,820	(3,918)
Cash used in operations	(64,535)	(24,860)
Interest paid	(582)	(1,118)
Income tax paid	(4)	(16)
Net cash used in operating activities	(65,120)	(25,995)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses	(10,000)	-
Purchases of property, plant and equipment	(3,888)	(11,089)
Proceeds from sale of property, plant and equipment	28	1,967
Cash outflow for security deposit in connection with finance lease	(858)	(355)
Purchases of intangible assets	(13,615)	(12,923)
Purchases of financial assets	(12,519)	(45,000)
Proceeds from sale of financial assets	49,616	109,500
Interest received	1,847	5,541
Net cash generated from investing activities	10,610	47,640
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	795	31,273
Disposal of treasury shares	400	99
Proceeds from borrowings	689	1,819
Repayment of borrowings	(1,900)	(1,964)
Net cash generated from/(used in) financing activities	(16)	31,228
Net increase/(decrease) in cash	(54,525)	52,873
Cash at beginning of the year	84,211	29,896
Exchange gains/(losses) on cash	(2,782)	1,442
Cash at end of the year	26,904	84,211
Cash, short-term deposits and marketable securities at end of the period	86,182	180,019