intercell
SMART VACCINES

Financial Statements of

Intercell AG

as of December 31, 2011

according to UGB (Austrian GAAP)

Assets	12/31/2011 EUR	12/31/2010 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	15,095,353.35	19,029
2. Book value added by a merger	12,364,220.08	12,364
3. Prepayments	1,740.00	8
	27,461,313.43	**31,402**
II. Tangible assets		
1. Leasehold improvements	166,859.50	94
2. Machinery and equipment	1,843,492.96	1,880
3. Other equipments, factory and office equipment	253,384.04	358
4. Prepayments and construction in progress	68,016.52	0
	2,331,753.02	**2,332**
III. Financial assets		
Shares in affiliated companies	**4,343,783.54**	**4,955**
	34,136,849.99	**38,689**
B. Current assets		
I. Inventory	**58,159.83**	**65**
II. Accounts receivable and other current assets		
1. Trade accounts receivable	4,629,988.64	3,055
2. Accounts receivable from affiliated companies	28,284,871.64	44,561
3. Other assets	16,613,180.98	16,586
	49,528,041.26	**64,202**
III. Securities and shares		
1. Treasury stock	493,431.55	493
2. Other securities	34,336,975.78	59,067
	34,830,407.33	**59,560**
IV. Cash on hand, bank balances	**11,830,762.27**	**22,385**
	96,247,370.69	**146,212**
C. Prepaid expenses and deferred charges	**1,773,467.46**	**555**
	132,157,688.14	**185,456**

Equity and liabilites	12/31/2011 EUR	12/31/2010 EUR '000
A. Shareholders' equity		
I. Share capital	**48,592,219.00**	**48,592**
II. Capital reserve		
1. appropriated	337,164,085.88	337,129
2. unappropriated	40,003,942.20	40,004
	377,168,028.08	**377,133**
III. Stock option reserve	**10,205,311.00**	**14,985**
IV. Earnings reserve		
1. Statutory reserve	12,184.20	12
2. other reserves (free reserves)	5,935,754.99	0
	5,947,939.19	**12**
V. Reserve for treasury stock	**493,431.55**	**493**
VI. Cumulative losses		
thereof prior period cumulative losses brought forward EUR 304,266,208.37 (prior year: EUR 95,063k)	**-371,962,318.82**	**-304,266**
	70,444,610.00	**136,949**
B. Accruals and provisions		
1. Other accruals	**8,031,374.19**	**7,814**
C. Liabilities		
1. Convertible notes	27,200,000.00	0
2. Liabilities due to banks	3,812,279.00	4,123
3. Trade accounts payable	2,441,326.37	11,079
4. Other payables	1,963,994.55	1,851
of which taxes EUR 110,557.25 (prior year: EUR 371k), of which social security payables EUR 199,110.31 (prior year: EUR 256k)		
	35,417,599.92	**17,052**
D. Deferred income	**18,264,104.03**	**23,641**
	132,157,688.14	**185,456**
Guarantees and contingent liabilities	77,285.73	351

	2011 EUR	2010 EUR '000
1. Revenues	**33,751,736.12**	**21,849**
2. Other operating income		
a) Proceeds from the disposal of fixed assets	8,272.57	0
b) Other	7,187,105.37	9,790
	7,195,377.94	**9,790**
3. Cost of materials and purchased services		
a) Cost of materials	-16,130,866.47	-12,407
b) Cost of purchased services	-12,615,095.44	-57,346
	-28,745,961.91	**-69,753**
4. Personnel expenses		
a) Wages and salaries	-11,469,316.28	-15,020
b) Expenses for leaving indemnities and contributions to leaving indemnity funds (multi-employer defined contribution plans)	-347,011.89	-695
c) Expenses for retirement benefits	-35,184.81	-19
d) Expenses for statutory social security, payroll-related taxes and mandatory contributions	-2,391,271.20	-2,413
e) Other social benefits	-308,990.17	-395
	-14,551,774.35	**-18,542**
5. Depreciation and amortization		
a) of fixed intangible and tangible assets	-5,453,851.62	-1,709
b) of current assets, as far as they exceed normal depreciation and amortization within the company	-14,912,181.13	0
	-20,366,032.75	**-1,709**
6. Other operating expenses		
a) Taxes other than income tax	-67,571.75	-124
b) Other	-19,940,402.10	-27,750
	-20,007,973.85	**-27,873**
7. Subtotal of lines 1 to 6 (Operating result)	-42,724,628.80	-86,238
8. Other interest and similar income, of which from affiliated companies EUR 632,003.56 (prior year: EUR 1,027k)	2,130,162.35	2,835
9. Income from the disposal and write-up of fixed financial assets and current securities	327,618.70	989
10. Expenses from financial assets and current securities, thereof relating to affiliated companies EUR 23,988,245.82 (prior year: EUR 126,133k)	-24,823,620.07	-126,599
11. Interest and other expenses	-2,654,149.08	-210
12. Subtotal of lines 8 to 11 (Financial result)	-25,019,988.10	-122,986
13. Net operating loss	-67,744,616.90	-209,224
14. Income tax	48,506.45	-56
15. Net loss for the period	-67,696,110.45	-209,279
16. Release of reserve for treasury stock	0.00	76
17. Release of stock option reserve	5,935,754.99	0
18. Allocation to other reserves	-5,935,754.99	0
19. Prior period cumulative losses brought forward	-304,266,208.37	-95,063
20. Cumulative losses	-371,962,318.82	-304,266

1 General principles

These financial statements as of December 31, 2011 have been prepared in accordance with the accounting principles of the Austrian Commercial Code in its currently applicable version.

The financial statements, prepared under Austrian Generally Accepted Accounting Principles (UGB), present a true and fair view of the assets and liabilities, the financial situation of the Company as of December 31, 2011, as well as the results of its operations for the year then ended.

Accounting and valuation methods are based on the Generally Accepted Accounting Principles. Section 201 (2) UGB was adhered to, as were the provisions on classification and valuation of balance sheet and income statement items under Sections 195-211 and 222-235 UGB. The income statement was prepared using the total cost approach.

In June 2010, Intercell AG established a branch in Schlieren, Switzerland, which is engaged in the detection of human monoclonal antibodies, eMAB®, to prevent and treat infectious diseases.

Numbers for the prior year have been rounded and, where indicated, are presented in thousands of euros. Calculations, however, are based on exact figures. Therefore, the sum of the numbers in a table column may not conform to the total figure displayed in the column.

2 Summary of accounting and valuation methods

2.1 Fixed assets

2.1.1 Intangible assets

The purchased fixed intangible assets are recorded at acquisition cost, minus accumulated amortization.

Scheduled amortization is calculated on a pro rata temporis basis.

Computer software is amortized over its estimated useful life.

2.1.2 Tangible assets

Property, plant and equipment are recognized at cost. No impairment losses were recognized during the fiscal year.

Low-value assets with acquisition costs below EUR 400.00 were fully written-off in the year of acquisition. This depreciation charge was not material in the fiscal year.

Scheduled depreciation is based on the estimated useful life of assets and computed using the pro rata temporis method.

Useful lives by asset class:

Intangible assets	3-17 years
Leasehold improvements	40 years
Laboratory and office equipment	3-10 years
Hardware	3-5 years

2.1.3 Financial assets

Financial assets are recognized at acquisition cost. An impairment charge is recognized only where the decrease in fair value is expected to be permanent.

2.2 Current assets

2.2.1 Accounts receivable and other current assets

Receivables and other assets are stated at nominal value. Foreign exchange receivables are converted to euros using the foreign exchange bid rate on the date of the transaction. At the balance sheet date they are revalued using either the foreign exchange bid rate at the transaction date or at the balance sheet date, whichever is lower. Valuation allowances are made for individually recognizable risks.

2.2.2 Securities and shares

Available-for-sale securities are valued at the lower of acquisition cost or market price.

2.2.3 Cash and cash at bank

Cash at banks denominated in foreign currencies are stated at the foreign exchange rate on the transaction date or at the foreign exchange rate at the balance sheet date, whichever is lower.

2.3 Accruals and provisions

Provisions and accruals are recognized in the amount which, according to commercial judgment, is necessary at the balance sheet date to cover future payment obligations.

2.3.1 Provision for leaving indemnities

All employees whose contracts of employment were not subject to the BMVG (Austrian Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz) voluntarily opted for the defined contribution system (Section 47 BMVG) during the year 2003.

The provision for the contractual leaving indemnities for the Management Board was released, as the Management Board assumes that the payments for the contractual leaving indemnities are not probable.

2.3.2 Other accruals

All liabilities the timing or amounts of which are uncertain when the financial statements are prepared are provided for, adhering to the principle of prudence, at the respective amounts required under standard commercial practice.

2.4 Accounts payable

In accordance with the principle of prudence, accounts payable were valued at the amount repayable. Liabilities stated in foreign currencies are stated using the foreign exchange rate on the date of the transaction or the selling price on the balance sheet date, whichever is higher.

2.5 Changes in valuation methods

The valuation methods used are in line with the valuation methods of prior years.

3 Details of the balance sheet and income statement

3.1 Details of the balance sheet

3.1.1 Fixed assets

The development of the individual items included in fixed assets and the analysis of depreciation and amortization charges are presented in the fixed asset movement schedule attached to these notes.

The added book value of EUR 12,364,220.08 resulted from the merger of Pelias Biotechnologies GmbH and the merger of Pelias Biomedizinische Entwicklungs AG into the Company. The value is assigned to R&D projects; therefore it was classified as an intangible asset.

The total amount of low-value assets for the fiscal year was EUR 94,886.33 (prior year: EUR 185k).

The following table shows the details of financial assets:

As of December 31, 2011	Net book value in EUR	Interest held	Currency	Equity in local currency	Profit/Loss of the year in EUR
Shares in affiliated companies					
Intercell USA, Inc., Gaithersburg, MD, USA	0.00	100%	USD	-30,891,332.49	-6,323,105.87
Intercell Biomedical Ltd., Livingston, UK	4,343,783.54	100%	GBP	6,348,565.11	1,338,424.96
Total	**4,343,783.54**				

As of December 31, 2010	Net book value in EUR ‘000	Interest held	Currency	Equity in local currency in thousands	Profit/Loss of the year in EUR ‘000
Shares in affiliated companies					
Intercell USA, Inc., Gaithersburg, MD, USA	640	100%	USD	-52,710	-164,631
Intercell Biomedical Ltd., Livingston, UK	4,315	100%	GBP	5,231	494
Total	**4,955**				

Expenses from fixed financial assets and current securities include an impairment of the shares in affiliates (Intercell USA, Inc.) of EUR 23,988,245.82 (prior year: EUR 126,133k) and losses from the sale of current securities of EUR 835,374.25 (prior year: losses EUR 467k). The impairment of shares in Intercell USA, Inc. took place in December 2011, as the company has been restructured.

Commitments

The Company leases office and laboratory premises, cars and equipment under cancelable operating lease agreements, which are not recognized as property, plant and equipment.

	As of December 31, 2011		As of December 31, 2010	
	Less than 1 year EUR	Less than 5 years EUR	Less than 1 year EUR ‘000	Less than 5 years EUR ‘000
Commitments from rental contracts	11,592.00	56,994.00	42	82
Commitments from lease contracts	1,827,684.12	7,057,988.70	1,736	7,209
Total	**1,839,276.12**	**7,114,982.70**	**1,778**	**7,291**

3.1.2 Current assets

3.1.2.1 Accounts receivable and other current assets

As of December 31, 2011	Total EUR	Maturity not later than 1 year EUR	Maturity not later than 5 years EUR	Maturity later than 5 years EUR
Trade accounts receivable	4,629,988.64	4,509,988.64	120,000.00	0.00
Accounts receivable from affiliated companies	28,284,871.64	0.00	0.00	28,284,871.64
Other assets	16,613,180.98	5,313,688.84	3,144.38	11,296,347.76
Total	**49,528,041.26**	**9,823,677.48**	**123,144.38**	**39,581,219.40**

As of December 31, 2010	Total EUR ‘000	Maturity not later than 1 year EUR ‘000	Maturity not later than 5 years EUR ‘000	Maturity later than 5 years EUR ‘000
Trade accounts receivable	3,055	3,055	0	0
Accounts receivable from affiliated companies	44,561	0	0	44,561
Other assets	16,586	5,280	10	11,296
Total	**64,202**	**8,335**	**10**	**55,857**

As in the prior year, trade accounts receivable are exclusively attributable to revenues from product sales and collaborations and licensing. Payment has been received after the balance sheet date.

As in the prior year, accounts receivable from affiliated companies only include other receivables. Accounts receivable from Intercell USA, Inc. have been written down by EUR 14,912,181.13 (prior year: EUR 0k), as the company was restructured in 2011.

3.1.2.2 Securities and shares

Other current securities include investment funds (money market investment funds and asset-backed security funds), government bonds and floating-rate notes.

3.1.3 Share capital

As of December 31, 2011, the Company's nominal share capital amounts to EUR 48,592,219.00 and was fully paid in. The nominal share capital is divided into 48,592,219 common shares with no par value. Therefore, each share represents a calculated nominal value of EUR 1.00 of the capital stock.

As of December 31, 2010, the Company's nominal share capital amounted to EUR 48,592,219.00.

Conditional capital

On December 9, 2011, the Management Board resolved and on December 27, 2011, the Supervisory Board approved that authorized conditional capital according to Section 159 (3) Austrian Stock Corporation Act of EUR 1,500,000.00 be converted into conditional capital for the issuance of 1,500,000 additional share options. The Company has 5,784,457 shares with a calculated nominal value of EUR 5,784,457.00 of conditional capital according to Section 159 ff. Austrian Stock Corporation Act to serve the exercise of existing stock options. The conditional capital increase will only be consummated to the extent that stock options from the employee share option scheme are exercised.

During the year 2011, no shares were issued from conditional capital due to the exercise of employee share options.

The Management Board was authorized by the Shareholders' meeting held on June 15, 2007, subject to the approval of the Supervisory Board, to use 15,000,000 shares of conditional capital for the future issuance of convertible bonds and to determine the terms of such bond issuance. The conditional capital increase will only be consummated to the extent that the conversion option of the convertible bond is exercised.

Authorized capital

The Management Board was authorized by the Shareholders' meeting held on June 15, 2007, subject to approval by the Supervisory Board, to increase the registered share capital of the Company by June 15, 2012 by issuing up to 10,000,000 new shares of common stock – at once or in tranches – with a calculated nominal value of EUR 10,000,000.00 to up to EUR 49,881,712.00 against cash or contribution-in-kind. Use has been made of this authorization to the extent that as of December 31, 2011 only EUR 1,289,493.00 is available. The Management Board was authorized by the Shareholders' meeting held on June 13, 2008, subject to approval by the Supervisory Board, to increase the registered share capital of the Company by June 13, 2013 by issuing up to 15,000,000 new shares of common stock – at once or in tranches – with a calculated nominal value of EUR 15,000,000.00 against cash or contribution-in-kind, which was not used so far. Therefore the remaining authorized capital is EUR 16,289,493.00 at December 31, 2011.

Treasury stock

The Company holds 301,748 own shares as treasury stock with a calculated nominal value of EUR 301,748.00, which corresponds to a share of 0.62% of the nominal share capital. From 2000 to 2003, the Company reacquired a number of its own shares that had been issued under an employee participation program. In addition, a number of shares were transferred to the Company in exchange for no consideration in the years 2003 and 2004 as a result of certain agreements between shareholders. The treasury stock is designated for reissuance to employees, members of the Management Board, as well as members of the Supervisory Board upon exercise of share options.

No acquisition or sale of shares held as treasury stock took place during the fiscal year.

The 301,748 own shares held as treasury shares by the Company are recorded in the balance sheet at a value of EUR 493,431.55 (prior year: EUR 493k).

3.1.4 Accruals and provisions

The details of the accruals and provisions are as follows:

	As of December 31, 2011 EUR	As of December 31, 2010 EUR '000
Employee bonuses	1,968,838.82	1,331
Capital transaction tax	1,452,000.00	1,452
Restructuring	1,031,455.62	1,175
Vacation	772,042.04	975
Materials and services for R&D	732,857.17	1,258
Interests on convertible notes	408,000.00	0
Supervisory Board compensation	173,500.00	151
Audit	75,000.00	75
Miscellaneous	1,417,680.54	1,398
Total	**8,031,374.19**	**7,814**

The deferred tax liability according to Section 198 (9) UGB amounted to EUR 0.00 (prior year: EUR 52k).

3.1.5 Liabilities

As of December 31, 2011	Total EUR	Maturity not later than 1 year EUR	Maturity not later than 5 years EUR	Maturity later than 5 years EUR
Convertible notes	27,200,000.00	12,200,000.00	15,000,000.00	0.00
Liabilities due to banks	3,812,279.00	0.00	3,062,279.00	750,000.00
Trade accounts payable	2,441,326.37	2,441,326.37	0.00	0.00
Other payables	1,963,994.55	1,963,994.55	0.00	0.00
Total	**35,417,599.92**	**16,605,320.92**	**18,062,279.00**	**750,000.00**

As of December 31, 2010	Total EUR '000	Maturity not later than 1 year EUR '000	Maturity not later than 5 years EUR '000	Maturity later than 5 years EUR '000
Liabilities due to banks	4,123	570	2,303	1,250
Trade accounts payable	11,079	11,079	0	0
Other payables	1,851	1,851	0	0
Total	**17,052**	**13,500**	**2,303**	**1,250**

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 through 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 "notes, convertible." The equity component (EUR 35,330) is included in the balance sheet item "appropriated capital reserve", and the fair value of the increase option was calculated using an option pricing model. At initial recognition the fair value determined (EUR 1,624,823.00) was separated from the main contract and shown under "other liabilities." At the balance sheet date the fair value of the increase option amounts to EUR 0.00.

Other payables include EUR 309,667.56 (prior year: EUR 627k) in payables resulting from expenses due for payment after the balance sheet date.

3.1.6 Deferred income

The details of the deferred income are as follows:

in EUR	January 1, 2011	Additions	Utilization	December 31, 2011
Deferred revenues	23,640,608.11	928,794.12	6,305,298.20	18,264,104.03
Total	**23,640,604.11**	**928,794.12**	**6,305,298.20**	**18,264,104.03**

in EUR '000	January 1, 2010	Additions	Utilization	December 31, 2010
Deferred revenues	30,416	1,986	8,761	23,641
Total	**30,416**	**1,986**	**8,761**	**23,641**

The deferred income is due to not-realized revenues in connection with the strategic partnership with Novartis Pharma AG, Basel, Switzerland, and R&D grants.

3.2 Details of the income statement

The income statement is presented in total expenditure format.

3.2.1 Revenue classification

The revenues of EUR 33,752k (prior year: EUR 21,849k) have been generated from collaboration and license agreements (EUR 10,177k) (prior year: EUR 7,485k), revenues from deliverables of research (EUR 78k) (prior year: EUR 141k) and product sales (EUR 23,497k) (prior year: EUR 14,223k).

Geographical markets:

	Year ended December 31,	
	2011, EUR	2010, EUR '000
Austria	328,733.63	384
Europe – without Austria	12,642,770.03	13,319
USA	16,495,648.55	6,204
Other	4,284,583.91	1,942
Total	**33,751,736.12**	**21,849**

3.2.2 Expenses for leaving indemnities and contributions to leaving indemnity funds

The expenses for leaving indemnities and contributions to leaving indemnity funds include payments to leaving indemnity funds of EUR 137,328.29 (prior year: EUR 183k).

3.2.3 Classification of other operating income and expenses

The details of the other operating income are as follows:

	Year ended December 31,	
	2011, EUR	2010, EUR '000
Proceeds from the disposal of tangible assets	8,272.57	0
Public subsidies	508,729.59	2,197
Foreign exchange gains	3,018,533.47	4,169
Other operating income	3,659,842.31	3,424
Total	**7,195,377.94**	**9,790**

The details of the other operating expenses are as follows:

	Year ended December 31,	
	2011, EUR	2010, EUR '000
Clinical studies	7,733,523.27	12,579
Legal, auditing and consulting expenses	3,126,265.30	6,082
License fees	2,099,402.97	1,423
Rental & leasing	1,869,349.56	1,939
Telephone and freight charges	809,476.28	354
Travel expenses	748,860.17	1,015
Energy costs	547,301.16	549
Insurances	337,926.86	380
Expenses from the disposal of tangible assets	0.00	42
Other operating expenses	2,668,296.53	3,386
Total	**19,940,402.10**	**27,750**

3.2.4 Expenses from financial assets and current securities

Expenses from fixed financial assets and current securities include losses from the sale of current securities of EUR 835,374.25 (prior year: losses EUR 467k).

3.2.5 Expenses for the auditor

The expenses for the auditor amount to EUR 203,615.19 (prior year: EUR 237k), and the details of the expenses are as follows:

	Year ended December 31,	
	2011, EUR	2010, EUR '000
Audit of the financial statements	75,000.00	75
Other assurance services	114,965.19	65
Other services	13,650.00	97
Total	**203,615.19**	**237**

3.2.6 Income tax

In 2011 the Company has chosen the option not to capitalize deferred taxes on temporary differences between the statutory and the tax result. The capitalizable value according to Section 198 (10) UGB would have been EUR 311,659.57 in the year 2011. As the deferred tax liability accrual according to Section 198 (9) UGB has been released in the fiscal year, a deferred tax income amounting to EUR 52,006.45 (prior year: deferred tax expense of EUR 52k) was posted.

4 Other information

4.1 Guarantees and contingent liabilities

	As of December 31, 2011	As of December 31, 2010
	EUR	EUR '000
Bank guarantees	0.00	277
Credit guarantees	77,285.73	75
Total	**77,285.73**	**351**

4.2 Related-party transactions

	Year ended December 31,	
	2011	2010
	EUR	EUR '000
Purchase of services		
- Members of the Supervisory Board	70,496.55	5
Total	**70,496.55**	**5**

Hans Wigzell and Prof. Dr. Alexander von Gabain are members of the Supervisory Board as well as the Scientific Advisory Board. Therefore, they receive fees on the same normal commercial terms and conditions as the other Scientific Advisory Board members.

Prof. Dr. Alexander von Gabain also serves as strategic advisor to the Company under a consulting agreement. For the services performed under this agreement he receives fees on normal commercial terms and conditions.

4.3 Off-balance-sheet transactions

The Company has entered into contractual arrangements with members of the Management Board, entitling them to a one-off payment in certain cases of termination of their employment relationship with the Company. Contingent liabilities under these contractual arrangements as of December 31, 2011 amounted to EUR 2,240k (2010: EUR 2,069k).

The Company has entered into various agreements with industrial partners and agencies under which it receives or grants certain rights relating to vaccine technologies, product candidates, and intellectual property. The terms of these agreements include milestone payments contingent on the achievement of certain developmental milestones by the party receiving such rights, as well as royalty payments contingent on the sale of products derived through exercise of such rights. Depending on whether a milestone has been reached, the Company is able to receive milestone payments of up to EUR 185m due to existing "out-licensing" agreements in the next 10 years.

4.4 Board and employees of the Company

4.4.1 Employees

As of the balance sheet date, Intercell had 156 employees, of which 148 white-collar workers and 8 blue-collar workers (prior year: total 212, of which 205 white-collar workers and 7 blue-collar workers). During 2011 an average of 182 employees was employed, of which 174 white-collar workers and 8 blue-collar workers (prior year: total 216, of which 208 white-collar workers and 8 blue-collar workers).

4.4.2 Members of the Management Board and the Supervisory Board

The Management Board consisted of the following members during 2011: Thomas Lingelbach, DDr. Reinhard Kandera, Mustapha Leavenworth Bakali as well as Dr. Gerd Zettlmeissl until May 10, 2011. Any two members of the Management Board are entitled to collectively represent the Company.

Our Supervisory Board consisted of the following members during the year 2011:

- Michel Gréco (Chairman until Dec. 31, 2011)
- Prof. DDr. Ernst-Günter Afting (Vice Chairman)
- Dr. David Ebsworth (until June 10, 2011)
- Hans Wigzell
- James R. Sulat
- Dr. Thomas Szucs (from June 11, 2011; Chairman from Jan. 1, 2012)
- Prof. Dr. Alexander von Gabain (from July 1, 2011)

4.4.3 Compensation of the Management Board and the Supervisory Board

The remuneration of the members of the Management Board was EUR 1,807,379.14 (prior year: EUR 1,455k) in total.

in EUR	Salaries	Bonus	Other benefits	Total
Thomas Lingelbach	288,000.02	160,000.00	55,781.66	503,781.68
Reinhard Kandera	215,999.98	120,000.00	25,962.78	361,962.76
Mustapha Leavenworth Bakali[1]	283,500.00	157,500.00	25,200.00	466,200.00
Gerd Zettlmeissl (until May 10, 2011)	121,071.05	0.00	354,363.65	475,434.70
Total	**908,571.05**	**437,500.00**	**461,308.09**	**1,807,379.14**

The remuneration of members of the Supervisory Board was EUR 358,970.12 (prior year: EUR 376k) in total.

1 Mr. Mustapha Leavenworth Bakali is employed at Intercell Biomedical Ltd. The costs are charged on to Intercell AG.

4.4.4 Share options

The following table sets forth the number of share options and the exercise of the share options in 2011 for the legal representatives and employees of the Company:

	Granted during fiscal year	Exercised during fiscal year	Total outstanding as of Dec. 31, 2011
Legal representatives			
Management Board			
Thomas Lingelbach	150,000	-	250,000
Reinhard Kandera	150,000	-	250,000
Mustapha Leavenworth Bakali	150,000	-	260,000
Gerd Zettlmeissl (resigned on May 10, 2011)	-	-	-
Supervisory Board			
Michel Gréco	10,000	-	20,000
Ernst-Günter Afting	10,000	-	20,000
James R. Sulat	10,000	-	20,000
Hans Wigzell	10,000	-	20,000
Thomas Szucs (from June 11, 2011)	10,000	-	10,000
Alexander von Gabain (from July 1, 2011)	10,000	-	10,000
David Ebsworth (until June 10, 2011)	-	-	-
Executive employees	370,500	-	688,450
Other employees	177,000	-	458,750
Total sum	**1,057,500**	**-**	**2,007,200**
Employees of affiliated companies	490,900	-	1,116,346
Total	**1,548,400**	**-**	**3,123,546**

In December 2011, the members of the Management Board and Supervisory Board returned 542,000 options granted in the years 2007, 2008 and 2009 to the Company.

In 2011, share options were granted to members of the Management Board and employees at an exercise price of EUR 1.94 and to the members of the Supervisory Board at an exercise price of EUR 5.84 per option granted.

In general, options are exercisable for the first time in four equal portions after the Annual General Shareholders' Meeting in the second, third, fourth and fifth year after being granted (vesting period). Special option packages are offered to members of the Management Board and to executive employees upon being hired or as a special incentive vest after three years. Options granted from 2006 onwards become exercisable only if the share price on the exercise date exceeds the exercise price by at least 15%. All options expire no later than five years after being granted. Options are not transferable or negotiable, and unvested options lapse without compensation upon termination of employment with the Company (cancellation). The exercise is only allowed twice a year in the second, third, fourth and fifth year after being granted. One exercise window is during a four-week period following the Annual General Shareholders' Meeting and the second exercise window will be announced by the Management Board. Options granted from 2008 onwards become exercisable upon the effectiveness of the takeover of more than 50% of the outstanding voting rights of the Company.

Options are not transferable or tradable. There is no retention period for shares received through the exercise of share options. The Company does, however, have the right to announce special restricted periods under the compliance code in which no share dealing is allowed. To service the exercise of the options, own shares held as treasury stock as well as new shares of conditional capital according to Sections 159 ff Austrian Stock Corporation Act can be used.

The weighted-average fair value of all outstanding options, calculated using the Black-Scholes model, was EUR 0.43 per option as of December 31, 2011 (December 31, 2010: EUR 0.70).

Movements in the number of share options outstanding and their related weighted-average exercise prices are as follows:

	2011		2010	
	Number of options	Average exercise price in EUR per share	Number of of options	Average exercise price in EUR per share
Outstanding at January 1,	3,812,975	20.77	3,410,128	22.86
Granted	1,548,400	2.09	1,011,100	12.17
Forfeited	(2,237,829)	21.95	-449,879	21.61
Exercised	-	-	-158,374	8.40
Outstanding at year-end	**3,123,546**	**10.59**	**3,812,975**	**20.77**
Exercisable at year-end	431,993	24.78	1,014,931	22.16

In 2011, no options were exercised. Options exercised in 2010 resulted in 111,733 shares being issued at a price of between EUR 3.99 and EUR 11.43 per share. In addition, 46,641 shares of treasury stock (recorded at an average historical price of EUR 0.97 per share) were sold at between EUR 3.99 and EUR 10.72 per share in 2010 for servicing the exercise of stock options. The weighted average value per share at the time of option exercise was EUR 14.22 in 2010.

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price in EUR per share	Number of options as of December 31, 2011	2010
Dec. 2011	10.72 - 16.85	-	434,625
Dec. 2012	23.95 - 26.18	197,500	631,100
Dec. 2013	3.99 - 11.43	18,975	43,514
Dec. 2013	20.63 - 31.35	301,971	908,036
Dec. 2014	21.19 - 26.99	303,800	784,600
Dec. 2015	11.80 - 17.96	752,900	1,011,100
Dec. 2016	1.94 - 5.84	1,548,400	-
Total		**3,123,546**	**3,812,975**

The weighted-average grant-date fair value of options granted during the year 2011 was EUR 0.86 (prior year: EUR 2.35). The fair value of the granted options was determined using the Black-Scholes valuation model. The significant inputs into the models were:

	Fiscal years	
	2011	2010
Expected volatility (%)	35.00 – 71.00	28.00
Expected vesting period (term in years)	2.00 – 5.00	2.00 – 5.00
Risk-free interest rate (%)	0.07 – 2.26	0.54 – 1.77

In 2011, the expenses for share-based payments amounted to EUR 904,453.00 (prior year: EUR 2,548k).

Vienna, March 9, 2012

The Management Board

Thomas Lingelbach, CEO

DDr. Reinhard Kandera, CFO

Mustapha Leavenworth Bakali, CBO

The Financial Statements of Intercell AG for the fiscal year from January 1 to December 31, 2011, the Management Report, and the Audit Opinion thereon have been issued in German in accordance with Section 273 of the Austrian Commercial Code. We draw attention to the fact that this translation into English is provided for convenience purposes only and that only the German wording is legally binding.

	as of 1/1/2011 EUR	Acquisition Additions EUR	Acquisition Disposals EUR
I. Intangible assets			
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	20,309,841.45	583,377.06	0.00
2. Book value added by a merger	12,364,220.08	0.00	0.00
3. Prepayments	8,400.69	1,740.00	8,400.69
	32,682,462.22	585,117.06	8,400.69
II. Tangible assets			
1. Leasehold improvements	95,868.06	75,900.92	0.00
2. Machinery and equipment	4,740,888.06	649,603.49	51,345.00
3. Other equipments, factory and office equipment	901,207.76	49,430.03	28,474.37
4. Prepayments and construction in progress	0.00	68,016.52	0.00
	5,737,963.88	842,950.96	79,819.37
III. Financial assets			
Shares in affiliated companies	131,087,722.39	23,377,058.82	0.00
	169,508,148.49	**24,805,126.84**	**88,220.06**
Low-value assets	0.00	94,886.33	94,886.33

/production cost as of 12/31/2011 EUR	Accumulated amortization/ depreciation EUR	Net book value as of 12/31/2011 EUR	Net book value as of 12/31/2010 EUR	Amortization/ depreciation charge of this year EUR
20,893,218.51	5,797,865.16	15,095,353.35	19,029,092.52	4,517,116.23
12,364,220.08	0.00	12,364,220.08	12,364,220.08	0.00
1,740.00	0.00	1,740.00	8,400.69	0.00
33,259,178.59	5,797,865.16	27,461,313.43	31,401,713.29	4,517,116.23
171,768.98	4,909.48	166,859.50	94,365.64	3,407.06
5,339,146.55	3,495,653.59	1,843,492.96	1,880,222.07	685,050.31
922,163.42	668,779.38	253,384.04	357,854.84	153,391.69
68,016.52	0.00	68,016.52	0.00	0.00
6,501,095.47	4,169,342.45	2,331,753.02	2,332,442.55	841,849.06
154,464,781.21	150,120,997.67	4,343,783.54	4,954,970.54	23,988,245.82
194,225,055.27	**160,088,205.28**	**34,136,849.99**	**38,689,126.38**	**29,347,211.11**
0.00	0.00	0.00	0.00	94,886.33

1. Report on the operation activities

Research and Development programs

Intercell develops novel prophylactic vaccines that protect the human body against future infections and therapeutic vaccines that enhance the human immune system's response to existing infections.

Next to our marketed product, a vaccine to protect against Japanese Encephalitis, we have multiple product candidates in clinical development and additional investigational vaccines in pre-clinical development.

Intercell is, based on the number of its late-stage pre-clinical and clinical programs, among the leaders in the creation and development of innovative vaccines and anti-infective antibodies, especially with its AIP®, its novel adjuvant, IC31®. Intercell has partnerships and collaborations with major global players in the vaccine industry including Novartis, GlaxoSmithKline, Merck & Co., Inc., and Sanofi.

Marketed Product – Vaccine against Japanese Encephalitis

During the last 10 years only a small number of new vaccines have been approved. One of them is Intercell's vaccine against Japanese Encephalitis (JE): IXIARO®/JESPECT®. Intercell's vaccine to prevent 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 approval of IXIARO®/JESPECT® in 2009 marks a crucial milestone in Intercell's evolution as an independent vaccine development company focused on striving towards financial sustainability.

Japanese Encephalitis

JE is a deadly infectious disease found mainly in Asia. Approximately 30,000 to 50,000 cases of JE are reported in Asia each year. The actual number of cases is likely to be much higher due to underreporting in rural areas. JE (inflammation of the brain) is fatal in approximately 30% of individuals who show symptoms and results in permanent disability in half of the survivors[1]. Currently no specific treatment exists for Japanese Encephalitis. Vaccination is the best protection for travelers and military personnel who live in, or travel to, high-risk areas.

Vaccine for Travelers, Military and Endemic Regions

Intercell's vaccine against JE is a prophylactic vaccine. It is marketed and distributed in the U.S., the EU, Canada, Hong Kong, Japan, and Switzerland by Novartis under the trade name IXIARO® and in Australia, New Zealand, Papua New Guinea, and the Pacific Islands by CSL Limited under the trade name JESPECT®.

In November 2011, Intercell and its partner Biological E. Ltd. announced the approval of the vaccine, JEEV® to protect children and adults from JE by the Drugs Controller General of India (DCGI). The product, based on Intercell's technology, will be manufactured at Biological E.'s facility in Hyderabad, India.

Intercell is planning to file for regulatory approval in several other important markets for travel vaccines and aims to provide the vaccine in other endemic countries.

Our Product

Intercell's product is the only vaccine against JE licensed in Europe and the only available licensed vaccine in the United States. It is manufactured and supplied for use in various countries and is the only JE vaccine being produced for the U.S. military.

Intercell's JE vaccine consists of a purified, inactivated vaccine for active immunization against JE. The vaccine virus is additionally attenuated. The product is derived from tissue culture rather than live organisms and does not contain gelatin, any other stabilizer, or any preservatives in its formulation. The vaccine offers protection against JE for adults who travel to, or live in, endemic areas, and is administered in a convenient two-dose schedule.

Our JE vaccine is manufactured by Intercell AG's wholly-owned subsidiary Intercell Biomedical Ltd. at our cGMP facility in Livingston, Scotland.

1 Source: CDC, http://www.cdc.gov

Distribution Partners

Novartis: Novartis serves the travelers' markets in North America, Europe as well as certain other markets in Latin America and Asia

CSL Ltd.: CSL Biotherapies markets and distributes the vaccine in Australia, New Zealand, Papua New Guinea, and the Pacific Islands

Product from Biological E. Ltd.: Biological E. manufactures and markets the vaccine in India, Pakistan, Nepal, Bhutan

Pediatric Licensure for IXIARO®/JESPECT®

In the U.S., the vaccine is licensed for individuals above the age of 17 and in Europe, Canada and Australia it is licensed for those above the age of 18. The development of a vaccine to protect both adults as well as children, traveling to endemic areas, from JE has been a major goal of the Company.

Intercell has announced positive data from two clinical Phase III studies supporting pediatric label extension of IXIARO®/JESPECT® for children traveling to endemic areas. Based on these data, Intercell will submit applications for the approval of an IXIARO®/JESPECT® pediatric label extension to major regulatory agencies in Q2 2012.

French Prix Galien 2011

In 2011, the French Prix Galien was awarded to IXIARO® in the category "Medicines available solely in international vaccination centers".

Growing Yearly sales

In 2011, two years after its global launch, the JE vaccine reached its best annual sales since market introduction. The total net product sales in 2011 amounted to EUR 23,497k. This significant increase of 65.2% compared to 2010 reflects the effort by Intercell and its partners to maximize the potential of the product in the key market segments.

Customer Health & Safety and Product Responsibility

Intercell takes the health of its customers very seriously and hence, places safety and product responsibility as the priority. The safety of those who use our product is the most important aspect of our work.

Intercell is operating in a highly regulated industry. Before our products reach our customers in the market, we have to conduct significant pre-clinical and clinical trials and fulfill very strict regulatory requirements. However, these efforts do not end at product approval. Intercell has a routine comprehensive pharmacovigilance program in place, which is designed to quickly identify, address, and communicate new adverse events to regulatory agencies, healthcare professionals and patients.

Furthermore, post-licensure safety studies in different regions and populations are ongoing to confirm the safety of the product. Intercell's daily pharmacovigilance system operations are laid down in standard operating procedures to ensure an appropriate handling of safety information.

In addition, a Product Safety Committee regularly reviews the safety profile of our first product on the market. If deemed necessary, the Committee recommends escalation of safety issues to the Product Safety Review Board.

The results of our trials are published in scientific papers. In 2011, three full scientific papers on different aspects of IXIARO® were published.

To date, Intercell has successfully passed all inspections by regulatory authorities. In 2011, we successfully managed our first serious regulatory challenge with respect to IXIARO® through careful scientific examination of the relevant issues and by closely following all relevant regulations and guidance when developing and distributing vaccines.

Products in Clinical Development

Core R&D Programs

In 2011, Intercell focused its clinical stage pipeline on the most promising product candidates. The Company's next generation of product candidates includes the vaccine candidates against Pseudomonas (Phase II/III with Novartis). Other clinical stage programs such as the Pneumococcus vaccine candidate have been put on hold.

In June 2011, following an unanimous recommendation from the external Data Monitoring Committee (DMC), Merck & Co., Inc. and Intercell announced the termination of the Phase II/III clinical trial evaluating V710, an investigational vaccine for the prevention of Staphylococcus aureus (S. aureus) infections. However, as the trial met the pre-specified criteria for non-futility, Intercell received the related milestone payment from Merck.

Product candidate	Type	Status	Expected key event	Partner
In-house Executed Programs				
Japanese Encephalitis	Traveler's vaccine – prophylactic	Phase III	Pediatric licensure	Marketing & distribution partners (Novartis, CSL, Biological E.)
Pseudomonas aeruginosa	Nosocomial vaccine – prophylactic or therapeutic	Phase II/III	Interim data of pivotal efficacy trial 2013	In-house development; co-financing with Novartis; Novartis option
Partner Executed Programs				
Tuberculosis (IC31®)	Prophylactic vaccine/ adjuvant	Phase II	Additional Phase II studies	AERAS, SSI, Sanofi
Hepatitis C	Therapeutic vaccine/ combination treatment	Phase II	No timely start	Trial start expected in 2011 did not occur. Partnering options being pursued.
IC31® adjuvant in different products*	Prophylactic vaccine/ adjuvants	Phase I	Phase I data 2012	Novartis

*Flu and undisclosed bacterial target

Japanese Encephalitis Pediatric Vaccine

Intercell has announced positive data from two clinical Phase III studies supporting pediatric label extension of IXIARO®/ JESPECT® for children traveling to endemic areas. A pivotal Phase III trial in 1869 children conducted in the Philippines was successful and favorable interim data from a second Phase III trial in EU, U.S., and Australia were obtained.

Analysis of both studies showed that the vaccine was well tolerated and immunogenic in children aged 2 months to <18 years. In both studies, more than 99% of children who received the appropriate dose of IXIARO®/JESPECT® achieved neutralizing antibody titers above the WHO-recognized protective titer. Based on these data, Intercell expects to submit applications for the approval of an IXIARO®/JESPECT® pediatric label extension to major regulatory agencies in Q2 2012.

Pseudomonas aeruginosa Vaccine

Pseudomonas aeruginosa is one of the leading causes of hospital-acquired (nosocomial) infections. Of the 2 million nosocomial infections in the U.S. per year, 10% are caused by Pseudomonas aeruginosa. The bacterium is the number one cause of ventilator-associated pneumonia, the number two cause of hospital-acquired pneumonia and the number four cause of surgical site infections. Currently no vaccine against Pseudomonas aeruginosa is available.

In April 2011, Intercell agreed with Novartis to advance Intercell's investigational Pseudomonas aeruginosa vaccine into a confirmatory clinical efficacy trial in ventilated ICU (Intensive Care Unit) patients. The planned double-blind study is powered to show a clinically meaningful and statistically significant reduction in overall mortality between the vaccine and the control group and envisages enrolling approximately 800 intensive care unit patients.

In October 2011, Intercell announced that it has received positive scientific advice from the European Medicines Agency (EMA) regarding the planned Phase II/III efficacy trial of its investigational Pseudomonas aeruginosa vaccine. The Company obtained confirmation for the proposed key elements of the study design, i.e. size, population, and primary endpoint. The trial follows a Phase II study in which a lower mortality rate was observed in the vaccine groups as compared to the control group. Based on this positive feedback Intercell intends to initiate the confirmatory efficacy study in March 2012. Intercell will execute the trial and the

costs will be shared with Novartis. First interim data are expected by mid 2013.

Intercell's investigational vaccine is a recombinant subunit vaccine consisting of two outer membrane proteins of Pseudomonas aeruginosa (OprF and OprI). These outer membrane proteins have been shown to be disease relevant targets in numerous pre-clinical and several early clinical trials.

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

IC31® Tuberculosis Vaccine

Tuberculosis (TB) is caused by Mycobacterium tuberculosis, the most common cause, and Mycobacterium bovis. Globally, according to the WHO, one human is newly infected with the pathogen every second, about one-third of the world's population carries the pathogen latently, and the disease causes the death of more than 1.6 million people every year. This makes TB one of the most severe global health problems.

In January 2012, Intercell and the Statens Serum Institut (SSI) announced the start of the first Phase II study within their collaboration to develop vaccines against TB. The randomized, double-blind clinical trial evaluating the immunogenicity and safety of two doses of an adjuvanted TB subunit vaccine candidate in HIV-positive individuals, will be conducted in South Africa and Tanzania.

First results are expected in 2013. A second Phase II clinical study is being planned to assess the safety and immunogenicity of the vaccine candidate in healthy adolescents and is expected to be initiated later in 2012.

Previous Phase I clinical trials in Europe and Africa have demonstrated that SSI and Intercell's collaborative novel investigational TB vaccine is safe and very immunogenic in different populations. The new H1IC vaccine candidate from SSI is a recombinant subunit vaccine based on two important TB antigens resulting from SSI's research pipeline combined with Intercell's proprietary adjuvant IC31® and ultimately targeted towards adults and adolescents.

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 in Phase II, H4IC, currently in Phase I (partnered with Sanofi and AERAS, "AERAS 404"), and H56IC, currently in a Bill and Melinda Gates Foundation-funded Phase I in partnership with AERAS and the South African Tuberculosis Vaccine Initiative.

IC31® Adjuvant in Different Products

Under a strategic alliance agreement signed in 2007, Novartis received a non-exclusive license for the use of IC31® in selected new vaccines. Following successful investigation of IC31® in Influenza vaccines, Novartis has initiated a Phase I clinical trial, combining an additional, major but undisclosed vaccine candidate with the IC31® adjuvant in 2011.

Hepatitis C Virus Vaccine

The Hepatitis C virus (HCV) is a major cause of chronic liver disease, including Cirrhosis and Liver Cancer. According to the WHO, approximately 170 million people worldwide are chronic HCV carriers, and 3-4 million are newly infected each year. In the U.S. alone, 8,000 to 10,000 deaths and 1,000 liver transplants due to HCV infections are recorded each year.

Intercell successfully progressed a therapeutic vaccine candidate up to Phase II. Given the further evolution and progression of modern drugs and therapies against Hepatitis C, Intercell and Romark had planned to investigate a combination of vaccine and antiviral. In the absence of timely receipt of regulatory clearance for study initiation by Intercell's partner Romark, the planned clinical trial to investigate a combination therapy of a vaccine and an antiviral drug against Hepatitis C will not proceed. The program has thus been removed from Intercell's clinical pipeline and the Company confirms its strategic decision to not further invest into the vaccine candidate. However, it will continue to evaluate the possibility of partnering its therapeutic vaccine approach in the rapidly changing field of Hepatitis C therapies.

Staphylococcus aureus Vaccine

In June 2011, following an unanimous recommendation from the external DMC, Merck & Co., Inc. and Intercell had to announce the termination of the Phase II/III clinical trial evaluating V710, an investigational vaccine for the prevention of Staphylococcus aureus (S. aureus) infections. However, as the trial met the pre-specified criteria for non-futility, Intercell received the related milestone payment from Merck.

Products in pre-clinical stages

By continuous discovery work in our research organization with a flexible, entrepreneurial spirit of a biotech organization, our scientists focus on novel indications addressing important medical needs. Based on this work Intercell is progressing interesting and promising pre-clinical product candidates for potential development entry evaluation.

In this section we provide an overview on our pre-clinical development candidates, which includes a number of therapeutic antibody programs from our in-house identification capabilities:

Vaccines in Pre-clinical Stages

Product Candidate	Vaccine Type	Status/Phase	Expected Milestones	Partner/Collaborator
Group A streptococcus vaccine	Prophylactic	Pre-clinical	Clinical entry	In-house, commercial partner tbd
Lyme borreliosis (Lyme disease) vaccine	Prophylactic	Pre-clinical	Clinical entry	In-house, Novartis option

Antibodies in Pre-clinical Stages

Product Candidate	Antibody Type	Status/Phase	Expected Milestones	Partner/Collaborator
Group B streptococcus antibodies	Prophylactic (in premature newborns)	Pre-clinical	Pre-clinical proof-of-concept	In-house, commercial partner tbd
Influenza antibodies	Prophylactic and/ or therapeutic	Pre-clinical	Clinical entry	In-house, commercial partner tbd
Human cytomegalovirus (hCMV)	Prophylactic or therapeutic	Pre-clinical	Pre-clinical proof-of-concept	In-house, commercial partner tbd

Technology platforms

Intercell's technology platforms complement its strong product pipeline. The strengths of the Company's technologies are emphasized by partnerships and collaborations with world leading research-based pharmaceutical and healthcare companies.

Antigen Identification Program – AIP®

The design and development of novel subunit vaccines are highly dependent on the identification and characterization of the appropriate antigens. Intercell has successfully identified and refined a large number of relevant and protective antigens for several bacterial pathogens through its Antigen Identification Program (AIP®).

Selected antibodies, which are derived from infected or healthy exposed individuals and therefore directly mirror the presence, accessibility, and antigenicity of relevant proteins from the particular microorganism in its human host, are used in a proprietary screening process. Through AIP®, Intercell's team discovers antigens that are believed to induce the most protective response from the human immune system, thus providing a viable basis for the development of novel and more powerful prophylactic and therapeutic vaccines, as well as antibody treatments.

AIP® has successfully been applied to identify a large number of novel antigens from several pathogenic organisms including Staphylococcus aureus and epidermidis, Streptococcus pneumoniae, Streptococcus agalactiae and pyogenes, Enterococcus faecalis, Klebsiella pneumoniae, Borrelia spp., ETEC, Shigella, Campylobacter jejuni, non-typeable Haemophilus influenzae, and Moraxella catarrhalis.

The AIP®-technology has resulted in promising in-house product candidates and generated strategic partnerships, including partnerships with Novartis, Merck & Co., Inc. and Sanofi.

Monoclonal Antibody Discovery - eMAB®

In its effort to combat infectious diseases, Intercell is not only developing vaccines for active immunization, but also antibodies, which are therapeutically active proteins for directly eliminating pathogens from the human body.

Intercell's fully human monoclonal antibody discovery platform eMAB® (endogenous monoclonal antibodies) is based on selection of human B-cells expressing antibodies binding to the antigen of interest. Intercell's platform eMAB® delivers entirely human, non-immunogenic antibodies which blend in well with the human immune system. These mAbs often also show very high affinity to the antigen thus making further *in vitro* affinity maturation unnecessary.

Intercell's unpartnered monoclonal antibody assets include several pre-clinical anti-infective antibody candidates with the lead candidate directed against Influenza M2. eMAB® has been successfully used to isolate human mAbs against numerous antigens, including nicotine, various cytokines and antigens derived from different bacterial and viral pathogens.

In its future antibody discovery activities Intercell will further build on the validation of the eMAB® technology resulting from the data generated for the Influenza M2 candidate by itself or together with a partner. Intercell will focus on generating novel human antibody candidates to treat infectious diseases. Furthermore it will explore additional disease areas outside of infectious diseases such as Immunology, Inflammation and Cancer.

Intercell's Adjuvant IC31®

The unmet need in population groups which do not respond sufficiently to conventional vaccines due to an impaired immune response (e.g. the elderly) and the difficulties in eliciting meaningful responses to novel prophylactic and therapeutic vaccines for indications such as Malaria, Tuberculosis and Cancer increase the need for novel adjuvants such as IC31®.

Different pre-clinical models showed that IC31® stimulates strong T-cell and B-cell immune responses as well as protective efficacy. Eight clinical trials have proven IC31® to be a very safe and immunogenic adjuvant. Patients receiving IC31® have reported good local tolerance with no systemic adverse effects reported during clinical studies. IC31® is currently used in conjunction with several vaccines being co-developed with partners in pre-clinical and clinical programs.

In 2011, several early research projects were initiated with partners to test IC31® with new indications such as HSV (Herpes Simplex Virus), Cancer and Chlamydia. Ongoing clinical programs with established partners like Novartis and the Statens Serum Institut, SSI (Tuberculosis) are progressing very well – SSI and Intercell recently announced the successful start of their first Phase II study to fight Tuberculosis.

Commitment to our people

Human Resources

Intercell is committed to its employees and acknowledges them as the most important factor for the Company's success. In 2011, Intercell has further developed, strengthened and implemented measures, which enable its employees to attain both their personal and professional goals, and those of the Company.

Intercell's commitment to people starts by creating a lively, open and friendly working environment including a transparent and fair compensation plan. In addition, the Company empowers all employees to achieve their personal and respective professional goals and ensures that employees are well trained in having the right skills and knowledge to fulfill their responsibilities. Intercell encourages further education, offers healthcare service, equal opportunities and a working environment based on mutual trust and freedom.

Performance Management & Career Development

Amongst others, one of Intercell's most valuable business assets is its Performance Management and Development process. This process provides a common vision for all, and every individual plays a key role towards achieving the Company's and individual goals. Twice a year, supervisors and employees discuss progress regarding the agreed goals and feedback discussions are held regularly. Intercell also emphasizes on Talent Management, meaning that employees are gradually trained for further responsibilities. Performance Management at Intercell is a main factor in acknowledging the outstanding work of our team and indicates the high motivation and dedication of our employees.

At the end of 2011, Intercell AG had 156 employees: Approximately 55 percent of Intercell's staff are university graduates. The overall percentage of female employees is 62.2 percent. The average age of the employees is 36.1 years.

2. Financial Review

The aggregate annual revenues increased from TEUR 21,849 in the year ended December 31, 2010 to TEUR 33,752 in the year ended December 31, 2011, or by 54.5%. Following the approval of the Japanese Encephalitis vaccine in the year 2009, the Company increased its revenues from product sales from TEUR 9,016 in the year ended December 31, 2009 to TEUR 14,223 in the year ended December 31, 2010 and to TEUR 23,497 in the year ended December 31, 2011. Revenues from collaborations and licensing increased from TEUR 7,626 in the year 2010 to TEUR 10,255 in the year 2011, or by 34.1%.

The net loss before taxes for the year ended December 31, 2010 was TEUR 209,224, compared to TEUR 67,745 in the year 2011. This change was mainly due to an increase in revenues, an increase in net other income and lower cost of materials and purchased services and lower impairment of the financial asset (Intercell USA, Inc).

Financial expenses, net of income, was TEUR 122,986 in the year ended December 31, 2010, compared to TEUR 25,020 in the year ended December 31, 2011. This change resulted mainly from the impairment of the financial assets due to the failure of Phase II/III of the TD program in the year 2010.

As of December 31, 2011 the Company holds interests in two fully owned subsidiaries, Intercell USA, Inc. and Intercell Biomedical Ltd. in Scotland. The Intercell USA, Inc. and the Intercell AG entered a broad collaboration contract regarding the PanFlu- and the Patch-Technology. An amount of TEUR 17,122 was paid to Intercell Biomedical Ltd., for the manufacturing of the vaccine against Japanese Encephalitis.

The Company has a branch in Schlieren, Switzerland. The Company has not used any derivative financial instruments in the fiscal year 2010. In the fiscal year 2011 the Company issued an increase option in connection with the convertible note and separated it from the main contract. This increase option is shown under "other liabilities" on the balance sheet. At the balance sheet date the fair value of the increase option amounts to EUR 0.00.

Key Performance Indicators

The Management believes that the following financial figures are the key indicators of the Company's financial performance. However, as a biotech company with a broad innovative pipeline of product candidates and significant R&D expenses, Intercell's performance is not only linked to financial indicators, but mainly to the progress in its development programs, which, if progressing successfully, will monetize and contribute to the financial performance in future accounting periods.

in TEUR	Year ended December 31,		
	2011	2010	2009
Revenues	33,752	21,849	44,858
Net income/(loss) for the period	(67,696)	(209,279)	(8,454)
Securities, cash on hand and bank balances	46,661	81,452	175,554

3. Risks

Pursuing biotech innovation includes the inherent risk of failure and the Company is therefore exposed to significant industry-specific risks. Intercell is subject to the additional risk that it has launched its first product and has not yet generated significant revenues from the commercial sale of the product. Moreover, the Company has incurred significant losses since its inception, is exposed to liquidity risk and may never sustain profitability. Management has undertaken considerable efforts to establish a risk management system in order to monitor and mitigate the risks associated with its business. However, the Company remains exposed to significant risks, in particular including the following:

The Company needs to gain further market acceptance for its first product in order to recover significant development costs that it has incurred. Intercell may be unable to successfully market and sell its Japanese Encephalitis vaccine and to develop and commercialize its product candidates as expected or at all. The ability to commercialize product candidates will depend upon the degree of market acceptance among Intercell's primary customers, the customers of Intercell's strategic partners and the medical community. The degree of market acceptance will depend upon many factors, including recommendations by global and local health organizations, reimbursements by health authorities and health insurers and payors, legislative efforts to control or reduce health care costs or reform government healthcare programs, and the ability of customers to pay or be reimbursed for treatment costs. Demand for Intercell's JE vaccine may be adversely affected by international, national or local events or economic conditions that affect consumers' willingness to travel, such as security concerns relating to threatened or actual terrorist attacks, armed conflicts or recent crises in the global economy.

The Company's manufacturing facility in Livingston, Scotland, is, and will continue to be, a significant factor in growing revenues from product sales and maintaining control over production costs. The manufacturing of biological materials is a complex undertaking and technical problems may occur. Intercell may experience delays, be unsuccessful in manufacturing or face difficulties in the ability to manufacture its Japanese Encephalitis vaccine according to market demands. Biological manufacturing is subject to government regulation and regular inspection. It is not possible to predict the changes that regulatory authorities may require during the life cycle of a novel vaccine. Such changes may be costly and may affect the Company's sales and marketing and product revenue expectations. The failure of our product manufacturing facility to comply with regulatory requirements, including current Good Manufacturing Practices, could give rise to regulatory actions or suspension or revocations of manufacturing licenses and result in failure to supply. The risk of suspension or revocation of a manufacturer's license also applies to third party manufacturers and contractors with whom the Company contracts for manufacturing and services.

The Company's manufacturing facility in Livingston, Scotland, is the sole source of commercial quantities of the JE vaccine. The destruction of this facility by fire or other disastrous events would prevent the Company from manufacturing this product and therefore cause considerable losses. Its business requires the use of hazardous materials, which increases the Company's exposure to dangerous and costly accidents that may result in accidental contamination or injury to people or the environment. In addition, the business is subject to stringent environmental health and safety and other laws, regulations and standards, which result in costs related to compliance and remediation efforts that may adversely affect the Company's performance and financial condition.

The development success of several of Intercell's product candidates is dependent upon the performance of third-party manufacturers and contractors. Should these manufacturers and contractors fail to meet requirements, the development and commercialization of Intercell's product candidates may be limited or delayed, which would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company's R&D activities, and in particular its late-stage clinical trial programs, are expensive and time-consuming. The result of these R&D activities is inherently uncertain and the Company may experience delays or failures in clinical trials. In order to continue to develop and commercialize its product candidates, the Company will require regulatory approvals from the U.S. Food and Drug Administration (FDA), European Medicines Agency (EMA), and other relevant regulatory agencies, which may be delayed or denied if the Company cannot establish the safety and efficacy of its product candidates. Adverse events or lack of efficacy in its clinical trials may force the Company to stop development of its product candidates, prevent regulatory approval of its product candidates, or impact its existing products which could materially harm its business.

The vaccine industry is highly competitive, and if the Company's competitors commercialize their products more quickly than Intercell or develop alternatives to Intercell's products or sell competing products at lower prices, the Company might lose a significant share of the expected market.

The Company's ability to commercialize its product candidates or to license its technologies partially depends on the ability to obtain and maintain adequate protection of its proprietary and intellectual property rights in the U.S., the EU, and elsewhere. If the Company's efforts to protect its intellectual property rights are not sufficient, competitors may use its technologies to

create competing products, erode the Company's competitive advantage, and capture all or part of its expected market share. The Company's efforts to avoid infringing, or to defend itself against any claims of infringement of the intellectual property rights of third parties may be costly and, if unsuccessful, may result in limited or prohibited commercialization of its product candidates or licensing of its technologies, subject it to royalties or other fees, or force it to redesign its product candidates.

The Company may be unsuccessful in establishing additional or maintaining existing, strategic partnerships and collaborations, which could significantly limit or delay its ability to develop and commercialize discoveries and inventions and realize results from its R&D programs and technologies. The success of strategic partnerships depends, in part, on the performance of the strategic partners, over which the Company has little or no control. Partners may elect to delay or terminate one or more of these strategic partnerships, develop products independently or in collaboration with a third party that could compete with the Company's product candidates, fail to commit sufficient resources to the development or commercialization of the product candidates which are subject to these partnerships or collaborations, or otherwise fail to perform as Intercell expects. If any of these risks materialize, our revenues from up-front license payments, milestone payments, and royalties generated from our product candidates that are subject to these partnerships and collaborations may be substantially reduced, which would have a material adverse effect on our business, financial condition, and results of operations. Recently, Intercell AG filed a request for arbitration to pursue its claim against GlaxoSmithKline for a milestone payment in connection with the collaboration entered into in 2009. Currently, it is not yet possible to assess the probable outcome of the arbitration proceedings.

In 2011, the termination of the Phase II/III clinical trial evaluating our S. aureus product candidate resulted in negative headlines. Announcements regarding changes in the achievement of expected value inflection points for our existing development programs, delays in receiving regulatory approvals, obstacles hindering product commercialization or realignment of our operations could be perceived negatively by investors, consumers, or others in the market and thus damage our reputation, contribute towards a lower share price or otherwise adversely affect our business, financial condition, results of operation, and prospects.

Future business opportunities or a delay or failure in the development or commercialization of one or more of the Company's product candidates may result in requirements for additional funding, which may only be available, if at all, with unfavorable consequences or on unfavorable terms. If the Company is not able to fulfill investor or analyst expectations, its ability to raise financing may be adversely affected.

Any failure to appropriately monitor and manage the Company's development as well as any failure to successfully integrate businesses acquired in the future may have a material adverse effect on the Company's business, financial condition, and results of operations. If we undertake an acquisition, the process of integrating any newly acquired business, technology, service or product into our existing operations could be expensive and time consuming and may result in unforeseen operating difficulties and expenditures. The development and commercialization of the Company's product candidates may be delayed if Intercell is unable to recruit and retain qualified personnel or if any of the key members of the Management or scientific staff discontinues his or her employment or consulting relationship with the Company.

Impairment of intangible assets may lead to substantial losses in Intercell's profit and loss statement. The Company's balance sheet includes substantial intangible assets from development stage projects and technologies, which have been gained through business combinations. If the Company is not able to successfully develop these products and technologies and to generate future cash flows from such products and technologies, it may never be able to recover the consideration paid to acquire such intangible assets and, as a consequence, will have to impair the corresponding intangible asset. Such impairment of intangible assets would result in substantial losses in the profit and loss statement.

The use of any of our product candidates in clinical trials and the sale of any of our current or future products will subject us to potential liability or product liability claims. The Company's clinical trial liability and product liability insurance coverage may not be sufficient to cover liability or product liability claims, which Intercell may incur as a result of the use of its product candidates in clinical trials or the sale of current and future products, or may cease to be available at a reasonable cost in the future.

Recent turmoil in the credit markets and financial services industries, and the general deterioration in global economic conditions could decrease consumer discretionary spending and global growth rates, impair Intercell's ability to raise money to fund the expansion of Intercell's operations, adversely affect Intercell's partners' ability or willingness to further develop and commercialize our partnered products or impair the value of, or returns on, our investments. The Company is exposed to market risk, including price risk and cash flow and fair-value interest rate risk and it is exposed to credit risks.

In addition, operating results may be negatively affected by exposure to foreign exchange and other economic risk factors. Intercell AG may not be able to use tax loss carry-forwards to offset future taxable income and as a consequence may face higher future tax obligations than expected and/or may have to repay tax credits.

4. Reporting on the internal control and risk management system regarding financial reporting

The responsibility for the design and implementation of an internal control and risk management system capable of meeting the needs of accounting rules and of assuring compliance with legal requirements rests with the Management Board under the oversight of the Supervisory Board. The department consists of the organizational units „Accounting“, which is responsible for reporting to outside parties, and „Controlling“, which handles reporting within the Group. Both units report directly to the Chief Financial Officer.

„Controlling“ reviews the performance of defined groups of assets on a regular basis. The adherence to the respective requirements is assured through regular reviews carried out at management meetings and, whenever necessary, through securing the participation of the central department.

The recording and accounting of all transactions is handled by the integrative software solution Microsoft Dynamics AX. The Group companies perform monthly closing procedures on their accounts.

No separate internal audit department has been set up in view of the Company‘s size. However, an internal control and reporting-system has been defined in order to secure appropriate internal controls over financial reposting and to enable the Management Board to rapidly identify risks and to respond to such risks. The compliance within the internal controlling and reporting system is reviewed and reported by an internal audit function on a quarterly basis.

A tailored planning and reporting system is used for internal management reporting. Standard reports and automatic interfaces have been created to transfer actual data from Microsoft Dynamics AX to the internal reporting system. A standardized process is employed to compile figures into reports, including budget comparisons. Reporting dimensions include departments, projects, and cost categories. Internal reports to the management include the development of operating results during the preceding month as well as rolling forecasts for the residual year. These reports feature summaries of the most important results as well as deviation analyses compared to budgets and preceding forecasts.

The financial information that has been generated as described above and the Group accounts pursuant to IFRS form the basis for the Management Board‘s financial reporting to the Supervisory Board, which holds meetings on a regular basis. The Supervisory Board is informed about the financial performance of the business using consolidated results and, where appropriate, detailed project- and product-based financial information.

5. Disclosure according to Section 243a of the Austrian Commercial Code

- As of December 31, 2011, the Company's share capital consists of 48,592,219 shares of common stock with no par value in bearer form. Each share represents the same pro rata amount of the aggregate share capital. In February 2011, the Company issued convertible bonds by granting the creditors conversion and/or subscription rights for up to 15,000,000 new bearer shares of common stock.
- GlaxoSmithKline has committed to retaining 900,000 shares held by GSK over a certain minimum lock-up period. The Management is not aware of any other agreements between shareholders that restrict the voting rights or the transferability of any of the issued shares.
- As of the balance sheet date, entities affiliated with Novartis AG, Switzerland, held 14.9% of the voting rights of the Company. The Management is not aware of any other shareholder whose shareholding represents 10% or more of the share capital of the Company.
- The Company has not issued any shares with special control rights as compared to all other outstanding shares, and there are no controls of voting rights for shares held by employees who do not exercise their voting rights directly.
- The Company's regulations in regard to the appointment and discharge of the members of the Management Board and the Supervisory Board, as well as regulations in regard to the change of the articles of association follow Austrian legal regulations.
- The Management Board is authorized to increase the registered capital of the Company, pursuant to Section 169 of the Austrian Stock Corporation Act, and with the consent of the Supervisory Board, in one or several tranches by issuing up to 1,289,493 new bearer shares of common stock until June 15, 2012, and by issuing another up to 15,000,000 new bearer shares of common stock until June 13, 2013. The share capital is conditionally increased by up to 5,784,457 bearer shares insofar as the employees and members of the Management Board, who have been granted stock options, exercise their subscription rights.
- On June 10, 2011, the General Meeting of Shareholders authorized the Management Board to repurchase Intercell AG shares up to the maximum amount permissible pursuant to Section 65 (1) no 8 of the Austrian Stock Corporation Act for a period of 30 months following the date of the previous General Meeting of Shareholders of June 25, 2010, with any such repurchase to be within the range of a minimum amount of EUR 4.00 per share and a maximum amount of EUR 30.00 per share. In the fiscal year 2011 the Management Board did not repurchase any shares under this authorization from the shareholders' meeting.
- The Company has certain material agreements that provide the counterparty with certain rights in the event of the change of control of the Company, which could lead to a change or termination of the agreement. The Company believes disclosure of specific information about these agreements would be materially detrimental to the Company.
- The vesting of stock options, which have been issued under the Employee Stock Option Plan (ESOP) 2011, will be accelerated in case of a change of control and all such options will become immediately exercisable. The Company has entered into contractual agreements with all three members of the Management Board as well as certain key employees of the Company entitling each to a one-time payment in the event of a change of control. Other than these provisions, no special compensation agreements exist between the Company and the members of its Management Board and Supervisory Board in case of change of control in the Company.

6. Operational and strategic Outlook

Intercell's strategy is based on the Company's broad and proven capabilities to discover, develop, manufacture and market vaccines, and on its key assets, including its know-how & technologies, its people, the industry partnering network, and its experienced Management Team.

Intercell has reduced the cost base and balanced the risk/investment ratio in the R&D operations without jeopardizing the key R&D programs and innovative activities. In this setting Intercell continues to strive towards financial self-sustainability and to enhance shareholder value.

Intercell's Business Strategy

Intercell's strategy is to be a leading biotechnology company focused on biologics in the fields of anti-infective prophylactic and therapeutic treatments, achieved through the development, manufacturing and commercialization of new products which target areas of unmet clinical need. We strive for mid-term financial self-sustainability by continuation of recent cost containment and financial discipline while maintaining our commitment to investing in R&D. This strategy includes the following key elements:

- Maximize the value from our JE vaccine
- Improve the financial performance of our business by focusing development activities and optimizing the resources applied
- Continue to develop our in-house clinical product candidates through to their next value inflection points
- Fully leverage the potential of our vaccine discovery, adjuvant and antibody technologies
- Leverage the value of our partnered clinical product candidates and our existing and future strategic alliances
- Expand our value proposition by participating in vaccine industry consolidation and being open to strategic opportunities

Business Outlook 2012

Based on its 2011 resetting and streamlining, the Company will continue to focus on financial performance, progression of its R&D pipeline, and strategic development in order to achieve the following goals and expected milestones:

Financial Performance

- Continued JEV sales growth
- Additional revenues from existing and new collaborations
- Capital efficient, lean operations and a reduced loss

Progression of R&D pipeline

- Start of Phase II/III Pseudomonas trial
- IXIARO®/JESPECT® pediatric label extension and first launch of JE vaccine in endemic areas
- Focus on research and innovation, deliver next development candidate

Strategic Development

- Enter into new revenue generating technology partnerships
- Secure funding into financial self-sustainability
- Be opportunistic in exploring strategic business opportunities (e.g. M&A)

7. Events after the balance sheet date

No material events have occurred after the balance sheet date that would have an impact on the asset-, financial- and earning position of the company.

Vienna, March 9, 2012

The Management Board

Thomas Lingelbach, CEO

DDr. Reinhard Kandera, CFO

Mustapha Leavenworth Bakali, CBO

The Financial Statements of Intercell AG for the fiscal year from January 1 to December 31, 2011, the Management Report, and the Audit Opinion thereon have been issued in German in accordance with Section 273 of the Austrian Commercial Code. We draw attention to the fact that this translation into English is provided for convenience purposes only and that only the German wording is legally binding.

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of Intercell AG, Vienna, for the fiscal year from January 1 to December 31, 2011. These financial statements comprise the balance sheet as of December 31, 2011, the income statement for the fiscal year ended December 31, 2011, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2011 and of its financial performance for the fiscal year from January 1 to December 31, 2011 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 9, 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Aslan Milla

Austrian Certified Public Accountant

PURSUANT TO SECTION 82 (4) OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as required by the Austrian Code of Commerce and the Management Report gives a true and fair view of the development and performance of the business and the position of the company, togehter with a description of the principal risks and uncertainties the company faces.

Vienna, March 9, 2012

The Management Board

Thomas Lingelbach, CEO

DDr. Reinhard Kandera, CFO

Mustapha Leavenworth Bakali, CBO

The Financial Statements of Intercell AG for the fiscal year from January 1, 2011 to December 31, 2011, the Management Report, and the Audit Opinion thereof have been issued in German language in accordance with section 193 of the Austrian Commercial Code. We draw attention to the fact that this translation into English is provided for convenience purposes only and that only the German wording is legally binding.

Intercell AG

Campus Vienna Biocenter 3
1030 Wien
Austria

www.intercell.com