



Intercell AG

Condensed Consolidated Interim Financial Statements

as of 31 March 2007

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**CONDENSED CONSOLIDATED INTERIM
INCOME STATEMENT (UNAUDITED)**

€in thousands
(except shares and per share amounts)

	Three months ended 31 March	
	2007	2006
Revenues	1,502	327
Revenues from collaborations and licensing	589	3
Grant income.....	913	324
Operating expenses		
Research and development expenses.....	(7,375)	(6,826)
General, selling and administrative expenses.....	(3,239)	(1,969)
Income from transactions with associated companies.....	-	28
Other income/(expenses), net.....	1,650	85
OPERATING LOSS	(7,463)	(8,355)
Finance income/(expenses), net	416	492
Share of loss of associated companies.....	-	(950)
LOSS BEFORE INCOME TAX	(7,047)	(8,813)
Income tax expense	(3)	(1)
LOSS FOR THE PERIOD	(7,050)	(8,814)
Losses per share for loss attributable to the equity holders of the company, expressed in Euro per share (basic and diluted).....	(0.18)	(0.27)

**CONDENSED CONSOLIDATED INTERIM
BALANCE SHEET (UNAUDITED)**

€in thousands	31 March 2007	31 December 2006
ASSETS		
Non-current assets	30,928	11,439
Property, plant and equipment	11,318	10,253
Intangible assets	19,096	157
Deferred income tax assets.....	280	283
Other non-current assets.....	235	746
Current assets	93,496	100,024
Trade receivables and other current assets	7,044	5,413
Available-for-sale financial assets.....	66,074	65,523
Restricted cash	190	190
Cash and cash equivalents.....	20,188	28,898
TOTAL ASSETS	124,424	111,463
EQUITY		
Capital and reserves attributable to the Company's equity holders	98,072	93,082
Share capital.....	206,776	200,266
Other reserves	6,710	668
Retained earnings.....	(115,414)	(107,852)
LIABILITIES		
Non-current liabilities	10,817	2,399
Borrowings.....	1,808	2,157
Other long term liabilities	4,705	242
Deferred income tax liabilities	4,304	-
Current liabilities	15,534	15,982
Trade and other payables	6,308	10,363
Borrowings.....	1,009	998
Deferred income.....	8,217	4,621
Total liabilities	26,352	18,381
TOTAL EQUITY AND LIABILITIES	124,424	111,463

**CONDENSED CONSOLIDATED INTERIM
CASH FLOW STATEMENT (UNAUDITED)**

€in thousands

	Three months ended 31 March	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(7,050)	(8,814)
Depreciation and amortization	314	245
Share-based compensation	1,266	430
Tax	1	3
Other adjustments for reconciliation to cash used in operations	(260)	738
Changes in working capital	(3,893)	(1,056)
Cash used in operations	(9,622)	(8,454)
Interest paid.....	(12)	(25)
Income tax paid.....	(1)	(3)
Net cash used in operating activities	(9,635)	(8,482)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired through acquisitions, net of cash consideration	2,880	0
Purchases of property, plant and equipment.....	(1,761)	(1,361)
Purchases of intangible assets	(27)	(4)
Proceeds from sale (purchases) of available-for-sale financial assets, net	(450)	11,991
Investments in associated companies	-	(1,450)
Interest received	673	0
Net cash generated from investing activities	1,315	9,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions.....	(114)	0
Repayment of borrowings	(347)	(343)
Net cash used in financing activities	(461)	(343)
Net increase/ (decrease) in cash.....	(8,781)	351
Cash at beginning of the period.....	28,899	5,284
Exchange gains on cash	70	34
Cash at end of the period.....	20,188	5,669
Cash, short-term deposits and marketable securities at end of the period.....	86,262	38,817

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)**

€in thousands	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2006	141,099	263	(91,709)	49,653
Fair value losses on available-for-sale financial assets	-	(245)	-	(245)
Currency translation differences	-	(56)	-	(56)
Net loss recognized directly in equity	-	(301)	-	(301)
Loss for the period	-	-	(8,814)	(8,814)
Total recognized expense for the three months ended 31 March 2006	-	(301)	(8,814)	(9,115)
Employee share option plan				
- value of employee services	430	-	-	430
Balance at 31 March 2006	141,529	(38)	(100,523)	40,968
Balance at 1 January 2007	200,266	668	(107,852)	93,082
Fair value gains on available-for-sale financial assets	-	101	-	101
Currency translation differences	-	(33)	-	(33)
Net income recognized directly in equity	-	68	-	68
Loss for the period	-	-	(7,050)	(7,050)
Total recognized income/ (expense) for the three months ended 31 March 2007	-	68	(7,050)	(6,982)
Employee share option plan				
- value of employee services	590	-	-	590
Issuance of common stock	6,034	-	-	6,034
Impact of business combinations	-	5,975	(513)	5,462
Cost of equity transactions	(113)	-	-	(113)
Balance at 31 March 2007	206,776	6,710	(115,414)	98,072

**SELECTED NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)****1. Basis of preparation**

These condensed consolidated interim financial statements of Intercell AG (the “Company”) for the three months ended 31 March 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34). The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

For ease of presentation, numbers have been rounded and, where indicated, are presented in thousand Euros. However, calculations are based on exact figures. Therefore, the sum of the numbers in a column of a table may not conform to the total figure given for the column.

2. Segment reporting

The Company operates in a single business segment and in a single geographical segment.

3. Fluctuation of revenues

Revenues comprise grant income and revenues from collaborations and licensing. Revenues from collaborations and licensing have fluctuated in the past and the Company expects that they will continue to fluctuate over different reporting periods in the future.

4. Property, plant and equipment and intangible assets

Additions to property plant and equipment and intangible assets during the interim reporting period resulted principally from investments in laboratory and manufacturing equipment and from acquisition of a subsidiary, Pelias Biomedizinische Entwicklungen AG (“Pelias”, see note 6).

Assets acquired through the acquisition of Pelias include an in-process research and development project for a vaccine against Pseudomonas infections. This project has been re-valued and capitalized as intangible asset at its fair value at the date of acquisition of €18,923 thousand. Amortization of the intangible asset over its useful life will start when the vaccine has been fully developed and is ready for use. In accordance with IAS 36, the intangible asset will be tested for impairment on an annual basis and when there is an indication that it may be impaired.

5. Share capital

In January 2007, the Company acquired 32,692 shares in Pelias in exchange for 349,815 new Intercell shares with a market value of €6,034 thousand (see Note 6). Following the completion of the transaction, the Company’s total number of shares outstanding is 39,375,823.

€in thousands*

(except number of shares)

	Shares issued			Treasury shares		Total share capital
	Number of shares	Capital paid in	Capital from ESOP**	Number of shares	Book value	
Balance at 1 January 2006	<u>33,676,232</u>	<u>136,281</u>	<u>5,319</u>	<u>518,389</u>	<u>(501)</u>	<u>141,099</u>
Employee share option plan:						
- value of employee services.....	-	-	430	-	-	430
Balance at 31 March 2006	<u>33,676,232</u>	<u>136,281</u>	<u>5,749</u>	<u>518,389</u>	<u>(501)</u>	<u>141,529</u>
Balance at 1 January 2007	<u>39,531,897</u>	<u>193,791</u>	<u>6,965</u>	<u>505,889</u>	<u>(489)</u>	<u>200,266</u>
Employee share option plan:						
- value of employee services.....	-	-	590	-	-	590
Issuance of common stock.....	349,815	6,034	-	-	-	6,034
Cost of equity transactions	-	(113)	-	-	-	(113)
Balance at 31 March 2007	<u>39,881,712</u>	<u>199,711</u>	<u>7,554</u>	<u>505,889</u>	<u>(489)</u>	<u>206,776</u>

* The financial information set forth in this table has been rounded for ease of presentation. Therefore, the rounded numbers presented as opening balance may be slightly different to the closing balance in previous financial reports.

** Employee Share Option Plan

6. Business Combinations

On 2 January 2007, the Company acquired essentially all of the shares outstanding of Pelias, that it did not already own in exchange for 349,815 new Intercell shares (see note 5). Pelias, together with its subsidiaries, is engaged in research and development in the field of hospital infections.

Prior to the acquisition, the Company's interest in Pelias was 46.0 percent and had been accounted for using the equity method. The recently acquired shares represent 46.7 percent of the share capital of Pelias. 7.3 percent of the share capital has been held by Pelias as treasury stock since the date of acquisition and the 92.7 percent interest held by Intercell therefore represent all of the outstanding share capital of Pelias, except one share, which is held by ATI Vermögenstreuhandgesellschaft m.b.H.

From the date of acquisition, Pelias has been fully consolidated with its identifiable assets and liabilities, which have been re-valued to their fair values at the date of acquisition. The Company's initial 46 percent interest was also re-valued directly into equity at the date of acquisition.

In the period from the date of acquisition to March 31, 2007, the acquired business contributed a net loss of €694 thousand to the Company's consolidated net loss. The contribution would have been the same if the acquisition had occurred on January 1, 2007.

Details of net assets acquired and goodwill are as follows:

€in thousands

Purchase consideration	
- Initial contributed capital at formation.....	32
- Additional capital calls	3,450
- Fair value of shares issued as consideration at acquisition date.....	6,034
- Direct costs relating to the acquisition	36
Total purchase consideration	9,552
Increase in fair value of net assets already held, net of initial contributed capital and capital-calls	2,492
Fair value of net assets acquired.....	(12,044)
Goodwill	0

The fair value of the Intercell shares issued as consideration for the acquisition of Pelias shares was determined using the last stock exchange price before the date of acquisition.

The assets and liabilities arising from the acquisition are as follows:

€in thousands

	Fair value	Acquiree's carrying amount
Cash and cash equivalents (including restricted cash).....	2,917	2,917
Property, plant and equipment and Software.....	152	152
Trade and other receivables.....	1,031	1,031
In-process Research and Development projects	18,924	-
Deferred tax liabilities.....	(4,304)	-
Trade and other payables	(2,792)	(2,792)
Borrowings (silent partnership).....	(3,882)	0
Net assets acquired.....	12,044	1,308

Cash acquired through the acquisition, net of cash consideration paid, is as follows:

€in thousands

Cash consideration	(35)
Cash and cash equivalents in subsidiary acquired	2,917
Cash inflow through acquisition	2,880

Vienna, 4 May 2007

The Management Board:

signed:

Dr. Gerd Zettlmeissl

signed:

Univ.-Prof. Dr. Alexander von Gabain

signed:

Dr. Werner Lanthaler

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007****Introduction**

We have reviewed the accompanying consolidated condensed balance sheet of INTERCELL AG (the “Company”) and its subsidiaries (“the Group”) as of 31 March 2007 and the related consolidated condensed statements of income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review. This is a voluntary review. Therefore, as provided under Section 275 (2) of Austrian Commercial Code, a limitation of our liability, also with respect to third parties, was stipulated at the liability of EUR 2 million.

Scope of review

We conducted our review in accordance with laws and regulations applicable in Austria and in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 March 2007, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Vienna, 4 May 2007

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed

Aslan Milla