



intercell
SMART VACCINES

Half-year Financial Report 2007



Bacterium klini&Aplus Tactus

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- » **CLEAR STRATEGY TO MARKET FOR THE FIRST PRODUCT - INTERCELL'S JAPANESE ENCEPHALITIS VACCINE**
 - » All clinical studies supporting the licensure applications for US, EU and Australia completed
 - » US regulatory filing initiated - full BLA submission expected in H2 2007 – expected approval H1 2008
 - » Pediatric Phase II clinical trial in India started - results expected for end 2007

- » **WORLD-LEADING FRANCHISE IN NOSOCOMIAL INFECTIONS**
 - » S.aureus vaccine partnered with Merck&Co - Phase II expected to start in H2 2007
 - » Pseudomonas vaccine – start of Phase II/III targeting intensive care unit patients planned for H1 2008

- » **HEPATITIS C VACCINE – PHASE II “PROOF-OF-CONCEPT” STUDY**
 - » Interim results of approximately 25 study participants expected for August 2007

- » **BROADENING THE USE OF NOVEL VACCINE ADJUVANT - INTERCELL'S ADJUVANT IC31[®]**
 - » Phase I trial for Influenza vaccine adjuvanted with IC31[®] started - recruitment completed - results expected for early 2008

- » **STRATEGIC PARTNERSHIP WITH NOVARTIS (CLOSED JULY 2, 2007)**
 - » Intercell to receive € 270 million in upfront payments and equity investment - 4.8 million new shares at a share price of € 31.25 - exclusive Partnership for IC31[®] in influenza vaccines - co-development in HCV therapeutic vaccines - certain options for not-partnered vaccine candidates to Novartis - closing of the transaction expected in Q3 2007

» **SOLID FINANCIAL AND STRONG STRATEGIC POSITION FOR FURTHER GROWTH**

- » 15.6 million net loss for H1 2007, up 26.7 percent as compared to H1 2006 – reflecting R&D and manufacturing capacity increase
- » Strong cash position with € 81.1 million in liquid funds at June 30, 2007
- » Liquid funds expected to be approximately € 300 million at the end of 2007
- » Full year 2007 expected to be first profitable year in company history, based on revenues from technology based strategic product alliances

» **KEY FIGURES – FINANCIAL HIGHLIGHTS**

€ in thousands	3 months ended		6 months ended		Year ended
	June 30,	June 30,	June 30,	June 30,	Dec. 31,
	2007	2006	2007	2006	2006
Revenues	3,682	5,445	5,184	5,771	23,452
Net loss	(8,522)	(3,477)	(15,571)	(12,291)	(16,143)
Net operating cash flow	(4,867)	(3,096)	(14,502)	(11,578)	(7,979)
Cash and marketable securities, end of period	81,056	39,646	81,056	39,646	94,421

» **COMPANY SNAPSHOT**

Intercell focuses on the design and development of novel vaccines for prevention and treatment of infectious diseases with substantial unmet medical need. The Company develops antigens and immunizers (adjuvants) which are derived from its proprietary technology platforms. Based on these technologies, Intercell has strategic partnerships with a number of global pharmaceutical companies, including Novartis, Merck&Co, Inc, sanofi pasteur, Kirin, Wyeth, and the Statens Serum Institut.

The Company's lead product, a prophylactic vaccine against Japanese Encephalitis has successfully concluded pivotal Phase III clinical trials. The regulatory process towards a Biologics License Application (BLA) to the US Food and Drug Administration (FDA) has been initiated. The other candidates in Intercell's broad development pipeline include a therapeutic vaccine for Hepatitis C in Phase II, a Pseudomonas vaccine in Phase II, partnered vaccines for Tuberculosis and S. aureus which are in Phase I, and five products focused on infectious diseases in pre-clinical development.

»» OPERATIONAL BUSINESS AND STRATEGY REVIEW

»» JAPANESE ENCEPHALITIS (JE) VACCINE ON TRACK TO MARKET

During the past six months, Intercell has made significant progress in obtaining the market approval of its Japanese Encephalitis vaccine in H1 2008. All clinical studies supporting the licensure applications for US, EU and AUS have been completed:

A study for travelers demonstrated in detail that IC51 can safely be administered together with another traveler's vaccine, as shown for the example of Hepatitis A. The long-term safety and immunogenicity study demonstrated a good safety profile of IC51 up to six months after the vaccination, and high immunogenicity levels for up to at least 12 months in the most recent follow-up in that clinical study.

The rapid immunization study has confirmed the IC51 two-dose schedule to be the optimal first vaccination regimen, but has also strongly encouraged us to further ensue a fast track immunization schedule as part of the intended product life cycle management of the product.

First, Intercell is primarily targeting the travelers and armed forces market in the United States, Europe and Australia as well as private markets in endemic areas with the aim to replace current suboptimal vaccines and to grow the market substantially.

The market potential for a safe and efficient vaccine against JEV is estimated to be € 250 - € 350 million. Joint launch activities with Novartis for private markets are fully on track for 2008.

»» OUTLOOK:

- »» EMEA filing
- »» Agreement with US Army
- »» US Market approval (H1 2008)
- »» Results of pediatric Phase II clinical trial in India expected for end 2007
- »» Partnership for Japanese market expected in 2007/ 2008

>> **LEADING IN HOSPITAL-ACQUIRED INFECTIONS**

Phase I study showed that the Staphylococcus aureus vaccine, which is based on a conserved protein antigen discovered by Intercell's Antigen Identification Program (AIP®) and was licensed to Merck&Co, is safe and generally well-tolerated. Immune responses were observed within several weeks following vaccination and these immune responses persisted throughout the course of the study.

In addition, our Pseudomonas vaccine has shown promising data in completed Phase II trials.

The vaccine, which was administered to intensive care unit patients, was well tolerated. No adverse systemic or local events were observed. The vaccine showed indications of efficacy combined with good antibody response. None of the patients developed systemic Pseudomonas infections. The start of Phase II/III is planned for H1 2008.

>> **OUTLOOK:**

>> Phase II start for Staphylococcus aureus vaccine (H2 2007)

>> Phase II/III start for Pseudomonas vaccine (H1 2008)

>> **HEPATITIS C VACCINE – PHASE II INTERIM DATA EXPECTED**

The recruitment of the Phase II study with 50 treatment naïve chronic Hepatitis C patients was completed in H1 2007. The patients were vaccinated with Intercell's vaccine IC41, using an optimized route and frequency of administration, which was defined after an optimization study completed during 2006. Final results of the ongoing Phase II trial are expected for early 2008, but interim results of approximately half of the study participants are expected for August 2007. The current study aims to prove that increased HCV specific T-cell responses are linked to significant reduction of viral load.

>> **OUTLOOK:**

>> Interim Phase II data (August 2007)

>> Final Phase II data (early 2008)

>> VACCINE ADJUVANT IC31® - FLU AND TUBERCULOSIS

In May 2007, the start of Phase I clinical trials for a seasonal Flu vaccine which is formulated with Intercell's proprietary adjuvant IC31® was executed. The study is now fully recruited. Significant progress was also made in the Tuberculosis vaccine program for which Intercell's partner Statens Serum Institut reported promising data from a Phase I clinical trial with a Tuberculosis (TB) subunit vaccine in March 2007.

In this trial it was proven that the new vaccine is safe and very immunogenic in healthy individuals. Based on these results the partners will initiate a clinical trial with latent TB-infected and BCG-vaccinated individuals later in 2007.

>> OUTLOOK:

- >> Strong focus on a commercial use of IC31® and further strategic partnerships
- >> Results from Influenza trials (early 2008)
- >> Start of further clinical trials in tuberculosis (with SSI)

>> FINANCIAL REVIEW**>> Q2 2007 FINANCIAL REVIEW****>> REVENUES**

Aggregate revenues decreased from € 5.4 million in Q2 2006 to € 3.7 million in Q2 2007. The decrease was attributable to a decrease in revenues from collaboration and licensing, which was partly offset by higher grant income. The Company's revenues from collaborations and licensing generally depend on the achievement of milestones or on the effective date of new agreements, which results in significant fluctuations in these revenues from period to period. Intercell expects to record substantial revenues from collaborations and licensing agreements in the remainder of 2007.

>> RESULT OF OPERATIONS

Intercell's net loss increased from € 3.5 million in Q2 2006 to € 8.5 million in Q2 2007, or by 145.1 percent. This increase was primarily due to a decrease in revenues and an increase in research and development expenses.

Net operating expenses increased from € 8.5 million in Q2 2006 to € 12.5 million in Q2 2007 or by 46.3 percent. Research and development expenses were € 10.1 million in Q2 2007 compared to € 6.6 million in the same period of 2006. This increase of 53.1 percent was primarily due to an extension in laboratory space and in the number of research and development personnel as well as costs associated with the regulatory filing and commercial production of Intercell's Japanese Encephalitis vaccine.

General, selling and administrative expenses increased by 34.1 percent from € 2.1 million in Q2 2006 to € 2.9 million in the same period in the current year. This increase was primarily due to higher personnel expenses and an increase in consulting fees. Net other operating income increased from € 0.2 million in Q2 2006 to € 0.5 million in Q2 2007 primarily due to R&D tax credits.

Finance income was € 0.3 million in Q2 2007, compared to € 0.0 million in Q2 2006. The decrease in income tax expense from € 0.4 million in Q2 2006 to € 0.0 million in the same period of the current year was due to the prior year effect of Japanese withholding tax expense in connection with an upfront license fee.

»» H1 2007 FINANCIAL REVIEW

»» REVENUES

Intercell's aggregate revenues decreased from € 5.8 million in H1 2006 to € 5.2 million in the same period of the current year, or by 10.2 percent. Revenues from collaborations and licensing decreased by 59.1 percent - from € 5.4 million in H1 2006 to € 2.2 million in H1 2007. Grant income increased from € 0.4 million in H1 2006 to € 3.0 million in H1 2007. This increase was primarily due to a grant from PATH (Program for Appropriate Technology in Health) for Intercell's Pneumococcus vaccine project.

»» RESULT OF OPERATIONS

Intercell's net loss increased by € 3.3 million, or by 26.7 percent, to € 15.6 million in H1 2007 from € 12.3 million in H1 2006.

The increase in net loss was mainly due to a 30.2 percent increase in research and development expenses from € 13.4 million in H1 2006 to € 17.5 million in the same period of the current year, which resulted from an extension in research and development capacity and from costs relating to the regulatory filing and commercial production of Intercell's Japanese Encephalitis vaccine. General, selling and administrative expenses increased from € 4.1 million in H1 of the previous year to € 6.1 million in the same period of the current year, due to higher personnel expenses resulting mainly from stock compensation costs.

Total net operating expenses in H1 2007 went up by 24.6 percent to € 21.4 million from € 17.2 million in H1 of the previous year.

Financial income, net of expenses was € 0.7 million in H1 2007 compared to € 0.5 million in the same period of the prior year. The share of loss of associated companies of € 1.0 million in H1 2006 resulted from an investment in Pelias Biomedizinische Entwicklungs AG. In 2007, no share of loss of associated companies was recorded, because all companies that had been accounted for as associates had been acquired and were fully consolidated.

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CASH FLOW

Intercell's net cash used in operating activities for H1 2007 and 2006 was € 14.5 million and € 11.6 million, respectively.

Net cash provided by investing activities was € 12.1 million in H1 2006 whereas the net cash used in investing activities amounted to € 3.7 million in the same period of the current year. Net cash used in or provided by investing activities, in the actual and the comparative period, respectively, resulted primarily from changes in available-for-sale financial assets in order to manage the company's short term liquidity requirements. Cash used for purchases of property, plant and equipment decreased from € 2.8 million in H1 2006 to € 2.4 million in H1 2007 and was primarily used for laboratory and manufacturing equipment. In the beginning of 2007, Intercell essentially acquired all of the shares of Pelias Biomedizinische Entwicklungs AG in an all-share deal. The transaction added € 2.9 million in cash to Intercell's balance sheet and, according to IAS 36, led to the capitalization of in-process research and development projects of € 18.9 million.

Intercell's net cash used in financing activities in the period ended June 30, 2007 was € 0.8 million compared to € 4.9 million of cash generated from financing activities in the same period of the previous year, which resulted from a public offering of shares. In H1 2007, net cash used in financing activities was primarily due to repayment of borrowings.

As of June 30, 2007 Intercell had liquid funds of € 81.1 million of which € 9.9 million was cash and € 71.1 million was available for sale financial assets.

// 03// Report on review of the interim financial report as of 30 June 2007

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>> INTRODUCTION

We have reviewed the accompanying condensed consolidated balance sheet of INTERCELL AG, Vienna (the “Company”) and its subsidiaries (“the Group”) as of 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, prepared as required by § 87 (2) BörseG (Stock Exchange Law). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (‘IAS 34 - Interim Financial Reporting’). Our responsibility is to express a conclusion on this interim financial information based on our review.

>> 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 information 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 laws and regulations applicable in Austria and 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 interim financial report is not prepared, in all material respects, in accordance with ‘IAS 34 - Interim Financial Reporting’.

Vienna, August 2, 2007

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft



ASLAN MILLA

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// 04 // Interim financial report as of June 30, 2007

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THE INTERIM FINANCIAL REPORT

//I// Condensed consolidated half year income statement (*unaudited*)

	Three months ended		Half year ended	
	30 June		30 June	
€ in thousands (except per share amount)	2007	2006	2007	2006
>> Revenues	3,682	5,445	5,184	5,771
Revenues from collaborations and licensing	1,610	5,380	2,199	5,382
Grant income	2,072	65	2,985	389
>> Operating expenses				
Research and development expenses	(10,087)	(6,587)	(17,462)	(13,413)
General, selling and administrative expenses	(2,882)	(2,149)	(6,121)	(4,117)
Income from transactions with associated companies	-	16	-	43
Other income/(expenses), net	502	200	2,151	286
>> Operating loss	(8,785)	(3,075)	(16,248)	(11,430)
Finance income	555	49	1,228	558
Finance expenses	(263)	(50)	(520)	(67)
Share of loss of associated companies	-	-	-	(950)
>> Loss before income tax	(8,494)	(3,076)	(15,540)	(11,889)
Income tax expense	(28)	(401)	(31)	(402)
>> Loss for the period	(8,522)	(3,477)	(15,571)	(12,291)
>> Losses per share				
for loss attributable to the equity holders of the Company, expressed in Euro per share (basic and diluted)	(0.22)	(0.10)	(0.40)	(0.37)

//II// Condensed consolidated half year balance sheet (*unaudited*)

€ in thousands	30 June 2007	31 December 2006
ASSETS		
Non-current assets	31,306	11,439
Property, plant and equipment	11,682	10,253
Intangible assets	19,106	157
Deferred income tax assets	282	283
Other non-current assets	237	746
Current assets	86,113	100,024
Trade receivables and other current assets	4,867	5,413
Available-for-sale financial assets	71,113	65,523
Restricted cash	190	190
Cash and cash equivalents	9,943	28,898
TOTAL ASSETS	117,419	111,463
EQUITY		
Capital and reserves attributable to the Company's equity holders	89,939	93,082
Share capital	207,064	200,266
Other reserves	6,811	668
Retained earnings	(123,936)	(107,852)
LIABILITIES		
Non-current liabilities	10,977	2,399
Borrowings	1,808	2,157
Other long term liabilities	4,865	242
Deferred income tax liabilities	4,304	-
Current liabilities	16,503	15,982
Trade and other payables	10,175	10,363
Borrowings	721	998
Deferred income	5,607	4,621
Total liabilities	27,480	18,381
TOTAL EQUITY AND LIABILITIES	117,419	111,463

//III// Condensed consolidated half year
cash flow statement (*unaudited*)

	Half year ended 30 June	
	2007	2006
€ in thousands		
>> Cash flows from operating activities		
Loss for the period	(15,571)	(12,291)
Depreciation and amortization	731	491
Share-based compensation	1,945	905
Tax	31	404
Other adjustments for reconciliation to cash used in operations	(502)	788
Changes in working capital	(1,081)	(1,422)
>> Cash used in operations	(14,447)	(11,125)
Interest paid	(24)	(49)
Income tax paid	(31)	(404)
>> Net cash used in operating activities	(14,502)	(11,578)
>> Cash flows from investing activities		
Cash acquired through acquisitions, net of cash consideration	2,880	-
Purchases of property, plant and equipment	(2,357)	(2,806)
Purchases of intangible assets	(61)	(13)
Purchases of available-for-sale financial assets	(10,100)	-
Proceeds from sale of available-for-sale financial assets	4,743	16,332
Investments in associated companies	-	(1,450)
Interest received	1,188	-
>> Net cash generated from/(used in) investing activities	(3,707)	12,063
>> Cash flows from financing activities		
Proceeds from issuance of common stock, net of costs of equity transactions	(114)	5,503
Repayment of borrowings	(647)	(642)
>> Net cash generated from/(used in) financing activities	(761)	4,861
>> Net increase/(decrease) in cash	(18,970)	5,346
Cash at beginning of the period	28,899	5,284
Exchange gains on cash	14	39
>> Cash at end of the year	9,943	10,669
>> Cash, short-term deposits and marketable securities at end of the period	81,056	39,646

//IV// Condensed consolidated half year
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	-	(62)	-	(62)
	Currency translation differences	-	(23)	-	(23)
	Net loss recognized directly in equity	-	(85)	-	(85)
	Loss for the period	-	-	(12,291)	(12,291)
>>	Total recognized expense for the six months ended 30 June 2006	-	(85)	(12,291)	(12,376)
	Employee share option plan				
	- value of employee services	905	-	-	905
	Issuance of common stock	5,843	-	-	5,843
	Cost of equity transactions	(340)	-	-	(340)
>>	Balance at 30 June 2006	147,507	178	(104,000)	43,685
>>	Balance at 1 January 2007	200,266	668	(107,852)	93,082
	Fair value gains from available-for-sale financial assets	-	191	-	191
	Currency translation differences	-	(23)	-	(23)
	Net income recognized directly in equity	-	168	-	168
	Loss for the period	-	-	(15,571)	(15,571)
>>	Total recognized income/(expense) for the six months ended 30 June 2007	-	168	(15,571)	(15,403)
	Employee share option plan				
	- value of employee services	877	-	-	877
	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 30 June 2007	207,064	6,811	(123,936)	89,939

//V// Selected notes to the interim financial report (*unaudited*)

»» 1. BASIS OF PREPARATION

This interim financial report of Intercell AG (the “Company”) for the six months ended June 30, 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34). The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2006. This interim financial report should be read in conjunction with the annual financial statements for the year ended December 31, 2006.

For ease of presentation, amounts 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 equal 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 been fluctuating 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 Entwicklungs 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.

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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		Capital from ESOP**	Treasury shares		Total share capital
	Number of shares	Capital paid in		Number of shares	Book value	
Balance at 1 January 2006	33,676,232	136,281	5,319	518,389	(501)	141,099
Employee share option plan:						
- value of employee services	-	-	905	-	-	905
- proceeds from shares issued	-	1,106	-	-	-	1,106
Issuance of common stock	-	4,737	-	-	-	4,737
Cost of equity transactions	-	(340)	-	-	-	(340)
Balance at 30 June 2006	33,676,232	141,784	6,224	518,389	(501)	147,507
Balance at 1 January 2007	39,531,897	193,791	6,965	505,889	(489)	200,266
Employee share option plan:						
- value of employee services	-	-	877	-	-	877
Issuance of common stock	349,815	6,034	-	-	-	6,034
Cost of equity transactions	-	(113)	-	-	-	(113)
Balance at 30 June 2007	39,881,712	199,711	7,841	505,889	(489)	207,064

* 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

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6. BUSINESS COMBINATIONS

On January 2, 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 now acquired shares represent 46.7 percent of the share capital of Pelias. 7.3 percent of the share capital is 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 46.0 percent interest was also re valued directly into equity at the date of acquisition.

In the period from the date of acquisition to June 30, 2007, the acquired business contributed revenue of € 816 thousand and a net loss of € 468 thousand to the Company. 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

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7. EVENTS AFTER THE BALANCE SHEET DATE

In July 2007, the Company entered into a major strategic partnership with Novartis Pharma AG to accelerate innovation in vaccines development in infectious diseases. The terms of the agreement include the grant of an exclusive license by Intercell for the use of its adjuvant IC31[®] in influenza vaccines and of option rights for further licenses on IC31[®] and a broad range of un-partnered product candidates. In consideration, the Company will receive upfront license and options fees of € 120 million and is entitled to substantial further payments upon achievement of certain development milestones as well as royalties on future product sales or a share of the profits. At the same time, Novartis has agreed to subscribe for of 4.8 million new shares of the Company at an issue price of € 31.25 per share, bringing Novartis' stake in the Company from approximately 6 percent to 16 percent of the voting rights. Consummation of the transaction is subject to antitrust clearance.

In connection with the exercise of stock options by members of the management board, the supervisory board and employees, the Company issued 839,995 new shares and transferred 120,000 shares of treasury stock to the beneficiary option holders in July 2007.

//05// Declaration of the Management Board

» PURSUANT TO SECTION 87 OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm that the condensed consolidated interim financial information as of June 30, 2007 prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting ('IAS 34 – Interim Financial Reporting') to the best of our knowledge fairly presents the financial position of the Company and that the half-year Management Report for the Company to the best of our knowledge fairly presents the events and results for the Company of the half year ended June 30, 2007, the material risks and uncertainties regarding the Company's prospective development for the remaining six months of the financial year and the significant related party transactions.

Vienna, August 2, 2007

The Management Board



GERD ZETTLMEISSL, CEO



ALEXANDER VON GABAIN, CSO



WERNER LANTHALER, CFO

