

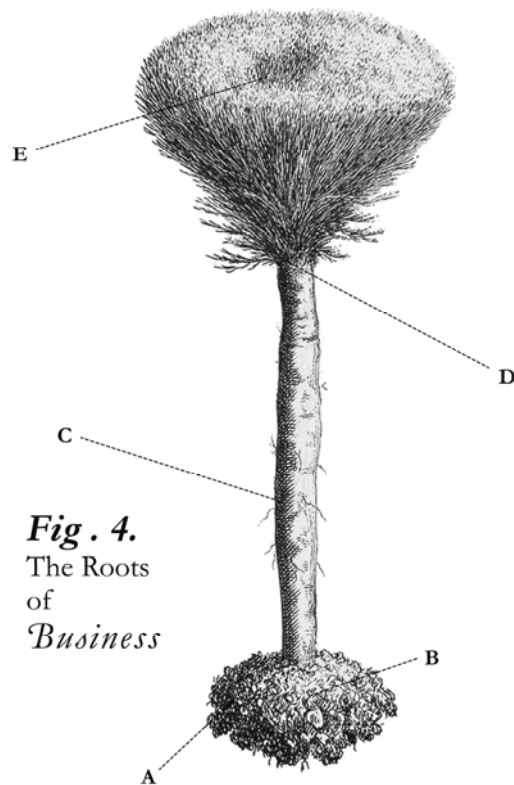
# THE ROOTS *OF* BUSINESS



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REPORT OF Q2 AND H1 2008

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*Fig. 4.*  
The Roots  
of  
*Business*

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**A.** Visionary enterprises need capital. Stock gives one the chance to become an entrepreneur with even the smallest of budgets – or can also be a way to let many, many people set something huge on its feet. — **B.** Joint stock companies – how could we have expected anything else – were invented in Austria, more particularly in the 16th century in Styrian mining. — **C.** The first stock to actually be issued is from the Dutch East Indies Company, VOC. The joint stock company survived for 190 years, helped the Dutch achieve unprecedented wealth, and paid out the heavenly average dividend of 18%. — **D.** The dividends were, however, paid out in spices, cotton, or bonds in years of poor business. The stockholders had no voting rights and hadn't seen a proper balance report in the entire 190 years. — **E.** Intercell is pleased to be able to extend this proper balance report to you – and thanks all stockholders for their trust.

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- [ Following the completion of US FDA pre-approval inspection, Intercell expects approvals of its Japanese Encephalitis vaccine candidate in the US, Europe and Australia within the next few months
- » US Defense Logistics Agency announces plans to enter into supply contract to purchase Intercell's Japanese Encephalitis vaccine. Request for Proposal (RFP) is striving for a multi-year contract for Intercell's Japanese Encephalitis (JE) vaccine. Intercell is in the unique position of being able to respond to strategic needs of US armed forces
  - » FDA waives VRPAC (Vaccines and Related Biological Products Advisory Committee); pre-approval inspection completed on time
  - » Licensure application submitted to Australian Therapeutic Goods Administration (TGA) and to Canadian Division of Biologics and Genetic Therapies Directorate of Health. TGA grants priority review for Intercell's vaccine candidate in Australia
  - » Intercell currently produces the vaccine at its manufacturing facility in Livingston under the commercial Manufacturer's License from MHRA
  - » Vaccine demonstrates excellent safety and immunogenicity at "half dose" in Phase II trials in children. Development for endemic markets with Intercell's Indian partner Biological E. is right on track
  - » Ongoing strategic assessment of potential opportunities on the Japanese market continues
- [ Intercell acquires Iomai and strengthens leadership in vaccine innovation – now focusing on bringing the vaccine patch for Traveler's Diarrhea to market
- » Intercell's acquisition of Iomai closed earlier than expected on August 5, 2008. The total consideration of 1,442,819 Intercell shares and a cash component of EUR 75 m (USD 116 m), was comfortably financed from existing reserves
  - » Valuable expansion of Intercell's pipeline and leveraging of Intercell's late-stage product development with two further programs in late-stage clinical development – the vaccine patch for Traveler's Diarrhea (start of Phase III planned for the first half of 2009) and the vaccine enhancement patch for the Pandemic Flu (start of Phase II in 2008)
- [ Nosocomial infections – all developmental programs on track
- » **S. aureus:** Phase II of the vaccine in elective cardiothoracic surgery progressing very well (conducted by Merck & Co., Inc.).
  - » **Pseudomonas :** Start of clinical Phase II/III trials expected for Q4 2008
  - » **Pneumococcus:** Outstanding pre-clinical results on the novel, protein-based, universal vaccine published in the Journal of Experimental Medicine; initiation of Phase I trials planned for end 2008
- [ Adjuvant IC31® – Progress in the development of new Influenza vaccine – Sanofi Pasteur joins Tuberculosis cooperation
- » **Influenza:** Novartis initiated further clinical trials for the seasonal flu vaccine containing IC31®
  - » **Tuberculosis:** The tuberculosis vaccine, currently being tested in clinical trials (formulated with IC31®), will be further developed in a partnership between Statens Serum Institut (SSI) and Sanofi Pasteur

## Financial Statement

- » Revenues increased to EUR 17.6 m in H1 2008 compared EUR 5.2 m in H1 2007, or by 240.3 percent. Net loss decreased by EUR 6.9 m, or by 44.4 percent, to EUR 8.7 m in H1 2008 from EUR 15.6 m in H1 2007. Strong cash position with EUR 258.3 m by the end of H1 2008

## Management Board

- » Intercell's CSO, Alexander von Gabain, appointed to the Governing Board of the European Institute of Innovation and Technology

## Key Figures – Financial Highlights

EUR in thousands	3 months ended		6 months ended		Year ended
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	Dec 31, 2007
Revenues	9,018	3,682	17,642	5,184	53,349
Net profit/(loss)	(4,032)	(8,522)	(8,650)	(15,571)	5,009
Net operating cash flow	(12,578)	(4,867)	(25,386)	(14,502)	41,686
Cash and marketable securities, end of period	258,286	81,056	258,286	81,056	287,571

## Company Snapshot

### About Intercell AG

Intercell AG is a growing biotechnology company which focuses on the design and development of novel vaccines for the prevention and treatment of infectious diseases with substantial unmet medical need. The Company develops antigens and adjuvants which are derived from its proprietary technology platforms and has in-house GMP manufacturing capabilities. Based on these technologies, Intercell has strategic partnerships with a number of global pharmaceutical companies, including Novartis, Merck & Co., Inc., Wyeth, Sanofi Pasteur, Kirin, and the Statens Serum Institut.

The Company's leading product, a prophylactic vaccine against Japanese Encephalitis, successfully concluded pivotal Phase III clinical trials in 2006 and is currently in the process of market approval in the US, Europe, Australia and Canada. Market approval in the US, Europe and Australia is expected for the second half of 2008.

The company's broad development pipeline includes a 'Travelers' Diarrhea vaccine (patch) in Phase II (start of Phase III expected in 2009), a Pseudomonas vaccine in Phase II, as well as an immunostimulant vaccine patch in pandemic Flu, a partnered S. aureus vaccine in Phase II and five products focused on infectious diseases in preclinical development.

Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

ISIN: AT0000612601

For more information on Intercell, please visit: [www.intercell.com](http://www.intercell.com)

[ **OPERATIONAL BUSINESS AND STRATEGY REVIEW**[ **Japanese Encephalitis Vaccine:** International market approval process for investigational Japanese Encephalitis vaccine on schedule – Intercell expects first approvals in the US, Europe and Australia within the second half of 2008

The Defense Logistics Agency (DLA) of the United States Department of Defense posted a Request for Proposal (RFP) for the purchase of Intercell's Japanese Encephalitis (JE) vaccine. Because JE is a serious and growing public health threat in Asia, the DLA intends to enter into a contract to purchase the JE vaccine for use with military personnel who are deployed to the affected countries. Intercell has already been in close contact with the DLA regarding this RFP. Following FDA approval first sales to military markets are planned for 2008.

In Q2 of 2007, the FDA (Food and Drug Administration, USA) waived a VRPAC (Vaccines and Related Biological Products Advisory Committee) meeting and completed pre-approval inspection. Pending some additional submissions, all steps will have been taken to achieve US approval potentially within the next few months.

The licensure process in Europe is on schedule as well: Intercell received the Day-120 list of questions on time and plans to submit the Day-121 responses for Europe in due course.

In February of 2008, the licensure application for the investigational Japanese Encephalitis vaccine was successfully submitted to the Australian Therapeutic Goods Administration (TGA) as well as to the Canadian Division of Biologics and Genetic Therapies Directorate of Health (June 2008). The Australian TGA granted priority review for Intercell's investigational JE vaccine and has indicated that no further facility inspection is required before licensure.

Intercell Biomedical Ltd. received a Manufacturer's License for the commercial manufacturing of the vaccine in January of 2008.

In April of 2008, Intercell and its partner Biological E. Ltd. (Hyderabad, India) released Phase II data for its investigational pediatric vaccine against Japanese Encephalitis. The data suggests that a half-dose of IC51 given to young children (one to three years of age) has the excellent immunogenicity and the safety profile comparable to that of adults taking the full adult dosage. The start of Phase III clinical trials in India are planned for the end of 2008/early 2009.

Intercell's strategic, ongoing assessment of opportunities to enter the Japanese market continues. The Company expects further advances based on the FDA approval of the Japanese Encephalitis vaccine as well as further developmental progress of the pediatric vaccine.

[ **Acquisition of Iomai:** Intercell acquires the Iomai Corporation and strengthens leadership in vaccine innovation – now focusing on bringing the vaccine patch for Traveler's Diarrhea to market

In May of 2008, Intercell and Iomai announced their definitive agreement in which Intercell would acquire Iomai for USD 6.60 per share, representing a fully diluted equity value of approximately USD 189 m (EUR 122 m). The transaction was a success – and was completed earlier than expected after the acquisition had been approved by Iomai's shareholders at a special meeting (August 1, 2008 in Gaithersburg, MD), where the merger was approved by 99.97 % of the votes cast (exceeding the 71% of Iomai's outstanding shares that were entitled to vote). At the same time, Intercell initiated the legal steps in connection with the capital increase for the stock-for-stock exchange component of the transaction that are required in Austria. The transaction closed on August 5, 2008.

Intercell will immediately focus on three strategic priorities in order to utilize the full value of the acquisition:

The patch for Travelers' Diarrhea is expected to be the first vaccine protecting travelers against the major causes of diarrhea. Based on compelling Phase II safety and efficacy data, the start of a pivotal Phase III

clinical trial is planned for the first half of 2009. The market potential of the new vaccine is estimated at more than EUR 500 m in annual sales.

The immunostimulant Vaccine Enhancement Patch could potentially be used in the development of improved Influenza vaccines, especially in the field of pandemic Influenza. Following the very encouraging Phase I/II data obtained earlier this year, the start of a Phase II clinical trial is still expected before year's end. The development of the pandemic Influenza vaccine is supported and funded by the US Department of Health and Human Services (HHS).

The use of vaccine patches as a new technology in the general administration of vaccines and the use of Vaccine Enhancement Patches will be promoted on a large scale to develop novel vaccines that are more efficient and to reduce the number of injections needed of existing vaccines. This concept will be explored within Intercell's pre-existing pipeline (e.g. one-time administration of the Japanese Encephalitis vaccine), and also with outside partners.

The Iomai Corporation, located in Gaithersburg, Maryland (USA) and employing some 110 people, was renamed Intercell USA, Inc. and became an Intercell AG subsidiary upon closing. Intercell's Chief Operating Officer Thomas Lingelbach was appointed to simultaneously act as CEO of Intercell USA. Iomai-founder Gregory Glenn was elected CSO of Intercell USA, and Roman Necina and Reinhard Kandra were elected as COO and CFO of Intercell USA, respectively.

This transaction further expands Intercell's leadership in vaccine innovation, greatly enhances Intercell's R&D technology base, and further strengthens the Company's late-stage vaccine portfolio.

## I **Nosocomial Infections: All developmental programs fully on track**

### *S. aureus vaccine: Phase II progressing very well*

Merck & Co. Inc., has initiated a Phase II clinical trial designed to evaluate the efficacy and safety of a single dose of the candidate vaccine in patients undergoing elective cardiothoracic surgery. The study began in December of 2007.

### *Pseudomonas vaccine – Start of clinical Phase II/III trials expected for 2008*

Preparations for the 2008 start of clinical Phase II/III trials of the Pseudomonas vaccine are on schedule.

### *Pneumococcal vaccine – Results on the novel vaccine published in the JEM*

In January of 2008, Intercell's results for a novel, pneumococcal, protein-based universal vaccine were published in the renowned Journal of Experimental Medicine. The initiation of Phase I clinical trials is expected for end 2008.

### *Search for pre-clinical candidates accelerated*

The search for pre-clinical candidates for further nosocomial vaccines and antibody product targets, including **Klebsiella** and **Enterococcus**, is being accelerated.

## I **Hepatitis C Vaccine**

In February of 2008, Intercell announced the analysis of Phase II data for its peptide-based therapeutic Hepatitis C vaccine (IC41) in an exploratory clinical study targeting treatment-naïve Hepatitis C patients. The data showed that the primary endpoint (statistically significant and sustained HCV-RNA decline) had been met. Further clinical trials take advantage of an expanded antigen portfolio and of IC31®, Intercell's second-generation adjuvant.

In April of 2008, Intercell was awarded the "Vaccine Industry Excellence Award" in the category "Best New Therapeutic Vaccine" for its therapeutic vaccine candidate for Hepatitis C (HCV) at the World Vaccine Congress in Washington D.C., USA.

**Management Board**

Intercell's CSO and co-founder, Alexander von Gabain, has been appointed to the first-ever Governing Board of the European Institute of Innovation and Technology. The Board consists of 18 top-class professionals, providing a collective balance of expertise and experience from the worlds of business, research, and higher education in Europe. The Board will be responsible for overall strategy planning and for the selection, coordination, and evaluation of the Knowledge and Innovation Communities (KICs), the EIT's future operational centers. KICs will be highly integrated partnerships that access a significant portion of the very best European resources in business, higher education and research, and other innovative stakeholders. Their mission will be to generate and promote innovations for key areas of economic and societal interest. Alongside with the University of Vienna and the Karolinska Institute in Stockholm, Intercell is very pleased that a member of the Company's Management Board has been selected and appointed for this honorable task.

**FINANCIAL REVIEW****Q2 2008 Financial Review****Revenues**

Aggregate revenues increased from EUR 3.7 m in Q2 2007 to EUR 9.0 m in Q2 2008. The increase was due to an increase in revenues from collaboration and licensing, mainly attributable to the recognition of deferred option fees under the strategic partnership agreement with Novartis, but partly offset by a decrease in 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. The Company's grant income generally depends on the monies received from governmental agencies and non-governmental organizations.

**Result of Operations**

Intercell's net loss decreased from EUR 8.5 m in Q2 2007 to EUR 4.0 m in Q2 2008 or by 52.7 percent. This decrease was primarily due to an increase in revenues and in finance income but partly offset by an increase in operating expenses.

Net operating expenses increased from EUR 12.5 m in Q2 2007 to EUR 15.2 m in Q2 2008 or by 22.1 percent. Research and development expenses were EUR 11.9 m and were primarily due to an extension in the number of research and development personnel.

General, selling and administrative expenses increased by 42.8 percent from EUR 2.9m in Q2 2007 to EUR 4.1 m in the same period in the current year. This increase was primarily due to higher personnel expenses. Net other operating income increased from EUR 0.5 m in Q2 2007 to EUR 0.8 m in Q2 2008 primarily due to R&D tax credits.

Finance income, net of expenses was EUR 2.3 m in Q2 2008 compared to EUR 0.3 m in Q2 2007. This increase was due to an increase in interest income from liquid funds for cash management purposes. The increase in income tax expense to EUR 0.1 m was due to the deferred tax recognized in UK.

**H1 2008 Financial Review****Revenues**

Intercell's aggregate revenues increased from EUR 5.2 m in H1 2007 to EUR 17.6 m in the same period of the current year, or by 240.3 percent. Revenues from collaborations and licensing increased from EUR 2.2 m to EUR 15.2 m in H1 2008, mainly due to option fees under the strategic partnership agreement with Novartis. Grant income decreased from EUR 3.0 m in H1 2007 to EUR 2.4 m in H1 2008.

*Results of Operations*

Intercell's net loss decreased by EUR 6.9 m, or by 44.4 percent, to EUR 8.7 m in H1 2008 from EUR 15.6 m in H1 2007.

The decrease in net loss was mainly due to the increase in revenues and finance income, which was partly offset by an increase of research and development expenses. Research and development expenses increased by 27.6 percent due to an extension in the number of research and development personnel and to the costs relating to the preparation for the commercial production of Intercell's Japanese Encephalitis vaccine. General, selling and administrative expenses increased from EUR 6.1 m in H1 of the previous year to EUR 7.3 m 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 2008 went up by 35.6 percent to EUR 29.1 m from EUR 21.4 m in H1 of the previous year.

Financial income, net of expenses was EUR 2.9 m in H1 2008 compared to EUR 0.7 m in the same period of the prior year, due to higher interest income on liquid funds, which was partly offset by an increase in finance expenses that resulted primarily from the realization of book losses on marketable securities in the Company's securities portfolio.

*Cash Flow*

Intercell's net cash used in operating activities was EUR 25.4 m in H1 2008, compared to EUR 14.5 m in H1 2007. This increase was primarily due to higher research and development expenses and to the fact that revenues were mainly non-cash, resulting from payments already received in prior accounting periods.

Net cash used in investment activities of EUR 122.2 m in H1 2008 resulted primarily from investments in short-term, available-for-sale financial asset for cash management purposes and compares to EUR 3.7 m in H1 2007. Without giving effect to investments in, and proceeds from the sale of securities, and acquisitions, net cash used in investing activities in H1 2007 and H1 2008 was EUR 1.2 m and EUR 2.0 m, respectively.

Intercell's net cash used in financing activities was EUR 0.1 m in H1 2008, compared to EUR 0.8 in H1 2007 and resulted primarily from repayments of loans.

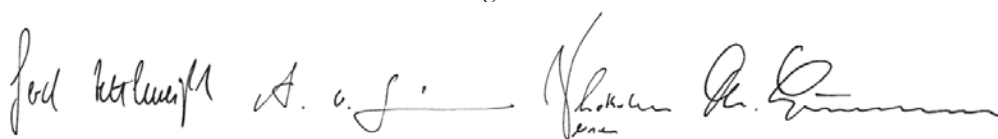
As of June 30, 2008 Intercell had liquid funds of EUR 258.3 m, of which EUR 13.4 m was cash and EUR 244.9 m was available-for-sale financial assets. An additional EUR 40 m payment has been unconditionally committed by Novartis for 2008.

**RISKS**

As a biotech company that has not yet generated revenues from the commercial sale of a product, Intercell is subject to special industry risks. In particular, if the Company does not gain approval for its product candidates from regulatory agencies and acceptance in the marketplace, and if current and future clinical trials do not produce safe, effective and commercially viable products, the Company may not be able to sustain profitability, which would have a material adverse effect on its business, financial condition and results of operations.

Vienna, August 8, 2008

The Management Board



GERD ZETTLMEISSL, CEO # ALEXANDER VON GABAIN, CSO # WERNER LANTHALER, CFO # THOMAS LINGELBACH, COO



**[ Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of Intercell AG, Vienna, for the period from January 1 to June 30, 2008. The condensed consolidated interim financial statements comprise the condensed consolidated balance sheet as of June 30, 2008, the condensed consolidated income statement, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the period from January 1 to June 30, 2008 as well as the explanatory notes.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the IFRS for interim financial reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**[ Scope of Review**

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

**[ Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with the IFRS for interim financial reporting as adopted by the EU.

**[ Comment on the semi-annual management report for the Group and on the declaration of the legal representatives in accordance with Section 87 BörseG (Austrian Stock Exchange Act)**

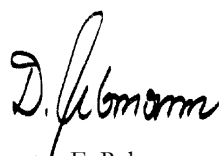
We have read the semi-annual management report for the Group and assessed whether it did not include any obvious inconsistencies with the condensed consolidated interim financial statements. We are of the opinion that the semi-annual management report for the Group does not contain any obvious inconsistencies with the condensed consolidated interim financial statements.

The semi-annual financial report contains the declaration of the legal representatives as stipulated by Section 87 Paragraph 1 No. 3 BörseG.

Vienna, August 8, 2008

PwC Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

signed:



Dorotea-E. Rebmann  
Austrian Certified Public Accountant

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

EUR in thousands (except shares and per share amounts)	Three months ended June 30,		Half year ended June 30,	
	2008	2007	2008	2007
<b>Revenues</b>	<b>9,018</b>	<b>3,682</b>	<b>17,642</b>	<b>5,184</b>
Revenues from collaborations and licensing	8,779	1,610	15,207	2,199
Grant income	238	2,072	2,435	2,985
<b>Operating expenses</b>				
Research and development expenses	(11,878)	(10,087)	(22,276)	(17,462)
General, selling and administrative expenses	(4,116)	(2,882)	(7,326)	(6,121)
Other income/(expenses), net	767	502	541	2,151
<b>OPERATING LOSS</b>	<b>(6,210)</b>	<b>(8,785)</b>	<b>(11,419)</b>	<b>(16,248)</b>
Finance income	2,425	555	4,557	1,228
Finance expenses	(146)	(263)	(1,649)	(520)
<b>LOSS BEFORE INCOME TAX</b>	<b>(3,930)</b>	<b>(8,494)</b>	<b>(8,511)</b>	<b>(15,540)</b>
Income tax expense	(102)	(28)	(138)	(31)
<b>LOSS FOR THE PERIOD</b>	<b>(4,032)</b>	<b>(8,522)</b>	<b>(8,650)</b>	<b>(15,571)</b>
<b>Losses per share</b> for loss attributable to the equity holders of the company, expressed in Euro per share (basic and diluted)	(0.09)	(0.22)	(0.19)	(0.40)

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

EUR in thousands	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>34,272</b>	<b>32,022</b>
Property, plant and equipment	14,279	11,956
Intangible assets	19,266	19,256
Deferred income tax assets	728	810
<b>Current assets</b>	<b>271,148</b>	<b>297,370</b>
Trade receivables and other current assets	12,862	9,799
Available-for-sale financial assets	244,873	126,528
Cash and cash equivalents	13,413	161,043
<b>TOTAL ASSETS</b>	<b>305,420</b>	<b>329,391</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>	<b>256,679</b>	<b>264,625</b>
Share capital	365,415	363,607
Other reserves	3,006	4,202
Retained losses	(111,742)	(103,183)
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>	<b>6,617</b>	<b>5,994</b>
Borrowings	1,744	1,459
Other long term liabilities	568	230
Deferred income tax liabilities	4,304	4,304
<b>Current liabilities</b>	<b>42,125</b>	<b>58,772</b>
Trade and other payables	11,133	13,731
Borrowings	372	698
Deferred income	30,619	44,343
<b>Total liabilities</b>	<b>48,742</b>	<b>64,766</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>305,420</b>	<b>329,391</b>

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

EUR in thousands	Half year ended June 30	
	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(8,650)	(15,571)
Depreciation and amortization	1,042	731
Share-based compensation	1,808	1,945
Tax	138	31
Other adjustments for reconciliation to cash used in operations	(1,704)	(502)
Changes in working capital	(18,003)	(1,081)
Cash used in operations	(25,369)	(14,447)
Interest paid	(13)	(24)
Income tax paid	(3)	(31)
Net cash used in operating activities	(25,386)	(14,502)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash acquired through acquisitions, net of cash consideration	-	2,880
Purchases of property, plant and equipment	(4,146)	(2,357)
Purchases of intangible assets	(81)	(61)
Purchases of available-for-sale financial assets	(140,114)	(10,100)
Proceeds from sale of available-for-sale financial assets	19,843	4,743
Interest received	2,270	1,188
Net cash used in investing activities	(122,229)	(3,707)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock, net of costs of equity transactions	(36)	(114)
Proceeds from borrowings	285	-
Repayment of borrowings	(349)	(647)
Net cash used in financing activities	(100)	(761)
Net decrease in cash	(147,715)	(18,970)
Cash at beginning of the period	161,043	28,899
Exchange gains on cash	85	14
Cash at end of the period	13,413	9,943
Cash, short-term deposits and marketable securities at end of the period	258,287	81,056

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

EUR in thousands	Share capital	Other reserves	Retained losses	Total equity
Balance at January 1, 2007	200,266	668	(107,852)	93,082
Fair value gains on 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 June 30, 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)
	6,798	5,975	(513)	12,260
Balance at June 30, 2007	207,064	6,811	(123,936)	89,939
Balance at January 1, 2008	363,607	4,202	(103,183)	264,625
Fair value losses on available-for-sale financial assets	-	(876)	-	(876)
Currency translation differences	-	(320)	-	(320)
Deferred tax on share option scheme	-	-	91	91
Net income/(loss) recognized directly in equity	-	(1,196)	91	(1,105)
Loss for the period	-	-	(8,650)	(8,650)
Total recognized expense for the six months ended June 30, 2008	-	(1,196)	(8,559)	(9,755)
Employee share option plan				
- value of employee services	1,808	-	-	1,808
Balance at June 30, 2008	365,415	3,006	(111,742)	256,679

**//v// 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 six months ended June 30, 2008 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 consolidated annual financial statements for the year ended December 31, 2007. These condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2007.

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 been fluctuating in the past and the Company expects that they will continue to fluctuate over different reporting periods in the future.

**4. Share Capital**

EUR in thousands\*

(except number of shares)

	Shares issued			Treasury shares		
	Number of shares	Capital paid in	Capital from ESOP**	Number of shares	Book value	Total share capital
Balance at January 1, 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 June 30, 2007	39,881,712	199,711	7,841	505,889	(489)	207,064
Balance at January 1, 2008	45,521,707	354,983	8,998	385,889	(373)	363,607
Employee share option plan:						
- value of employee services	-	-	1,808	-	-	1,808
Balance at June 30, 2008	45,521,707	354,983	10,806	385,889	(373)	365,415

\* 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

## 5. Capital Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

EUR in thousands	At June 30, 2008	At December 31, 2007
Property, plant and equipment	4,943	200

## 6. Subsequent Events

In connection with the exercise of stock options by members of the management board, the supervisory board and employees, the Company issued 242,730 new shares and transferred 25,000 shares of treasury stock to the beneficiary option holders in July 2008.

On August 5, 2008, the Company completed the acquisition of 100 percent of the shares of Iomai Corporation ("Iomai"). Iomai is engaged in the discovery and development of novel vaccines and immune system stimulants, delivered via needle-free patch technology (transcutaneous immunization).

The acquisition was accomplished through a stock for stock exchange of 1,442,819 newly issued Intercell shares (representing approximately 3.1 percent of Intercell's total outstanding shares after the acquisition) at an issue price of EUR 31.11 per share, totaling to a fair value of EUR 44,886,099.09 for approximately 40.4 percent of Iomai's outstanding shares at closing, and a cash consideration of approximately USD 115.5 m (EUR 74.2 m) to the holders of Iomai's remaining outstanding shares and warrants and to the holders of certain of the outstanding options. In addition, Company will replace certain Iomai options by 282,342 Intercell options with an intrinsic value of USD 6.3 m (EUR 4.0 m).

Following the acquisition Iomai has been re-named to Intercell USA, Inc. This business combination will be accounted for under the purchase method, i.e. the cost of the business combination will be allocated to the assets acquired and liabilities and contingent liabilities assumed at their respective fair values. Identification and measurement of such assets and liabilities has been initiated but is not yet available as of the date of these interim financial statements due to the short time period since closing. Consequently, the fair values of these assets, liabilities and contingent liabilities and a potentially resulting goodwill or the amount of any excess of these net fair values over the cost of the business combination cannot be determined and disclosed yet.

Vienna, August 8, 2008

The Management Board:

  
GERD ZETTLMEISSL, CEO

  
ALEXANDER VON GABAIN, CSO

  
WERNER LANTHALER, CFO

  
THOMAS LINGELBACH, COO

The condensed consolidated interim financial statements and the Management Report of Intercell AG as of June 30, 2008 and the report on review thereon have been issued in German language in accordance with section 85 (1) Stock Exchange Law. We draw attention to the fact that this translation into English is presented for convenience purposes only and that the German wording is the only legally binding version.

**[ PURSUANT TO SECTION 87 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT**

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, August 8, 2008

The Management Board:



GERD ZETTLMEISSL, CEO



ALEXANDER VON GABAIN, CSO



WERNER LANTHALER, CFO



THOMAS LINGELBACH, COO