

Intercell Announces Second Quarter 2005 Results

Conference Call regarding the report Q2 2005

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Tel: +43.1.23032

PIN: 618421

- » EMEA Scientific Advice confirms Intercell's development strategy for Japanese Encephalitis Vaccine to be suitable for licensure in Europe
- » Preparation of JEV Phase III clinical material on track. Start of Phase III clinical trials planned for September
- » \$ 6.6 million R&D grant from US NIH for Intercell to develop biodefense vaccines
- » Intercell coordinates the development of a novel vaccine against lyme borreliosis - European Commission provides support of € 1.4 million for the next two years
- » Revenues of € 4.1 million in the first six month 2005. Net loss of € 8.1 million in first half of 2005 - up 14.9 % compared to first two quarters of 2004 – driven by advancement of JEV vaccine development

Vienna (Austria), August 12, 2005 – Vaccine company Intercell AG (VSE: ICLL) today announced its financial results for the second quarter of 2005.

Intercell's aggregate revenues in the first six months of 2005 were € 4.1 million, compared to € 4.0 million in the same period in 2004. The revenues from collaborations and licensing were € 3.5 million in the first half of 2005 and € 3.4 million in the first six months of 2004. Revenues from public subsidiaries were € 0.6 million in both the actual and the comparative period. However, revenues have been distributed very unequally over the first two quarters of 2005 and 2004 and we expect to continue to experience fluctuations in our quarterly revenue figures.

The company's net loss in the second quarter of 2005 increased by 29.4 percent to € 3.1 million compared to € 2.4 million in the second quarter of 2004. The net operating expenses increased from € 6 million in the quarter ended June 30, 2004 to € 7.1 million in the quarter ended June 30, 2005. The increase in net operating expenses and net loss was primarily due to an increase in research and development costs, which was partly offset by a decrease in sales, general and administration costs and other operating expenses, net.

Intercell had € 66.0 million in liquid reserves as of June 30th 2005, of which € 6.1 million was cash and cash equivalents and € 59.9 million was available-for-cash securities. Intercell intends to use its liquid reserves for the further development and commercialization of the product candidates and the further development of technologies.



Latest Achievement

After the US FDA's agreement on Intercell's development strategy last fall, the company has now received final guidance for the Phase III development program from the Scientific Advice Group of the **European Medicines Agency (EMA)**. Based on this advice, Intercell will proceed with the global development program also with a view to submitting a Marketing Authorization Application (MAA) in Europe through the centralized procedure. Furthermore, Intercell has also received approval for design and start of Phase III clinical studies for the Japanese Encephalitis Vaccine (IC51) from major European authorities. The Phase III clinical trial is now approved in Australia, Austria, Bulgaria, Germany, Romania, the UK and the US and is planned to start in September 2005.

Financial Highlights

€ million	First six months 2005	First six months 2004	12 months 2004
Revenues	4.1	4.0	4.6
Net loss	(8.1)	(7.1)	(20.3)
Net operating cash flow	(10.7)	(6.6)	(11.9)
Cash and marketable securities, end of period	66.0	41.8	31.3

Operational and Business Strategy Review Second Quarter 2005

Japanese Encephalitis (JEV)

The highest priority is given to the preparations for the start of Phase III trials in 2005, which include the manufacturing of clinical consistency lots in our facility in Livingston (Scotland). **Global, multi-center Phase III trials** are planned to start in September involving about 800 individuals to demonstrate immunogenicity of the Intercell vaccine, compared to mouse brain derived JE-VAX®, which is the only Japanese Encephalitis vaccine approved in the US. At the same time, a series of additional Phase III trials will be carried out to gather further immunogenicity and safety data in approximately 4.000 subjects.

Hepatitis C

The development of our therapeutic vaccine against Hepatitis C continues to be fully on track. After completion of our first Phase II clinical study in 2004, the clinical development program has been further extended. A follow-up study has been designed to further increase the T-cell response that is pivotal to fight the infection by optimizing the route and the frequency of vaccinations. The new study, for which recruitment has recently been completed, is being performed at the General Hospital of Vienna, where Intercell's IC41 Hepatitis C vaccine is applied to more than 50 healthy volunteers by administering up to 16 vaccinations at weekly intervals. Should results warrant it, the study will be extended to chronic HCV patients in 2006. Intercell's therapeutic Hepatitis C vaccine is also being tested in combination with the



Interferon/Ribavirin standard therapy in another Phase II trial. This trial is expected to be completed in 2006.

Research and Pre-clinical Products

Significant progress has been made in our research and pre-clinical programs:

- » Under a European Union Sixth Framework project we have started research activities to develop a **novel vaccine against Lyme borreliosis**, which is supported by the European Commission with € 1.4 million over the next two years. Intercell is the coordinator of this project, which brings together expertise of leading scientists and biotech companies from six institutions in Austria, the Czech Republic, Germany, and Sweden.
- » Intercell has received an R&D grant from the **National Institute of Health (NIH)** of the United States amounting to \$ 6.6 million. The grant supports the incorporation of Intercell's proprietary adjuvant program (IC31™) into the development of biodefense vaccines.

Within Intercell's preclinical programs, the company primarily focuses on vaccines against Streptococcus Pneumoniae and Group A Streptococcus infections in order to define product candidates for future clinical development. For the development of our novel antibody therapies we intend to partner at least one program in 2005.

Strategic Alliances & Licensing

All existing strategic alliances which have resulted from Intercell's highly successful antigen identification and adjuvant (IC31™) technologies are moving forward according to the intended timelines:

- » **sanofi pasteur** has exercised its option on exclusive worldwide commercial rights on certain bacterial vaccine antigens identified by Intercell's Antigen Identification Program. Over the entire term of the agreement, Intercell will be entitled to milestone based license payments totaling to about € 23 million, as well as royalties on future net sales.
- » The joint project with the Statens Serum Institut for the development of a new prophylactic tuberculosis vaccine has gained the support of the **Aeras Global TB Vaccine Foundation**. Aeras will fund the development of the vaccine and subsequent clinical trials and in return will be given a sublicense for the future TB vaccine for a number of developing countries.

In some of our partnerships, first clinical trials are expected within this year. Intercell's major strategic partners are: Merck&Co., Inc. (US), sanofi pasteur (France), Statens Serum Institut (Denmark) and SciGen Ltd. (Australia/Singapore). We expect further alliances resulting from our technology platforms within the next months.

The full quarterly report including un-audited financial statements can be downloaded at www.intercell.com.



About Intercell AG:

Intercell AG is a fast growing biotechnology company focusing on the design and development of novel vaccines for prevention and treatment of diseases with substantial unaddressed medical need. The Company's unique position is based on the combination of antigens and immunizers (adjuvants) derived from its proprietary technology platforms and its in-house GMP manufacturing facilities. Intercell's technology has been endorsed by collaborative agreements with a number of global pharmaceutical companies, including sanofi pasteur, Merck&Co., Inc., SciGen Ltd. and the Statens Serum Institut. The Company has a broad development pipeline with a vaccine for Japanese Encephalitis about to enter Phase III, a vaccine for Hepatitis C undergoing Phase II trials, and five products focused on infectious diseases in the pre-clinical phase. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information please visit: www.intercell.com

Contact Intercell AG:

Intercell AG

Katharina Wieser

Head of Corporate Communications

Campus Vienna Biocenter 2

A-1030 Vienna

P: +43-1-20620-303

Mail to: kwieser@intercell.com

Be invited to: www.intercell.com

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