



Intercell announces preliminary 2005 full year results:
Good progress in product development – significant increase in revenues – strong cash position

Financials:

- » Preliminary 2005 full year results reflect progress in product development and commercialization of technologies: revenues € 8.5 million, up 84.9 %, net loss € 25.1 million, up 19.1 %, R&D expenses € 28.5 million, up 68.8 %
- » Strong cash position with € 50.2 million in liquid funds at year end

Product development progress

- » Japanese Encephalitis:
Recruitment for pivotal Phase III study completed - Orphan Drug Status granted by the European Commission - Positive initial safety data in Phase III trials
- » Hepatitis C Vaccine:
Route and frequency of administration optimized - success criteria for further development met

Commercialization of technologies

- » € 1 million milestone payment from partner sanofi pasteur for bacterial vaccine candidate
- » Merck & Co., Inc. commences Phase I clinical trial for S. aureus vaccine based on antigen identified by Intercell – additional US\$ 1 million milestone payment
- » Partnered Tuberculosis vaccine enters Phase I clinical trial

Vienna (Austria), March 6, 2006 – Vaccine company Intercell AG (VSE: ICLL) today announced its preliminary 2005 full year results.

Intercell's aggregate annual revenues increased from € 4.6 million in 2004 to € 8.5 million in 2005, or by 84.9 percent. Revenues from collaborations and licensing were up € 2.9 million and grant income was up € 1.0 million.

The company's loss for the year ended December 31, 2005 was up 19.1 percent to € 25.1 million from € 21.0 million in the year 2004. This is according to plan and primarily due to higher research and development costs, which increased by 68.8 percent from € 16.9 million in 2004 to € 28.5 million in 2005, reflecting the progress in manufacturing and advancing the company's JEV vaccine into Phase III clinical trials. Intercell's general, selling and administrative expenses increased from € 7.9 million in 2004 to € 9.0 million in 2005, or by 12.8 percent. In 2005, net other operating income was € 3.1 million, primarily due to R&D tax credits, which compares to net other operating expenses of € 0.9 million in 2004, resulting primarily from fees relating to the company's corporate structure and unrealized foreign exchange losses.





As of December 31, 2005 Intercell had liquid funds of € 50.2 million of which € 5.3 million was cash and cash equivalents and € 44.9 million was available-for-sale securities.

Financial Highlights

€ in thousands	3 months ended – Dec. 31, 2005	Year ended – Dec. 31, 2005	Year ended – Dec 31, 2004
Revenues	3.672	8.469	4.581
Net loss	(7.169)	(25.060)	(21.042)
Net operating cash flow	(7.857)	(24.023)	(11.962)
Cash and marketable securities, end of period	50.178	50.178	31.350

Recent Achievement

Recruitment for the pivotal immunogenicity Phase III trial of Intercell’s Japanese Encephalitis vaccine has successfully been completed earlier than initially planned.

Operational and Business Strategy Review Fourth Quarter 2005

Japanese Encephalitis (JEV)

Recruitment in the global Phase III program, which consists of a series of immunogenicity and safety trials with enrolment totalling more than 5,000 subjects, is progressing faster than initially planned.

In addition, an independent Data and Safety Monitoring Board (DSMB), which reviewed and evaluated the safety data from the first proportion of subjects vaccinated in the Phase III trial, unanimously concluded that it had observed no safety concerns.

With the designation Orphan Drug Status by the European Commission, Intercell will receive 10-year sole exclusive market rights for its product within the EU25 countries including Norway and Iceland upon licensure of the vaccine as well as considerable fee reductions during the pre- and post-approval phases.

The fast progress made within the entire Phase III program, supports the planned development strategy for the Company’s leading product candidate, which is fully on track towards an expected market introduction in 2007. BLA (Biologics License Application) filing is expected at the end of 2006 and product registration in the United States in 2007.

Hepatitis C (IC41)

In previous months, Intercell has made significant progress in the extended development program of its therapeutic vaccine against Hepatitis C. A follow-up study has been designed to further increase the T-cell response pivotal to fight the infection by optimizing the route and the frequency of vaccinations.

Results of this study, which was completed in Q1 2006, indicate that IC41, when given in optimized route and schedule, is considerably more immunogenic than it has been previously



shown. 50 healthy adults were vaccinated with IC41 in alternative regimes. The optimization study showed that the T-cell responses were stronger and significantly more frequent than has been seen up to now. Compared to the previous regime, the improvements were positive and meet the success criteria for further development.

Based on these results, Intercell is now planning to test IC41 with this optimized schedule in a further Phase II trial in patients with chronic Hepatitis C. This study aims to show sustained reductions of HCV-RNA through IC41 stand-alone therapy in a substantial subset of patients. Intercell plans to start the trial in Q3 2006, with first results expected in mid-2007. In addition, results from an ongoing Phase II study in combination with Interferon/Ribavirin standard therapy are expected in mid-2006.

Strategic Alliances & Licensing

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

- » In Q4 2005, Merck & Co., Inc. started a Phase I clinical trial for a vaccine against *S. aureus* infections. To date, Intercell has received a total of US\$ 5 million in revenues from this collaboration and is eligible to receive additional milestone payments based on the project's progress and royalties based on future net sales.
- » In July 2005, sanofi pasteur exercised its option on exclusive worldwide commercial rights on certain bacterial vaccine antigens that have been identified by Intercell's Antigen Identification Program. Over the entire term of its agreement with sanofi pasteur, Intercell is entitled to further license and milestone payments totaling approximately € 20 million and royalties on future net sales. In 2005, Intercell received license and milestone payments of € 4 million from this collaboration.
- » In collaboration with Intercell AG and supported by the European Union, SSI has initiated its first clinical trials of a novel TB which combines two important TB antigens developed by SSI combined with Intercell's synthetic adjuvant IC31™.

Intercell currently expects to enter into new technology collaborations and to achieve further milestones under its existing partnerships in 2006.

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

About Intercell AG:

Intercell AG is a biotechnology company which focuses on the design and development of



novel vaccines for prevention and treatment of diseases for which there exists substantial unmet medical need. The Company develops antigens and immunizers (adjuvants) which are derived from its proprietary technology platforms and has in-house GMP manufacturing capability. Intercell has strategic partnerships 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 in Phase III, a vaccine for Hepatitis C 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. Intercell is listed on the Vienna stock exchange under the symbol "ICLL".

For more information please visit: www.intercell.com

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