

## Intercell announces Q2 results:

### Positive JEV Phase III Results – Strategic Marketing and Distribution partnership with Novartis – Strong financial position for the next stage of strategic growth

#### Significant clinical progress:

- » Positive results for Intercell's Japanese Encephalitis Virus vaccine in pivotal clinical Phase III immunogenicity trial – primary endpoint met
- » Preparations for the filing process with the United States Food and Drug Administration (FDA) and the European Medicines Agency (EMA) started

#### Important new partnerships:

- » Additional Strategic Alliance with **Merck & Co., Inc. (US)** for the development of monoclonal antibodies against severe Staphylococcus Aureus infections
- » **Novartis** was selected as Marketing and Distribution partner of Intercell's Japanese Encephalitis Virus Vaccine in the United States, Europe and certain other markets in Asia and Latin America

#### Financial strength for further growth:

- » Revenues of € 5.8 m in the first six months of 2006 – Up 40.6 % compared to first half year 2005. Net loss of € 12.3 m in first half of 2006 – Up 51 % compared to 2005 – primarily driven by advancement of JEV vaccine development
- » Successful offering of existing and new shares with a total offering volume of € 110.6 m and approx. € 55.4 m net proceeds for Intercell
- » Strong cash position with approx. € 90 m in liquid funds at July 4, 2006

#### Future Milestones 2006

- » Results from pivotal JEV vaccine safety study expected within the next weeks
- » Start of further Phase II clinical trial in chronic HCV patients and results of the ongoing combination trial with Interferon/Ribavirin
- » Additional license deals expected for AIP and VIP technology platforms

**Vienna (Austria), August 14, 2006** – Vaccine company Intercell AG (VSE: ICLL) today announced its financial results for the second quarter of 2006.

Intercell's aggregate revenues increased from € 4.1 million in the first six months of 2005 to € 5.8 million in the same period of 2006, or by 40.6 percent. Revenues from collaborations and licensing increased by 51.5 percent, from € 3.6 million in the first half year 2005 to € 5.4 million

in the first half year 2006. Grant income decreased by 29.5 percent, from € 0.6 million in the first six months of 2005 to € 0.4 million in the first six months of 2006.

Intercell's net loss in the second quarter 2006 was € 3.5 million compared to € 3.1 million in the second quarter of 2005. This increase was primarily due to higher research and development expenses, which were partly offset by an increase in revenues.

As of June 30, 2006 Intercell had liquid funds of € 39.6 million of which € 10.7 million was cash and € 28.9 million was available for sale financial assets.

Liquid funds, as adjusted for the net proceeds of the public offering completed on July 4, 2006, were approximately € 90.4 million.

### Financial Highlights

€ thousands	3 months ended		6 months ended		Year ended
	March 31, 2006	March 31, 2005	June 30, 2006	June 30, 2005	Dec. 31, 2005
Revenues	5,445	3,752	5,771	4,105	8,469
Net loss	(3,477)	(3,095)	(12,291)	(8,139)	(25,060)
Net operating cash flow	(3,096)	(4,045)	(11,578)	(11,025)	(24,023)
Cash and marketable securities, end of period	39,646	65,966	39,646	65,966	50,178

### Operational and Business Strategy Review Q2 2006

#### *Japanese Encephalitis (JEV)*

Over the last few months, Intercell's priority has been its ongoing global Phase III clinical trial program for its Japanese Encephalitis virus (JEV) vaccine.

First analysis of the pivotal immunogenicity **Phase III clinical data** of Intercell's investigational JEV vaccine showed positive results and met its primary endpoint. With these results, the filing process with the United States Food and Drug Administration (FDA) will start shortly to prepare for the market launch in the United States expected in 2007. The results of the ongoing pivotal safety study are expected within the next weeks.

In June 2006, Intercell has made significant progress in putting its global marketing distribution process for this product in place. **Novartis** was selected as Intercell's marketing and distribution partner for the JEV vaccine in the United States, Europe and certain other markets in Asia and Latin America

#### *Hepatitis C (IC41)*

In previous months, Intercell has made significant progress in its clinical trial program for its therapeutic Hepatitis C vaccine.



**Results** of the optimization trial clinical trial, which was completed in Q1 2006, indicate that IC41, when given in optimized route and schedule, is considerably more immunogenic than has been previously shown. Based on these results, Intercell is now finalizing all preparations to test IC41 with this optimized schedule in a further Phase II clinical 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 clinical trial in Q3 2006, with initial results expected in mid-2007. Results of the ongoing clinical trial where IC41 is tested in a combination treatment with Interferon/ Ribavirin are expected for Q4 2006.

### ***Strategic Alliances & Licensing***

All existing strategic partnerships and collaborations are moving forward according to schedule. In the previous months, Intercell entered further strategic alliances important for the companies' strategic growth:

- » Strategic partnership with **Merck & Co., Inc.** to develop human monoclonal antibodies against severe infections caused by *Staphylococcus aureus*, a bacterium, that causes severe hospital-acquired infections and has become increasingly resistant to a variety of antibiotics.
- » Strategic alliance with **Novartis** for the marketing and distribution of its Japanese Encephalitis Vaccine in the United States, Europe and certain other markets in Asia and Latin America. Intercell will be entitled to milestone payments of up to € 37 million from Novartis. Novartis made an equity investment of € 30 million in shares of Intercell in the recently completed secondary public offering.

### ***Financials:***

In July 2006, Intercell successfully completed its combined primary and secondary public offering:

- » The total offer proceeds amount to € 110.6 million with approx. € 55.4 million net proceeds for Intercell. The offer price per share was set at € 12.36.

Intercell intends to use the net proceeds of this offering for further organic growth of its promising vaccine pipeline, expansion of its manufacturing capacities and general corporate purposes.

**The full quarterly report including un-audited financial statements can be downloaded at [www.intercell.com](http://www.intercell.com).**

### **About Intercell AG:**

Intercell AG is a biotechnology company focused on the research, development, manufacturing and future commercialization of innovative vaccines for prevention and



treatment of infectious diseases for which there exists substantial unaddressed 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 S.A., Merck&Co., Inc., the Statens Serum Institut and Kirin Brewery Co., Ltd. The Company has a broad development pipeline with a vaccine product candidate for Japanese Encephalitis in Phase III, a vaccine product candidate for Hepatitis C in Phase II, partnered vaccine candidates for Tuberculosis and *S. aureus*, which are in Phase I, and more than five other product candidates 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](http://www.intercell.com)

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