



Intercell AG announces Q2/ H1 results and gives update on business:

Full year 2007 expected to be profitable - All development programs on track - Strong strategic and financial position due to successful progress in partnerships

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 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

Vienna (Austria), August 13, 2007 – Today Intercell AG (VSE: ICLL) announced the financial results for H1 2007 and an update on the company's development programs and strategy.

"According to plan our increased net loss in the first half of 2007 mainly results from higher R&D and manufacturing spending. However, we expect to recognize revenues of approximately € 50 million this year. This would make 2007 the first profitable year in the young history of our company. After completion of the recently signed agreement with





Novartis, we expect to end the year with a cash balance of approximately € 300 million,” states Intercell’s CFO Werner Lanthaler.

“Our strategy and highest priority is to maintain and to extend our leading role as most innovative biotech company in the field of vaccines and anti-infective antibodies,” states Gerd Zettlmeissl, CEO of Intercell.

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 also has 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.

Next Milestones:

- » 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.

Next Milestones

- » 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.

Next Milestones:

- » 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.

Next Milestones:

- » 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

Revenues

Intercell's aggregate revenues decreased from € 5.4 million in Q2 ended June 30, 2006 to € 3.7 million in Q2 ended June 30, 2007. In H1 2007 aggregate revenues decreased to € 5.2 million from € 5.8 million in the same period of the previous year, or by 10.3 percent. Revenues from collaborations and licensing decreased by 59.3 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 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. In H1 ended June 30, 2007 Intercell's net loss increased by € 3.3 million, or by 26.7 percent, to € 15.6 million from € 12.3 million in H1 2006.

Total net operating expenses in H1 2007 went up by 24.6 percent to € 21.4 million from € 17.2 million in H1 2006.

Financial income, net of expenses was € 0.7 million in H1 of the current year 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 ended June 30, 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.

Cash Flow

Intercell's net cash used in operating activities for H1 ended June 30, 2007 and 2006 was € 14.5 million and € 11.6 million, respectively.

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. The acquisition of Pelias Biomedizinische Entwicklungs AG in an all-share deal in early 2007 added € 2.9 million in cash to Intercell's balance sheet and 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.

Financial Highlights					
€ thousands	3 months ended		6 months ended		Year ended
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	Dec. 31, 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

The full half-year report is available at the executive offices of Intercell AG, Campus Vienna Biocenter 6, 1030 Vienna or at www.intercell.com.



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 Intercell's proprietary technology platforms, and has in-house GMP manufacturing capability. Based on these technologies, Intercell has strategic partnerships with a number of global pharmaceutical companies, including Novartis, Merck & Co., 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. The regulatory process towards a Biologics License Application (BLA) to the US Food and Drug Administration (FDA) has been initiated. The broad development pipeline includes a Pseudomonas vaccine in Phase II, a therapeutic 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 preclinical 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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