

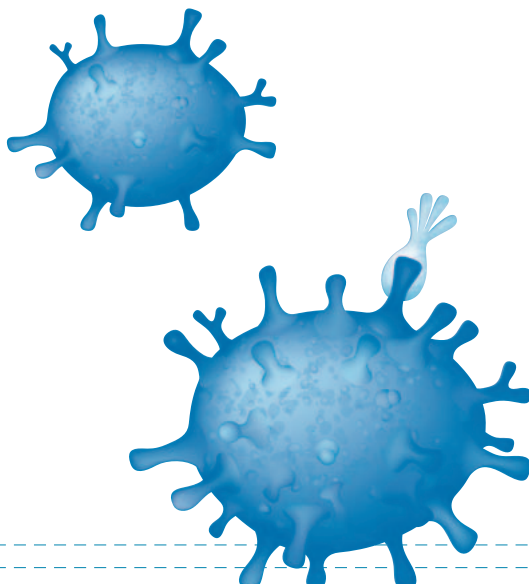
Company Snapshot

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., SciGen Ltd., 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



KEY MILESTONES Q1 2006:

TECHNOLOGIES AND PARTNERSHIPS:

STRATEGIC ALLIANCE WITH KIRIN BREWERY CO., LTD. (TOKYO, JAPAN) TO DEVELOP HUMAN MONOCLONAL ANTIBODIES FOR THE TREATMENT OF SEVERE PNEUMOCOCCAL INFECTIONS:

- » MONOCLONAL ANTIBODIES - A NOVEL USE FOR INTERCELL'S TECHNOLOGIES WITH SIGNIFICANT POTENTIAL IN ANTI-INFECTION APPLICATIONS
- » STREPTOCOCCUS PNEUMONIAE INFECTIONS – A FIELD OF RAPIDLY GROWING MEDICAL IMPORTANCE
- » INTERCELL IS ENTITLED TO MILESTONE PAYMENTS TOTALING APPROXIMATELY € 40 MILLION – INCLUDING A € 4 MILLION UPFRONT PAYMENT AND ROYALTIES ON FUTURE NET SALES OF THE PRODUCT

PATENTS AND LICENSING:

- » AN ADDITIONAL KEY PATENT COVERING A COMPONENT OF INTERCELL'S NOVEL PROPRIETARY SYNTHETIC ADJUVANT, IC31™, WAS GRANTED BY THE EUROPEAN PATENT OFFICE

PRODUCT DEVELOPMENT

ALL DEVELOPMENT PROJECTS CONTINUE TO BE ON TRACK AND ARE WITHIN EXPECTED TIMELINES:

- » JAPANESE ENCEPHALITIS VACCINE:
FIRST RESULTS FROM PHASE III CLINICAL TRIALS ARE EXPECTED MID-2006
MARKETING AND DISTRIBUTION STRATEGY WILL BE IMPLEMENTED MID 2006
- » HEPATITIS C VACCINE:
START OF ADDITIONAL PHASE II CLINICAL TRIALS AND RESULTS OF THE COMBINATION CLINICAL TRIAL EXPECTED BY MID-2006

FINANCIALS:

- » NET LOSS OF € 8.8 MILLION DRIVEN BY PHASE III COSTS RELATED TO THE JEV VACCINE
- » STRONG CASH POSITION WITH € 38.8 MILLION IN LIQUID FUNDS AT END OF Q1 2006

Q1 2006 Operational and Business Strategy Review

» JAPANESE ENCEPHALITIS (IC51)

Over the last few months, Intercell's priority has been its ongoing global Phase III clinical trial program for Intercell's Japanese Encephalitis vaccine. With recruitment of the pivotal Phase III immunogenicity clinical trial completed, the global Phase III program is progressing faster than initially planned.

In addition, an independent data and safety monitoring board (DSMB) concluded that it observed no safety concerns in its evaluation of the safety data from the first proportion of subjects vaccinated in the Phase III clinical trial.

The European Commission's designation of the "orphan drug status" on Intercell's JEV product candidate will result in ten years of exclusive market rights within the European Union, Norway and Iceland upon licensure of the vaccine, and considerable fee reductions during the pre- and post-approval phases.

The fast progress made during the entire Phase III program, lends support to the Company's planned development strategy of its leading product candidate, which is fully on track towards its expected market introduction in 2007. Initiation of US regulatory filing is expected at the end of 2006; Product registration in the United States is expected in 2007.

» HEPATITIS C (IC41)

In previous months, Intercell has made significant progress in its clinical trial program for its therapeutic vaccine product candidate against Hepatitis C. A follow-up clinical trial has been designed to further increase the T-cell response essential to fighting the infection by optimizing the route and frequency of vaccinations.

Results of this 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. 50 healthy adults were vaccinated with IC41 in alternative regimens. The optimization clinical trial showed that the T-cell responses were stronger and significantly more frequent than had been seen up to then. Compared to the previous regime, the improvements were positive and met the criteria for further development.

Based on these results, Intercell is now planning 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.

In addition, results from an ongoing Phase II clinical trial in combination with the Interferon/Ribavirin standard therapy are expected in mid-2006.

» STRATEGIC PARTNERSHIPS & LICENSING

All existing strategic partnerships and collaborations that have resulted from Intercell's highly successful Antigen Identification Program (AIP®) and adjuvant (IC31™) technologies are moving forward according to schedule.

In Q1 2006, Intercell entered a new strategic alliance with Kirin Brewery Co., Ltd., to develop antibodies for the treatment of severe pneumococcal infections:

- » Monoclonal antibodies against bacterial infections – a novel use for Intercell's technologies with significant potential in anti-infection applications, in addition to their current use in the field of vaccines.
- » Streptococcus pneumoniae infections – a field of rapidly growing medical importance with 1 in every 1000 elderly individuals infected in Europe and the United States each year.
- » Kirin Brewery Co., Ltd. obtained global rights to develop and commercialize antibodies directed against antigens, that have been detected by Intercell's proprietary Antigen Identification Program (AIP®).
- » Intercell is entitled to milestone payments totaling approximately € 40 million – including a € 4 million upfront payment and royalties on future net sales of the product. Up-front payment is to be deferred and recognized as revenue over future accounting periods.

Intercell currently expects to enter into additional new technology collaborations and to achieve further milestones under its existing partnerships in 2006. The Company's major strategic partners are: Merck & Co., Inc. (US), sanofi pasteur S.A. (France), Statens Serum Institut (Denmark), SciGen Ltd. (Australia/Singapore) and Kirin Brewery Co., Ltd. (Japan).

» RESEARCH AND PRE-CLINICAL PRODUCTS

Currently, Intercell's pre-clinical programs primarily focus on vaccines against Streptococcus pneumoniae and Group A streptococcus infections with the goal of defining product candidates for future clinical development. In connection with the development of its novel antibody therapies, Intercell currently intends to partner at least one of these programs in 2006.

» INTELLECTUAL PROPERTY

The European Patent Office has granted an additional key patent covering a component of Intercell's novel proprietary synthetic adjuvant, IC31™. The newly issued patent (EP 1 326 634 B) specifically covers the peptide (KLK) component of IC31™. A separate patent (EP 1 296 713 B), which was issued in 2003, covers the second component of the adjuvant, an oligonucleotide (I-ODN). Both patents together provide broad patent protection for the use of IC31™ as a B- and T-cell adjuvant in vaccines.

Q1 2006 Financial Review

» REVENUES

Intercell's aggregate revenues decreased from € 0.4 million in the three months ended March 31, 2005 to € 0.3 million in the three months ended March 31, 2006. In both of these periods, revenues were primarily attributable to grant income and do not include substantial revenues from collaborations and licensing. Revenues from collaborations and licensing received by Intercell 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. Intercell expects to record substantial revenues from collaborations and licensing agreements in the remainder of 2006.

» RESULTS OF OPERATIONS

Intercell's net loss in the first quarter 2006 was € 8.8 million compared to € 5.0 million in the first quarter of 2005. This increase was primarily due to higher research and development expenses. Intercell's operating expenses increased from € 5.6 million in the quarter ended March 31, 2005 to € 8.7 million in the quarter ended March 31, 2006, or by 55.4 percent.

Intercell's research and development expenses increased from € 4.0 million in the first three months of 2005 to € 6.8 million in the same period of 2006, or by 70.0 percent. This increase resulted primarily from the costs associated with the international Phase III pivotal clinical trials of Intercell's JEV vaccine and license payments triggered by the achievement of milestones in the development of this vaccine. Intercell's general, selling and administrative expenses were € 2.0 million for the three months ended March 31, 2006 compared to € 1.6 million for the three months ended March 31, 2005. This increase of 25.0 percent was primarily due to higher personnel expenses, which in turn were due to an increase in performance-based employee compensation costs.

Intercell's net financial income was € 0.5 million in the first quarter 2006, compared to € 0.2 million in the same period of 2006. The increase was due to a higher level of interest bearing cash and available for sale financial assets.

In the three months ended March 31, 2006, Intercell recorded a share of loss of associated companies of € 1.0 million, which resulted from an investment of € 1.5 million in Pelias Biomedizinische Entwicklungs AG, a company founded in 2005 by Intercell and partners that included Novartis and Kapital&Wert Group.

» CASH FLOW

Intercell's net cash used in operating activities for the quarters ended March 31, 2006 and 2005 was € 8.5 million and € 7.0 million, respectively. The increase primarily reflects the Company's higher level of costs from research and development activities associated with the Phase III clinical trials of its JEV vaccine and general, selling and administrative expenses.

Intercell's net cash provided by investing activities was € 0.8 million in the first quarter of 2005 and € 9.2 million in the same period of 2006. In the first quarter of 2006 Intercell's proceeds from the sale of available for sale financial assets were € 12.0 million, which were partly offset by an investment in Intercell's associated company Pelias Biomedizinische Entwicklung AG of € 1.5 million and purchases of property, plant and equipment of € 1.4 million, used primarily for upgrading Intercell's production facility in Livingston for the commercial production of its JEV vaccine.

Intercell's net cash used in financing activities in the period ended March 31, 2006 was € 0.3 million and was due to the repayment of borrowings. In the comparative period of 2005 the net cash provided by financing activities was € 46.5 million and resulted from the proceeds of the company's initial public offering in February 2005.

As of March 31, 2006 Intercell had liquid funds of € 38.8 million of which € 5.7 million was cash and cash equivalents and € 33.1 million was available for sale financial assets.

» FINANCIAL HIGHLIGHTS

€ in thousands

	3 months ended		Year ended
	March 31, 2006	March 31, 2005	Dec. 31, 2005
Revenues	327	353	8,469
Net loss	(8,814)	(5,043)	(25,060)
Net operating cash flow	(8,482)	(6,980)	(24,023)
Cash and marketable securities, end of period	38,817	70,853	50,178

Consolidated Income Statements (unaudited)

€ in thousands (except per share amounts)	Three months ended March 31,	
	2006	2005
Revenues	327	353
Revenues from collaborations and licensing	3	2
Grant income	324	351
Operating expenses		
Research and development expenses	(6,826)	(4,015)
General, selling and administrative expenses	(1,969)	(1,638)
Income from transactions with associated companies	28	5
Other income/(expenses), net	85	60
Operating loss	(8,355)	(5,235)
Finance income/(expenses), net	492	193
Share of loss of associated companies	(950)	-
Loss before income tax	(8,813)	(5,042)
Income tax (expense)/income	(1)	(1)
Loss for the period	(8,814)	(5,043)
Earnings per share (basic and diluted)	(0.27)	(0.19)

Prepared in accordance with IFRS

Consolidated Balance Sheets (unaudited)

€ in thousands	March 31, 2006	December 31, 2005
ASSETS		
Non-current assets	8,709	7,809
Property, plant and equipment	8,104	7,179
Intangible assets	100	108
Deferred income tax assets	278	283
Other non current assets	227	239
Current assets	42,431	56,986
Trade and other current assets	3,377	6,442
Available for sale financial assets	33,148	44,894
Restricted cash	237	366
Cash and cash equivalents	5,669	5,284
TOTAL ASSETS	51,140	64,795
EQUITY		
Capital and reserves attributable to the Company's equity holders	40,968	49,653
Share capital	141,529	141,099
Other reserves	(38)	263
Retained earnings	(100,523)	(91,709)
LIABILITIES		
Non-current Liabilities	2,521	2,870
Borrowings	2,521	2,870
Current liabilities	7,651	12,272
Trade and other payables	6,302	10,935
Borrowings	1,349	1,337
Total liabilities	10,172	15,142
TOTAL EQUITY AND LIABILITIES	51,140	64,795

Prepared in accordance with IFRS

Consolidated Cashflow Statements *(unaudited)*

€ in thousands	Period ended March 31,	
	2006	2005
Cash flows from operating activities		
Loss for the period	(8,814)	(5,043)
Depreciation and amortization	245	244
Stock-based compensation	430	362
Tax	3	1
Other adjustments for reconciliation to cash used in operations	738	(95)
Changes in working capital	(1,056)	(2,399)
Cash used in operations	(8,454)	(6,930)
Interest paid	(25)	(49)
Income tax paid	(3)	(1)
Net cash used in operating activities	(8,482)	(6,980)
Cash flows from investing activities		
Purchases of property, plant & equipment	(1,361)	(212)
Purchases of intangible assets	(4)	0
Proceeds from sale of available for sale financial assets	11,991	919
Investments in associated companies	(1,450)	0
Interest received	0	135
Net cash provided by investing activities	9,176	842
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	0	47,042
Repayment of borrowings	(343)	(543)
Net cash provided by/(used in) financing activities	(343)	46,499
Net increase in cash	351	40,361
Cash at beginning of the period	5,284	8,167
Exchange gains on cash	34	59
Cash at end of the period	5,669	48,587
Cash, short-term deposits and marketable securities at end of period	38,817	70,853

Prepared in accordance with IFRS