

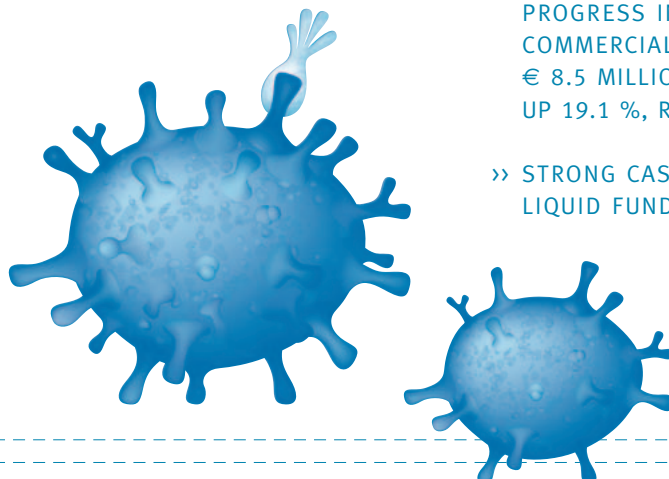
Company Snapshot

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* 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



KEY MILESTONES Q4 2005:

JAPANESE ENCEPHALITIS VACCINE:

- » 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

TECHNOLOGIES AND PARTNERSHIPS:

- » € 1 MILLION MILESTONE PAYMENT FROM PARTNER SANOFI PASTEUR FOR BACTERIAL VACCINE CANDIDATE
- » MERCK & CO., INC. COMMENCES PHASE I CLINICAL TRIAL FOR STAPHYLOCOCCUS AUREUS VACCINE BASED ON ANTIGEN IDENTIFIED BY INTERCELL – INTERCELL RECEIVES ADDITIONAL US\$ 1 MILLION MILESTONE PAYMENT
- » PARTNERED TUBERCULOSIS VACCINE ENTERS PHASE I CLINICAL TRIAL
- » INTERCELL SPINS OFF PELIAS BIOMEDICAL DEVELOPMENT AG – A NEW COMPANY IN THE FIELD OF HOSPITAL-ACQUIRED INFECTIONS

FINANCIALS:

- » PRELIMINARY 2005 FULL YEAR RESULTS REFLECT PROGRESS IN PRODUCT DEVELOPMENT AND COMMERCIALIZATION OF TECHNOLOGIES: REVENUES € 8.5 MILLION, UP 84.8 %, 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

Q4 2005 Operational and Business Strategy Review

» JAPANESE ENCEPHALITIS

Over the last few months, Intercell highest priority has been given to the ongoing global Phase III program of Intercell's Japanese Encephalitis vaccine. Recruitment in the global Phase III program, which consists of a series of immunogenicity and safety trials with enrollment totaling more than 5,000 subjects, is progressing faster than initially planned.

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

The European Commission's designation of the Orphan Drug Status on Intercell's Japanese Encephalitis vaccine product candidate has led to several advantages in the development and marketing of the Company's leading product candidate. With the licensure of Intercell's Japanese Encephalitis vaccine, the company will receive 10-year sole exclusive market rights for its product within the EU25 countries including Norway and Iceland and 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 pa-

tients 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. Pursuant to its 2004 agreement with Merck & Co., Inc., Intercell used its Antigen Identification Program (AIP®) to identify antigens associated with *S. aureus*. 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 subunit vaccine. The new vaccine candidate is a recombinant subunit vaccine based on 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 Company's major strategic partners are: Merck & Co., Inc. (US), sanofi pasteur (France), Statens Serum Institut (Denmark) and SciGen Ltd. (Australia/Singapore).

» RESEARCH AND PRECLINICAL PRODUCTS

Currently, Intercell's preclinical 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.

Q4 2005 Financial Review

» REVENUES

Intercell's revenues increased to € 3.7 million in the quarter ended December 31, 2005 from € 0.4 million in the fourth quarter of the previous year. The increase resulted primarily from collaborations with major pharmaceutical companies. In the fourth quarter 2005 revenues included € 1.0 million from sanofi pasteur S.A., which achieved a further milestone under the collaboration for an undisclosed bacterial vaccine candidate, and milestone payments of \$ 2.0 million from Merck & Co, Inc., which started phase I clinical trials for a vaccine against *S. aureus*. Our aggregate revenues from collaborations and licensing were € 2.7 million in the three months ended December 31, 2005. Grant income increased from € 0.4 million in the quarter ended December 31, 2004 to € 0.9 million in the fourth quarter 2005.

» RESULTS OF OPERATIONS

Our net loss decreased from € 7.5 million in the fourth quarter 2004 to € 7.2 million for the same period in 2005. This decrease was due to an increase in revenues and an increase in other oper-

ating income, resulting from an R&D tax credit. However this increase in income was largely offset by a strong increase in research and development costs, resulting in particular from our Phase III clinical trials for our JEV vaccine.

Our net operating expenses increased from € 4.7 million in the fourth quarter 2004 to € 9.9 million in the quarter ended December 31, 2005. Research and development costs nearly doubled from € 6.0 million in the fourth quarter 2004 to € 11.0 million in the same period in 2005, reflecting the advancement in our clinical development activities. Our general, selling and administrative expenses increase by 60.7 % to € 3.0 million in the fourth quarter 2005 compared to € 1.8 million in the same period of the prior year. This increase was primarily due to an increase in personnel expenses and consulting fees.

Our net financial income was € 0.4 million in the fourth quarter 2005, compared to a zero net financial income in the same period in 2004. The increase was due to a higher level of interest bearing cash and available-for-sale securities.

Full year 2005 Financial Review

» REVENUES

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

» RESULTS OF OPERATIONS

Our 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 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 our JEV vaccine into Phase III clinical trials. Our 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 our 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 our corporate structure and unrealized foreign exchange losses. Our income from transactions with associated companies decreased from € 3.8 million in 2004 to € 1.0 million in 2005 and resulted from sale of research and development assets and services.

Due to our higher level of cash and marketable securities, our finance income, net of finance expenses was € 1.1 million in 2005, while finance expenses exceeded income by € 0.2 million in 2004.

» CASH FLOW AND CAPITAL RESOURCES

Our net cash used in operating activities for the year ended December 31, 2005 was € 24.0 million compared to € 12.0 million in the previous year. The increase reflects our progress in research and development activities. Our net cash used in investing activities of € 23.8 million in 2005 and of € 19.7 million in 2004 was primarily due to investments in short-term available for sale financial assets of our cash proceeds from financing activities. Without giving effect to investments in and proceeds from sale of securities, net cash used in investing activities was € 2.2 million in the year ended December 31, 2005, compared to € 7.9 million in the year ended December 31, 2004, in which period the acquisition cost of € 3.3 million for our manufacturing facility in Livingston, Scotland and an investment in an associated company of € 3.5 million was included.

Our net cash provided by financing activities was € 44.9 million in 2005 and € 15.2 million in 2004. To date we have funded our

operations primarily through the sale of our equity securities and through contributions from silent partners, whose participations were converted into shares in September 2004. In February 2005, we completed an initial public offering (IPO) and our shares started trading in the Prime Market Segment of the Vienna Stock Exchange on February 28, 2005. In the course of the offering we sold 9,489,132 shares at an offer price of € 5.50 per share resulting in net proceeds of € 46.0 million after deducting underwriting commissions and offering expenses.

As of December 31, 2005 we 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.

In the past we prepared our consolidated financial statements in accordance with U.S. GAAP. In accordance with European Regulation (EC) No. 1606/2002, our annual financial statements for the full year 2005 will for the first time be presented under International Financial Reporting Standards (IFRS).

Therefore, the following preliminary unaudited financial statements follow the IFRS structure of presentation.

Consolidated Income Statements (unaudited)

€ in thousands (except shares and per share amounts)2005	Year ended December 31,	
	2005	2004
Revenues		
Revenues from collaborations and licensing	6,345	3,408
Grant income	2,124	1,173
Operating expenses		
Research & development costs	(28,461)	(16,856)
General, selling and administrative expenses	(8,957)	(7,943)
Income from transactions with associated companies	1,033	3,779
Other operating income (expenses), net	3,051	(917)
Operating loss	(24,865)	(17,356)
Finance income, net	1,065	(175)
Share of loss of associates	(1,540)	(3,508)
Loss before income tax	(25,340)	(21,039)
Income tax credit (expense)	280	(4)
Loss for the year	(25,060)	(21,043)
Earnings per share (basic and diluted)	(0.79)	(0.90)

Prepared in accordance with IFRS

Consolidated Balance Sheets (unaudited)

€ in thousands	December 31,	
	2005	2004
Assets		
Non-current assets	7,809	6,562
Property, plant and equipment	7,179	5,918
Intangible assets	108	150
Deferred income tax assets	283	-
Other non current assets	239	494
Current assets	56,986	32,600
Work in progress	-	310
Trade receivables and other current assets	6,442	444
Available for sale financial assets	44,894	23,183
Restricted cash	366	496
Cash and cash equivalents	5,284	8,167
Total Assets	64,795	39,162
Equity and liabilities		
Capital and reserves attributable to the Company's equity holders	49,654	26,768
Share capital	141,099	93,122
Other reserves	264	295
Retained earnings	(91,709)	(66,649)
Non-current Liabilities	2,870	4,143
Borrowings	2,870	4,143
Current liabilities	12,271	8,251
Trade and other payables	10,934	6,551
Borrowings	1,337	1,700
Total liabilities	15,141	12,394
Total equity and liabilities	64,795	39,162

Prepared in accordance with IFRS

Consolidated Cashflow Statements (unaudited)

€ in thousands	Year ended December 31,	
	2005	2004
Cash flows from operating activities		
Net loss	(25,060)	(21,042)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	990	870
Stock-based compensation	1,421	1,931
Tax	(280)	4
Other adjustments for reconciliation to cash used in operations	826	4,284
Changes in working capital	(1,770)	2,149
Cash used in operations	(23,874)	(11,806)
Interest paid	(147)	(153)
Income tax paid	(3)	(4)
Net cash used in operating activities	(24,023)	(11,962)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	(3,332)
Purchases of property, plant & equipment, net	(1,865)	(1,048)
Purchases of intangible assets	(2)	(61)
Proceeds from sale (purchases) of available for sale financial assets, net	(21,545)	(11,833)
Investments in associated companies	(1,040)	(3,508)
Interest received	688	44
Net cash used in investing activities	(23,764)	(19,738)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	46,518	17,065
Disposal of treasury shares	38	5
Repayment of borrowings	(1,685)	(1,883)
Net cash provided by financing activities	44,871	15,187
Net decrease in cash	(2,916)	(16,513)
Cash at beginning of the year	8,167	24,621
Exchange gains on cash	33	59
Cash at end of the year	5,284	8,167
Supplemental cash flow information		
Cash, short-term deposits and marketable securities at end of period	50,178	31,350

Prepared in accordance with IFRS