euro adhoc: Intercell AG / quarterly or semiannual financial statement / Intercell announces Q1 results: New strategic partnership with Kirin - All development projects on track - Strong cash position (E)

08.05.2006

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:
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 EUR 40 million - including a EUR 4 million upfront payment and royalties on future net sales of the product

Financials:
» Net loss of EUR 8.8 million driven by Phase III costs related to the Japanese Encephalitis vaccine candidate
» Strong cash position with EUR 38.8 million in liquid funds at end of Q1 2006

Vienna (Austria), May 8, 2006 - Vaccine company Intercell AG (VSE: ICLL) today announced its financial results for the first quarter of 2006.

Intercell’s net loss in the first quarter 2006 was EUR 8.8 million compared to EUR 5.0 million in the first quarter of 2005. This increase was primarily due to

higher research and development expenses.

Research and development expenses increased from EUR 4.0 million in the first three months of 2005 to EUR 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. General, selling and administrative expenses were EUR 2.0 million for the three months ended March 31, 2006 compared to EUR 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.

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

Financial Highlights

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EUR 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	-25,06
Net operating cash flow	-8,482	-6,98	-24,023
Cash and marketable securities, end of period	38,817	70,853	50,178

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Operational and Business Strategy Review Q1 2006

Japanese Encephalitis (JEV)

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, lend supports 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 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 regimes. 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 Alliances & Licensing

All existing strategic partnerships and collaborations 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 EUR 40 million - including a EUR 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 product collaborations resulting from its technologies and to achieve further milestones under its existing partnerships in 2006.

Intellectual Property

The European Patent Office has granted an additional key patent covering a component of Intercell’s novel proprietary synthetic adjuvant, IC31TM. The newly issued patent (EP 1 326 634 B) specifically covers the peptide (KLK) component of IC31TM. 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 IC31TM as a B- and T-cell adjuvant in vaccines.

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

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stockmarkets: official market: Wiener Börse AG
sector: Biotechnology
language: English

*** OTS-ORIGINALTEXT UNTER AUSSCHLIESSLICHER INHALTLICHER VERANTWORTUNG DES AUSSENDERS ***

OTE0003 2006-05-08/08:03

080803 Mai 06

Link zur Aussendung:
https://www.ots.at/presseaussendung/OTE_20060508_OTE0003