**PRESS RELEASE**

Intercell AG announces Q1 results and update on development programs:

**Adjuvant IC31™ opens attractive new market opportunity in Flu – All development projects on track – Strong focus on nosocomial infections — Net loss further decreased – Strong financial position**

**IC31™ - Clinical results emphasize broad and commercial use in vaccine development**

» Protective profile for IC31™ in Phase I Tuberculosis vaccine trial - strong T-cell immune responses in humans confirming broad pre-clinical data base

» Promising pre-clinical data for the use of IC31™ in next generation Flu vaccines – first clinical trials planned for 2007

» Next Milestones – start of a Phase I "proof-of-concept" clinical trial for an IC31™ adjuvanted Flu vaccine and strong focus on a commercial use of IC31™ and further strategic partnerships

**All development projects on track and within expected timelines**

» Japanese Encephalitis vaccine - all preparations for expected market launch in the US early 2008 and late 2008 in Europe are on track
Regulatory clearance to start a pediatric Phase II clinical trial in India obtained - start of Phase II trial within the next few weeks

» Hepatitis C vaccine – Phase II "proof-of-concept" study fully recruited - first data expected by mid 2007 - forward strategies comprise options for mono- and/or combination therapies

» Pneumococcus vaccine – preparations for start of Phase I clinical trial on track

**Nosocomial (hospital-acquired) infections – Building the leading vaccine franchise**

» Staphylococcus aureus vaccine partnered with Merck & Co. - safe and immunogenic in Phase I clinical trials - Phase II expected to start in 2007

» Pseudomonas vaccine – preparations for start of clinical Phase II/III trials on track

» Enterococcus/Klebsiella vaccines – AIP® accelerated to progress into clinical development

**Strong financial position – Net loss further reduced**

» € 7.1 million net loss for Q1 2007 – down 19.3 percent as compared to Q1 2006

» Increase of aggregate revenues – € 1.5 million in Q1 2007 compared to € 0.3 million in Q1 2006

» € 7.4 million R&D expenses in Q1 2007 – up 8.8 percent as compared to Q1 2006

» Strong cash position with € 86.3 million in liquid funds at March 31, 2007

**Vienna (Austria), May 14, 2007 –** Vaccine company Intercell AG (VSE: ICLL) announced today the financial results for the first quarter 2007 and an update on the company's development programs:

**Q1 2007 Operational Business and Strategy Review**

**Japanese Encephalitis (JE) vaccine on track to market:**

The regulatory process towards a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) has been initiated.

In Q1 2007 Intercell and its Indian partner Biological E. Ltd. obtained regulatory clearance to start a **pediatric Phase II clinical trial** for Intercell's novel Japanese Encephalitis vaccine in India. The study, which is expected to start within the next few weeks, will enroll children at the age of one to three years. It is the first step towards the licensure of a new cell culture derived product in Asia, which is expected by late 2008/early 2009.

Next Milestones:
» EMEA filing
» Agreement with US Army
» Market launch (early 2008)
» Marketing and sales agreement for Japanese market

**Hepatitis C vaccine - Phase II "proof-of-concept" study fully recruited:**

The recruitment of the Phase II study with 50 treatment naïve chronic Hepatitis C patients was completed in Q1 2007. The patients were vaccinated with Intercell's vaccine IC41, using an optimized route and frequency of administration, which was identified in an optimization study completed during 2006.

The current study aims to show significant reductions of HCV-RNA linked to the stronger HCV specific T-cell responses obtained in the optimization study.

First interim data from the ongoing Phase II study comprising a first subset of patients having already completed all 8 vaccinations given during a 14 weeks treatment period are expected by mid 2007. Final data of the study are expected to be available by early 2008. Forward strategies for further development comprise options for mono- and/or combination therapies.

Next Milestones:

» Interim and final Phase II data

**IC31™ - Human data open new opportunities for Flu and other vaccines:**

IC31™, which is used as adjuvant in a Tuberculosis vaccine partnered with SSI, delivered an outstanding profile in a Phase I study completed in Q1 2007. IC31™ demonstrated the stimulation of strong T-cell immune responses in humans as had already previously been seen in a variety of animal models. These results underpin the scientific concept of IC31™ and encourage broad and commercial

use of Intercell's proprietary technology platform in a variety of prophylactic and therapeutic vaccines.

Supported by the Tuberculosis vaccine data obtained in humans and based on the broad Flu-specific B- and T-cell immunogenicity profile observed in animal models (presented at "Influenza Vaccines for the World", Vienna, October 2006), a Phase I clinical trial to demonstrate the "proof-of-concept" for a superior inter-pandemic vaccine formulated with IC31™, is planned to commence in the second half of 2007.

With one single injection of a standard Flu vaccine adjuvanted with IC31™ Haemaglutinin titers and specific T-cell responses could be drastically increased in a mouse immunogenicity model. Furthermore, the presence of IC31™ induces very long-lasting and high levels of Flu-specific T-cells as well as IgG2a, both markers for a type 1 response known to improve and to broaden the protection from Influenza infections.

Next Milestones:
» Start of a Phase I "proof-of-concept" clinical trial for an IC31™ adjuvanted Flu vaccine
» Strong focus on a commercial use of IC31™ and further strategic partnerships

**Tuberculosis vaccine – Phase I data justify product development:**

In Q1 2007, Intercell and its partner, the Danish Statens Serum Institut (SSI), announced positive results for their Tuberculosis vaccine. The vaccine combines SSI's antigens with Intercell's proprietary adjuvant IC31™. The data from the Phase I trial, which was performed at the Department of Infectious Diseases at Leiden University Medical Center in the Netherlands, show that the vaccine is safe and very immunogenic in healthy individuals as reported at the Keystone conference April 2007. Based on these results, the start of further Phase I/II clinical trials is planned for 2007.

Next Milestone:
» Start of further clinical trials (with SSI)

**Q1 2007 Financial review**

**Revenues:**

Aggregate revenues increased from € 0.3 million in the three months ended March 31, 2006 to € 1.5 million in the three months ended March 31, 2007. The increase was attributable to higher grant income and to higher revenues from existing collaboration and licensing agreements with pharmaceutical companies.

**Results of Operations:**

Intercell's net loss decreased from € 8.8 million in the first quarter 2006 to € 7.1 million the first quarter 2007, or by 19.3 percent. This decrease was primarily due to an increase in revenues and in other operating income and to a decrease in the share of loss of associated companies.

Net operating expenses increased from € 8.7 million in the quarter ended March 31, 2006 to € 9.0 million in the quarter ended March 31, 2007, or by 3.4 percent. Research and development expenses increased by 8.8 percent and were € 7.4 million in the first three months of 2007 compared to € 6.8 million the same period of 2006. Intercell's general, selling and administrative expenses were € 3.2 million in the three months ended March 31, 2007 compared to € 2.0 million in the comparative period of the previous year. This increase of 60.0 percent was primarily due to higher personnel expenses resulting from stock compensation costs. Net other operating income increased from € 0.1 million in the first quarter 2006 to € 1.6 million in the first quarter 2007 due to primarily R&D tax credits.

No share of loss of associated companies was recorded in the three months ended March 31, 2007, compared to € 1.0 million in the same period of the previous year, because all companies that had been accounted for as associates had been acquired and were fully consolidated. The contribution of newly acquired companies to Intercell's net loss in the first quarter 2007 was € 0.7 million.

Net financial income decreased from € 0.5 million in the first quarter 2006, to € 0.4 million in the same period of 2007 due to higher interest expenses, which were partly offset by higher interest income.

**Cash Flow:**

Intercell's net cash used in operating activities for the quarters ended March 31, 2007 and 2006 was € 9.6 million and € 8.5 million, respectively. The increase was primarily due to higher working capital requirements.

Net cash provided by investing activities in the first quarter of 2007 was € 1.3 million compared to € 9.2 million in the same period of the previous year. The decrease was primarily due to the prior year's effect of the sale of available-for-sale financial assets in the first quarter of 2006. Cash used for purchases of property, plant and equipment increased to € 1.8 million in the three months ended March 31, 2007 from € 1.4 million in the first quarter of 2006 and was primarily used for laboratory and manufacturing equipment. In the first quarter of 2007, Intercell acquired essentially all of the shares of Pelias Biomedizinische Entwicklungs AG in an all-share deal. The transaction added € 2.9 million in cash to Intercell's balance sheet and, according to IAS 36, 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 March 31, 2007 was € 0.5 million, compared to € 0.3 million in the same period of the previous year, and resulted primarily from repayments of loans.

As of March 31, 2007 Intercell had liquid funds of € 86.3 million of which € 20.2 million was cash and cash equivalents and € 66.1 million was available-for-sale financial assets.

**Key Financial Figures**

| € in thousands | 3 months ended March 31 | | Year ended December 31, 2006 |
|---|---|---|---|
| | 2007 | 2006 | |
| Revenues | 1,502 | 372 | 23,452 |
| Net loss | (7,050) | (8,814) | (16,143) |
| Net operating cash flow | (9,635) | (8,482) | (7,979) |
| Cash and marketable securities, end of period | 86,262 | 38,817 | 94,421 |

**FINANCIAL STATEMENT**

# Intercell AG

## Condensed Consolidated Interim Financial Statements

## as of 31 March 2007

**Contents:**




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Telephone number: +43-1-20620-0; Email: investors@intercell.com; Internet: www.intercell.com.

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)

| € in thousands (except shares and per share amounts) | Three months ended 31 March | |
|---|---|---|
| | **2007** | **2006** |
| **Revenues** | **1,502** | **327** |
| Revenues from collaborations and licensing | 589 | 3 |
| Grant income | 913 | 324 |
| **Operating expenses** | | |
| Research and development expenses | (7,375) | (6,826) |
| General, selling and administrative expenses | (3,239) | (1,969) |
| Income from transactions with associated companies | - | 28 |
| Other income/(expenses), net | 1,650 | 85 |
| **OPERATING LOSS** | **(7,463)** | **(8,355)** |
| Finance income/(expenses), net | 416 | 492 |
| Share of loss of associated companies | - | (950) |
| **LOSS BEFORE INCOME TAX** | **(7,047)** | **(8,813)** |
| Income tax expense | (3) | (1) |
| **LOSS FOR THE PERIOD** | **(7,050)** | **(8,814)** |
| **Losses per share for loss attributable to the equity holders of the company, expressed in Euro per share** (basic and diluted) | (0.18) | (0.27) |

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

| € in thousands | 31 March 2007 | 31 December 2006 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | **30,928** | **11,439** |
| Property, plant and equipment | 11,318 | 10,253 |
| Intangible assets | 19,096 | 157 |
| Deferred income tax assets | 280 | 283 |
| Other non-current assets | 235 | 746 |
| **Current assets** | **93,496** | **100,024** |
| Trade receivables and other current assets | 7,044 | 5,413 |
| Available-for-sale financial assets | 66,074 | 65,523 |
| Restricted cash | 190 | 190 |
| Cash and cash equivalents | 20,188 | 28,898 |
| **TOTAL ASSETS** | **124,424** | **111,463** |
| **EQUITY** | | |
| **Capital and reserves attributable to the Company's equity holders** | **98,072** | **93,082** |
| Share capital | 206,776 | 200,266 |
| Other reserves | 6,710 | 668 |
| Retained earnings | (115,414) | (107,852) |
| **LIABILITIES** | | |
| **Non-current liabilities** | **10,817** | **2,399** |
| Borrowings | 1,808 | 2,157 |
| Other long term liabilities | 4,705 | 242 |
| Deferred income tax liabilities | 4,304 | - |
| **Current liabilities** | **15,534** | **15,982** |
| Trade and other payables | 6,308 | 10,363 |
| Borrowings | 1,009 | 998 |
| Deferred income | 8,217 | 4,621 |
| **Total liabilities** | **26,352** | **18,381** |
| **TOTAL EQUITY AND LIABILITIES** | **124,424** | **111,463** |

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)

| € in thousands | Three months ended 31 March | |
|---|---|---|
| | **2007** | **2006** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period | (7,050) | (8,814) |
| Depreciation and amortization | 314 | 245 |
| Share-based compensation | 1,266 | 430 |
| Tax | 1 | 3 |
| Other adjustments for reconciliation to cash used in operations | (260) | 738 |
| Changes in working capital | (3,893) | (1,056) |
| **Cash used in operations** | **(9,622)** | **(8,454)** |
| Interest paid | (12) | (25) |
| Income tax paid | (1) | (3) |
| **Net cash used in operating activities** | **(9,635)** | **(8,482)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash acquired through acquisitions, net of cash consideration | 2,880 | 0 |
| Purchases of property, plant and equipment | (1,761) | (1,361) |
| Purchases of intangible assets | (27) | (4) |
| Proceeds from sale (purchases) of available-for-sale financial assets, net | (450) | 11,991 |
| Investments in associated companies | - | (1,450) |
| Interest received | 673 | 0 |
| **Net cash generated from investing activities** | **1,315** | **9,176** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of common stock, net of costs of equity transactions | (114) | 0 |
| Repayment of borrowings | (347) | (343) |
| **Net cash used in financing activities** | **(461)** | **(343)** |
| **Net increase/ (decrease) in cash** | **(8,781)** | **351** |
| Cash at beginning of the period | 28,899 | 5,284 |
| Exchange gains on cash | 70 | 34 |
| **Cash at end of the period** | **20,188** | **5,669** |
| **Cash, short-term deposits and marketable securities at end of the period** | **86,262** | **38,817** |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

| € in thousands | Share capital | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|
| **Balance at 1 January 2006** | **141,099** | **263** | **(91,709)** | **49,653** |
| Fair value losses on available-for-sale financial assets | - | (245) | - | (245) |
| Currency translation differences | - | (56) | - | (56) |
| Net loss recognized directly in equity | - | (301) | - | (301) |
| Loss for the period | - | - | (8,814) | (8,814) |
| **Total recognized expense for the three months ended 31 March 2006** | **-** | **(301)** | **(8,814)** | **(9,115)** |
| Employee share option plan - value of employee services | 430 | - | - | 430 |
| **Balance at 31 March 2006** | **141,529** | **(38)** | **(100,523)** | **40,968** |
| | | | | |
| **Balance at 1 January 2007** | **200,266** | **668** | **(107,852)** | **93,082** |
| Fair value gains on available-for-sale financial assets | - | 101 | - | 101 |
| Currency translation differences | - | (33) | - | (33) |
| Net income recognized directly in equity | - | 68 | - | 68 |
| Loss for the period | - | - | (7,050) | (7,050) |
| **Total recognized income/ (expense) for the three months ended 31 March 2007** | **-** | **68** | **(7,050)** | **(6,982)** |
| Employee share option plan - value of employee services | 590 | - | - | 590 |
| Issuance of common stock | 6,034 | - | - | 6,034 |
| Impact of business combinations | - | 5,975 | (513) | 5,462 |
| Cost of equity transactions | (113) | - | - | (113) |
| **Balance at 31 March 2007** | **206,776** | **6,710** | **(115,414)** | **98,072** |

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## SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### 1. Basis of preparation

These condensed consolidated interim financial statements of Intercell AG (the "Company") for the three months ended 31 March 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34). The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

For ease of presentation, numbers have been rounded and, where indicated, are presented in thousand Euros. However, calculations are based on exact figures. Therefore, the sum of the numbers in a column of a table may not conform to the total figure given for the column.

### 2. Segment reporting

The Company operates in a single business segment and in a single geographical segment.

### 3. Fluctuation of revenues

Revenues comprise grant income and revenues from collaborations and licensing. Revenues from collaborations and licensing have fluctuated in the past and the Company expects that they will continue to fluctuate over different reporting periods in the future.

### 4. Property, plant and equipment and intangible assets

Additions to property plant and equipment and intangible assets during the interim reporting period resulted principally from investments in laboratory and manufacturing equipment and from acquisition of a subsidiary, Pelias Biomedizinische Entwicklungs AG ("Pelias", see note 6).

Assets acquired through the acquisition of Pelias include an in-process research and development project for a vaccine against Pseudomonas infections. This project has been re-valued and capitalized as intangible asset at its fair value at the date of acquisition of € 18,923 thousand. Amortization of the intangible asset over its useful life will start when the vaccine has been fully developed and is ready for use. In accordance with IAS 36, the intangible asset will be tested for impairment on an annual basis and when there is an indication that it may be impaired.

### 5. Share capital

In January 2007, the Company acquired 32,692 shares in Pelias in exchange for 349,815 new Intercell shares with a market value of € 6,034 thousand (see Note 6). Following the completion of the transaction, the Company's total number of shares outstanding is 39,375,823.

| € in thousands* (except number of shares) | Shares issued | | | Treasury shares | | |
|---|---|---|---|---|---|---|
| | *Number of shares* | Capital paid in | Capital from ESOP** | *Number of shares* | Book value | Total share capital |
| **Balance at 1 January 2006** | ***33,676,232*** | **136,281** | **5,319** | ***518,389*** | **(501)** | **141,099** |
| Employee share option plan: | | | | | | |
| - value of employee services | - | - | 430 | - | - | 430 |
| **Balance at 31 March 2006** | ***33,676,232*** | **136,281** | **5,749** | ***518,389*** | **(501)** | **141,529** |
| | | | | | | |
| **Balance at 1 January 2007** | ***39,531,897*** | **193,791** | **6,965** | ***505,889*** | **(489)** | **200,266** |
| Employee share option plan: | | | | | | |
| - value of employee services | - | - | 590 | - | - | 590 |
| Issuance of common stock | *349,815* | 6,034 | - | - | - | 6,034 |
| Cost of equity transactions | - | (113) | - | - | - | (113) |
| **Balance at 31 March 2007** | ***39,881,712*** | **199,711** | **7,554** | ***505,889*** | **(489)** | **206,776** |

* The financial information set forth in this table has been rounded for ease of presentation. Therefore, the rounded numbers presented as opening balance may be slightly different to the closing balance in previous financial reports.

** Employee Share Option Plan

## 6. Business Combinations

On 2 January 2007, the Company acquired essentially all of the shares outstanding of Pelias, that it did not already own in exchange for 349,815 new Intercell shares (see note 5). Pelias, together with its subsidiaries, is engaged in research and development in the field of hospital infections.

Prior to the acquisition, the Company's interest in Pelias was 46.0 percent and had been accounted for using the equity method. The recently acquired shares represent 46.7 percent of the share capital of Pelias. 7.3 percent of the share capital has been held by Pelias as treasury stock since the date of acquisition and the 92.7 percent interest held by Intercell therefore represent all of the outstanding share capital of Pelias, except one share, which is held by ATI Vermögenstreuhandgesellschaft m.b.H.

From the date of acquisition, Pelias has been fully consolidated with its identifiable assets and liabilities, which have been re-valued to their fair values at the date of acquisition. The Company's initial 46 percent interest was also re-valued directly into equity at the date of acquisition.

In the period from the date of acquisition to March 31, 2007, the acquired business contributed a net loss of € 694 thousand to the Company's consolidated net loss. The contribution would have been the same if the acquisition had occurred on January 1, 2007.

Details of net assets acquired and goodwill are as follows:

| € in thousands | |
|---|---|
| **Purchase consideration** | |
| - Initial contributed capital at formation | 32 |
| - Additional capital calls | 3,450 |
| - Fair value of shares issued as consideration at acquisition date | 6,034 |
| - Direct costs relating to the acquisition | 36 |
| **Total purchase consideration** | **9,552** |
| Increase in fair value of net assets already held, net of initial contributed capital and capital-calls | 2,492 |
| Fair value of net assets acquired | (12,044) |
| **Goodwill** | **0** |

The fair value of the Intercell shares issued as consideration for the acquisition of Pelias shares was determined using the last stock exchange price before the date of acquisition.

The assets and liabilities arising from the acquisition are as follows:

| € in thousands | Fair value | Acquiree's carrying amount |
|---|---|---|
| Cash and cash equivalents (including restricted cash) | 2,917 | 2,917 |
| Property, plant and equipment and Software | 152 | 152 |
| Trade and other receivables | 1,031 | 1,031 |
| In-process Research and Development projects | 18,924 | - |
| Deferred tax liabilities | (4,304) | - |
| Trade and other payables | (2,792) | (2,792) |
| Borrowings (silent partnership) | (3,882) | 0 |
| **Net assets acquired** | **12,044** | **1,308** |

Cash acquired through the acquisition, net of cash consideration paid, is as follows:

| € in thousands | |
|---|---|
| Cash consideration | (35) |
| Cash and cash equivalents in subsidiary acquired | 2,917 |
| **Cash inflow through acquisition** | **2,880** |

Vienna, 4 May 2007

The Management Board:

signed:

Dr. Gerd Zettlmeissl

signed:

Univ.-Prof. Dr. Alexander von Gabain

signed:

Dr. Werner Lanthaler

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2007

### Introduction

We have reviewed the accompanying consolidated condensed balance sheet of INTERCELL AG (the "Company") and its subsidiaries ("the Group") as of 31 March 2007 and the related consolidated condensed statements of income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Our responsibility is to express a conclusion on these interim financial statements based on our review. This is a voluntary review. Therefore, as provided under Section 275 (2) of Austrian Commercial Code, a limitation of our liability, also with respect to third parties, was stipulated at the liability of EUR 2 million.

### Scope of review

We conducted our review in accordance with laws and regulations applicable in Austria and in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 March 2007, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Vienna, 4 May 2007

PwC Wirtschaftsprüfung AG
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed

Aslan Milla