



## **Operational Report**

### **Phase IIa Clinical Trial in Ovarian Cancer**

#### ***Major Milestone Achieved***

Operational activities were intensive in the last quarter with the company recording a major milestone with the release of the second analysis of data from its Phase IIa clinical trial in ovarian cancer. Using a cell based therapy approach, the company's proprietary immunotherapy CVac™, produced responses in 21% of the patients evaluated. The therapy was not associated with any significant side effects and was well tolerated, and in that regard appears to compare favourably with current chemotherapy regimens.

#### ***Clinical Plan Update***

Based on these results, Prima's Scientific Advisory Panel (SAP) recommended that the company commences planning for a pivotal Phase III trial in which the immunotherapy will be compared to standard treatment. There are currently no active therapies after failure of chemotherapy for women with advanced ovarian cancer and CVac™ therefore has an opportunity on validation of this process to fill an unmet need for oncologists and patients

The principal investigator to the Phase IIa trial, Dr Paul Mitchell, presented the results to a number of leading North American oncologists in June. Dr Mitchell reported that the data was received positively.

#### ***Timelines***

The company anticipated also reporting immunological results from the trial during the quarter but the completion of the assays was delayed at the contracted laboratory. Analysis of T-cells from patient's blood is a difficult process and requalification of the methods being used had to be undertaken which delayed analysis of patient samples. This does not impact on the overall timing of the final report and we expect to receive a report in the next quarter.

As a result of these developments, the company anticipates being in a position by the end of the current quarter or early in the December quarter to outline a clinical development plan for both Australia and the USA.

### **Equity Investment in Trillium**

The company received updates in relation to its investment in Trillium Inc ("Trillium") in which Prima has a 7% equity holding. Trillium received notice from AstraZeneca that as a result of its strategic review of internal R&D priorities it would not be progressing its development of the FcR receptor. It is worth noting in that context that AstraZeneca successfully completed an A\$4 BN acquisition of Cambridge Antibody Technologies during the period. Although disappointing it should be appreciated that these reviews occur quite frequently with large pharmaceutical groups. It was also pleasing to note that the technology's role was reinforced (if not upgraded) with a Swedish scientific group publishing findings on the receptor, which demonstrated the predominance of the FcγRIIa in FcR mediated inflammation.

We are pleased that Trillium advised the company that it is pursuing further Pharma partners to licence the technology for the development of small drug molecule inhibitors to the target receptor.

---

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

***R&D Pipeline***

While CVac<sup>TM</sup> dominated the activities of the quarter, the R&D and business development activities continued with our other two programmes - the anti cancer antibodies and DCtag. It is now anticipated Medarex Inc.(and subcontractors) will be concluding the first round of animal experiments to validate the anti tumour activity of these human antibodies in the December quarter. We are expecting to report results by January 2007, which represents a delay of approximately 3 months from previous estimates.

Partnering activities for DCtag continued with the assistance of Melbourne-based Intersuisse Biosciences. While no significant terms have been negotiated, we remain in discussion with companies in the vaccine adjuvant space. The granting of our patent in Australia in the area of vaccine adjuvants is an important event and gives our business development staff a strengthened platform for partnering activities.

Overall, a very positive quarter of activities for the company and a very exciting six months ahead.

**Finance report**

We have managed the funds over the period to focus expenditure on the CVac<sup>TM</sup> clinical program and curtailing expenditure in the other programs, without losing significant momentum. As a result, we have funds of \$3.2MN at the end of the June quarter. This is sufficient for us to complete the CVac<sup>TM</sup> Phase IIa trial, conclude the final report and finalize strategic licensing discussions with Biomira.

***Revenues***

No significant revenues from operations were received in the quarter.

***Costs***

R&D costs for the quarter were below previous periods as patient recruitment had been completed and expenditure for other R&D activities as discussed above were reduced. We anticipate this figure to rise in the next quarter as we incur costs associated with reporting and data validation of the Phase IIa CVac<sup>TM</sup> trial and planning activities with a potential phase III clinical trial.

Marcus Clark  
CEO  
31 July 2006

---

+ See chapter 19 for defined terms.

## Appendix 4C – 4th Quarter

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

PRIMA BIOMED LIMITED

ABN

90 009 237 889

Quarter ended ("current quarter")

30<sup>th</sup> June 2006

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter SA'000	Year to date (12 months) SA'000
1.1 Receipts from customers	29	959
1.2 Payments for		
(a) staff costs	(322)	(1,319)
(b) advertising and marketing	-	(56)
(c) research and development	(217)	(2,880)
(d) leased assets	-	-
(e) other working capital	(334)	(1,295)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	48	268
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(796)</b>	<b>(4,323)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter SA'000	Year to date (12 months) SA'000
1.8 Net operating cash flows (carried forward)	(796)	(4,323)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
	-	-
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	(796)	(4,323)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - capital raising costs	-	-
	-	-
<b>Net financing cash flows</b>		
	(796)	(4,323)
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	4,007	7,534
1.22 Exchange rate adjustments to item 1.20	-	-
	3,211	3,211
1.23 <b>Cash at end of quarter</b>		

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter SA'000
1.24	Aggregate amount of payments to the parties included in item 1.2	164
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Salaries, directors' fees and consulting fees at normal commercial rates	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material affect on consolidated Assets and liabilities but did not involve cash flows

-
---

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-
---

---

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

---

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

---

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	231	565
4.2 Deposits at call	2,980	3,442
4.3 Bank overdraft		-
4.4 Other (provide details)		-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,211</b>	<b>4,007</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

---

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
  
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_  
Company secretary

Date: 31<sup>st</sup> July 2006

Print name: Phillip Hains

---

The CFO Solution  
[www.thecfo.com.au](http://www.thecfo.com.au)

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
  
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

---

The CFO Solution  
[www.thecfo.com.au](http://www.thecfo.com.au)