

Prima Biomed Ltd  
90 009 237 889



Appendix 4D  
Interim Financial Report

for the half year ended  
31 December 2006

(previous corresponding period: half year ended 31 December 2005)

To be read in conjunction with the 30 June 2006 Annual Report.  
In compliance with Listing Rule 4.2A

# DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2006.

## Directors

The following persons were directors of Prima Biomed Ltd during the whole of the half-year and up to the date of this report, unless otherwise stated :

Eugene Kopp	Executive Chairman and Chief Executive Officer
John Sime	Non-Executive Director
Richard Hammel	Non-Executive Director
Marcus Clark (resigned 30 November 2006)	Chief Executive Officer
George Mihaly (resigned 31 December 2006)	Non-Executive Director

## Review of Operations

Operationally, we have continued to hit milestones consistently over the past six months.

A major achievement has been the completion of Prima's Phase IIa clinical trial investigating a cancer immunotherapy technology, CVacTM in ovarian cancer. We announced the treatment of the last patient in the trial in December and are now finalising the Statistical Analysis Report, which is due in the current quarter.

There has been considerable activity during the half-year in preparation for the next trial. We completed a program with our contract manufacturer, Cell Therapies Pty Ltd to scale-up manufacture of CVacTM. This program qualified new cell processing equipment with the potential to significantly improve the cell yield from a single apheresis collection. As a result, it is anticipated that CVacTM treatment should be more convenient for patients and less costly.

Cell Therapies has been working closely with Prima over the last three years and is engaged by Prima to develop and operate cell processing systems for the collection, processing, storage and delivery of patient cells under Good Manufacturing Practice (GMP) operating standards within their facilities.

A placement in November underwritten by leading healthcare broking firm Taylor Collison was successful, raising \$1 million. The capital will support activities leading up to the conduct of a next clinical trial. This includes finalising the clinical trial report from the Phase IIa clinical trial with CVacTM in ovarian cancer, planning the scale-up of MFP (key component of CVacTM) manufacture, and preparation of the protocol and clinical trial site verification for the next clinical study.

Prior to January 2006, the source of Prima's intellectual property was research arising at the Austin Research Institute (ARI), which merged at the beginning of 2006 with the Burnet Institute of Melbourne. In October 2006, Prima signed an agreement with the Burnet Institute giving Prima first rights to commercialise new developments in ex vivo cell therapies for cancer that arise from the Burnet Institute. The two-year, agreement which is renewable by mutual agreement, provides Prima with the potential to broaden its pipeline in dendritic cell-based cancer therapies.

The value of \$3.04m attributed to the shares representing the 7% interest in Trillium Therapeutics Inc was confirmed by a recent small capital raising conducted by Trillium Therapeutics Inc.

## R&D Review

Animal studies with the anti-cancer antibodies targeting cripto-1 progressed during the half. These studies are being conducted by Prima's development partner, Medarex Inc. The preliminary evaluations were completed in December and the results submitted to Prima's Scientific Advisory Panel for review and input.

Discussions continued with potential licensees/partners for the DCTag technology.

## Finance Report

The loss for the current half year was \$1.80m compared to a loss of \$2.41m for the half year ended 31 December 2005.

## Lead Auditors' Independence Declaration

A copy of the lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors.



Eugene Kopp  
Executive Chairman

Melbourne  
Dated 26 February 2007

**LEAD AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: The Directors of Prima Biomed Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2006, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Hall Chadwick  
Chartered Accountants



Kevin P Adams  
Partner

Melbourne  
26 February 2007

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Stan Traianedes

**Other firms in:**

Sydney  
Adelaide  
Perth  
Brisbane  
Gold Coast  
Darwin

National Association  
Hall Chadwick

International Association  
AGN International

Associations of  
Independent Firms

# Appendix 4D for the Half Year Ended 31 December 2006

## Results for announcement to the market

Current Reporting Period - Half year Ended 31 December 2006

Previous Reporting Period - Half year Ended 31 December 2005

Revenues	down	97.39%	to	\$95,632
Loss after tax attributable to members	down	25.49%	to	(\$1,796,414)
Net loss for the period attributable to members	down	25.49%	to	(\$1,796,414)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a
<b>Net Tangible Asset per Security (cents per security)</b>		
As at 31 December 2006	2.47	
As at 31 December 2005	4.24	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	<div style="border: 1px solid black; display: inline-block; width: 200px; height: 15px; vertical-align: middle;"></div> <span style="float: right; margin-right: 20px;">n/a</span>	
Explanation of the above information:		
Refer to the Directors' Report - Review of Operations.		

# CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006	31 December 2005
	\$	\$
Revenue	95,632	3,660,230
Auditor's Remuneration	(7,500)	(24,500)
Depreciation	(7,398)	(7,060)
Amortisation	(20,968)	(35,468)
Research and Development Expenses	(684,842)	(1,850,170)
Corporate Administration	(700,818)	(1,451,197)
Business Development	(176,993)	(276,785)
Intellectual Property	(85,490)	(152,968)
Losses borne by Parent Entity	376	(105,470)
Goodwill Impairment	-	(2,115,752)
Impairment of Assets	(208,451)	-
Reimbursement of Ausindustry Grant	-	(155,514)
	<hr/>	<hr/>
<b>LOSS BEFORE INCOME TAX</b>	(1,796,452)	(2,514,654)
INCOME TAX EXPENSE	<hr/> -	<hr/> -
<b>LOSS FOR THE PERIOD</b>	(1,796,452)	(2,514,654)
LOSS ATTRIBUTABLE TO MINORITY INTEREST	38	103,648
	<hr/>	<hr/>
<b>LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>	<hr/> <hr/> (1,796,414)	<hr/> <hr/> (2,411,006)
Basic loss per share (cents per share)	(0.99)	(1.41)
Diluted loss per share (cents per share)	(0.99)	(1.41)

The accompanying notes form part of these financial statements.

# CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31 December 2006 \$	30 June 2006 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,124,530	3,211,349
Trade and other receivables		41,681	112,095
Other current assets		54,794	68,486
<b>TOTAL CURRENT ASSETS</b>		<b>2,221,005</b>	<b>3,391,930</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		3,040,669	3,249,120
Plant and equipment		48,436	51,290
Intangible assets		646,616	667,584
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,735,721</b>	<b>3,967,994</b>
<b>TOTAL ASSETS</b>		<b>5,956,726</b>	<b>7,359,924</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		380,006	974,992
Provisions		24,691	51,325
<b>TOTAL CURRENT LIABILITIES</b>		<b>404,697</b>	<b>1,026,317</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		6,478	17,009
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,478</b>	<b>17,009</b>
<b>TOTAL LIABILITIES</b>		<b>411,175</b>	<b>1,043,326</b>
<b>NET ASSETS</b>		<b>5,545,551</b>	<b>6,316,598</b>
<b>EQUITY</b>			
Issued capital	5	38,167,488	37,141,706
Accumulated losses		(32,622,079)	(30,825,665)
Total parent entity interest in equity		5,545,409	6,316,041
Minority interest		142	557
<b>TOTAL EQUITY</b>		<b>5,545,551</b>	<b>6,316,598</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Issued Capital \$	Accumulated Losses \$	Minority Equity Interests \$	Total \$
Balance at 30 June 2005	34,915,293	(26,572,192)	-	8,343,101
Shares issued net of costs	2,100,235	-	-	2,100,235
Options issued	126,680	-	-	126,680
Net (Loss) for the period	-	(2,411,006)	-	(2,411,006)
Profit attributable to minority shareholders	-	-	1,019	1,019
Balance at 31 December 2005	<u>37,142,208</u>	<u>(28,983,198)</u>	1,019	<u>8,160,029</u>
Shares issued net of costs	(5,482)	-	-	(5,482)
Options issued	4,980	-	-	4,980
Net (Loss) for the period	-	(1,842,467)	-	(1,842,467)
Loss attributable to minority shareholders	-	-	(462)	(462)
Balance at 30 June 2006	<u>37,141,706</u>	<u>(30,825,665)</u>	557	<u>6,316,598</u>
Shares issued net of costs	1,007,402	-	-	1,007,402
Options issued	18,380	-	-	18,380
Net (Loss) for the period	-	(1,796,414)	-	(1,796,414)
Loss attributable to minority shareholders	-	-	(415)	(415)
Balance at 31 December 2006	<u><u>38,167,488</u></u>	<u><u>(32,622,079)</u></u>	142	<u><u>5,545,551</u></u>

The accompanying notes form part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	31 December 2006	31 December 2005
	\$	\$
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,153,413)	(3,323,678)
Interest received	67,808	159,751
Grant income	58,745	83,109
R&D Services	-	2,205
Licence fees	-	65,290
	<hr/>	<hr/>
<b>NET OPERATING CASH FLOWS</b>	(2,026,860)	(3,013,323)
	<hr/>	<hr/>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>		
Payment for purchases of plant and equipment	(4,544)	(17,478)
Proceeds from sale of intellectual property	-	670,211
	<hr/>	<hr/>
<b>NET INVESTING CASH FLOWS</b>	(4,544)	652,733
	<hr/>	<hr/>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>		
Proceeds from issues of securities	1,000,000	-
Capital raising costs	(55,415)	(16,325)
	<hr/>	<hr/>
<b>NET FINANCING CASH FLOWS</b>	944,585	(16,325)
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,086,819)	(2,376,915)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the half year	3,211,349	7,533,002
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<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR</b>	2,124,530	5,156,087
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The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1. Basis of Preparation

The interim financial report is a general purpose financial report for the interim half year reporting period ended 31 December 2006 prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Prima Biomed Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous period.

## Note 2. Dividends

The company resolved not to declare any dividends in the period ended 31 December 2006.

## Note 3. Segment Information

### Industrial Segments

31 December 2006	Cancer Immuno- Therapy \$	Anti- Inflammator y \$	Drug Delivery Systems \$	Therapeutic Antibodies for Cancer \$	Elimination s \$	Total \$
<b>Revenue</b>						
External Sales	2,847	2,313	431	22	-	5,613
Unallocated Revenue						90,019
Total Revenue						95,632
<b>Result</b>						
Segment Result	(950,102)	(292,417)	(260,509)	(121,104)	649,910	(974,222)
Unallocated Revenue						90,019
Unallocated Expenses						(912,211)
Income Tax Expense						-
Net Result						(1,796,414)
<b>Assets</b>						
Segment Assets	301,627	3,185,379	40,809	264,947	-	3,792,762
Unallocated Assets						2,163,964
Total Assets						5,956,726
<b>Liabilities</b>						
Segment Liabilities	6,296,017	2,087,383	3,592,922	1,035,764	(12,766,854)	245,232
Unallocated Liabilities						165,943
Total Liabilities						411,175
<b>Other</b>						
Depreciation and Amortisation of Segment Assets	13,061	-	758	8,076	-	-

31 December 2005	Cancer Immuno- Therapy \$	Anti- Inflammator y \$	Drug Delivery Systems \$	Therapeutic Antibodies for Cancer \$	Elimination s \$	Total \$
<u>Revenue</u>						
External Sales	449	3,440,814	64,809	(232)	-	3,505,840
Unallocated Revenue						154,390
Total Revenue						3,660,230
<u>Result</u>						
Segment Result	(1,088,706)	2,708,053	(799,928)	(168,556)	(565,295)	85,568
Unallocated Revenue						154,390
Unallocated Expenses						(2,650,964)
Income Tax Expense						-
Net Loss						(2,411,006)
<u>Assets</u>						
Segment Assets	496,009	4,010,865	84,739	274,031	-	4,865,644
Unallocated Assets						4,506,749
Total Assets						9,372,393
<u>Liabilities</u>						
Segment Liabilities	4,655,037	2,497,020	3,008,459	783,047	(10,057,374)	886,187
Unallocated Liabilities						326,177
Total Liabilities						1,212,364
<u>Other</u>						
Depreciation and Amortisation of Segment Assets	13,061	14,500	801	8,076	-	-

#### Geographical Segments

Prima Biomed Limited operates in one geographical segment, being Australia.

#### **Note 4. Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

#### **Note 5. Issued Capital**

	31 December 2006		30 June 2006	
	No.	\$	No.	\$
<u>Issued and Paid Up Capital</u>				
Fully Paid Ordinary Shares	198,053,275	37,948,231	176,630,535	36,940,829
Options over Fully Paid Ordinary Shares	13,250,000	219,257	50,906,155	200,877
Total Issued Capital		38,167,488		37,141,706

During the half year ended 31 December 2006, the following movements in equity occurred:

#### Shares

- \* 20,000,000 shares issued pursuant to private placement
- \* 902,500 shares issued to directors
- \* 520,240 shares issued to employees

#### Options

- \* 5,000,000 options issued to underwriters of private placement
- \* 50,000 options issued to employees
- \* 42,706,155 options expired

**Note 6. Net Tangible Assets**

	31 December 2006	31 December 2005
	\$	\$
Net Assets	5,545,551	8,160,029
Intangible Assets	<u>(646,616)</u>	<u>(688,552)</u>
Net Tangible Assets	<u>4,898,935</u>	<u>7,471,477</u>
Shares	198,053,275	176,388,271
Net Tangible Assets (cents)	2.47	4.24

**Note 7. Events Subsequent to Reporting Date**

On 13 February 2007 the Company announced that it had successfully negotiated a variation of its Licensing and Development Agreement with Biomira Inc. The variation confirms that the Company has worldwide commercialisation rights to the key tumour based antigen, Mucin-1, for the use in dendritic cell-based cancer therapies and allows it to pursue the development of CVac<sup>tm</sup> with an internationally focused clinical development program.

# DIRECTORS' DECLARATION

The directors' of the company declare that:

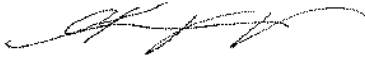
1. The financial statements and notes, as set out on pages 5 to 11:

(a) comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Eugene Kopp  
Executive Chairman

Dated 26 February 2007

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PRIMA BIOMED LIMITED**

### **Report on the Financial Report**

We have reviewed the accompanying interim financial report, which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the consolidated entity comprising Prima Biomed Limited ("the company") and the entities it controlled during the half-year ended 31 December 2006.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, 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 Australian Auditing Standards 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.

#### Melbourne

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#### **Other firms in:**

Sydney  
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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Prima Biomed Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.



Hall Chadwick  
Chartered Accountants



Kevin P Adams  
Partner

Melbourne  
26 February 2007