

PRIMA BIOMED LTD AND CONTROLLED ENTITIES

ABN: ABN 90 009 237 889

**Annual Financial Report For The Year Ended
30 June 2007**



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PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
REVIEW OF OPERATIONS

INTRODUCTION

On behalf of the Board and Prima's management, I am pleased to present this report.

Last year we articulated a set of objectives focussed very much on the ongoing development of our lead therapeutic product, CVac™ for the treatment of ovarian cancer. The year opened with great promise as the final patient concluded therapy in the phase IIa clinical trial and final results confirmed earlier interim findings of clinical efficacy in advanced progressive ovarian cancer. Despite considerable effort on behalf of highly dedicated small management team and consultants we have not been able to deliver on the financial objectives for further development of CVac™.

I thank not only the management team and consultants for their persistence and efforts, but also the clinical advisors and patients for their commitment and support of our endeavours.

I wish to take this opportunity to thank Mr Marcus Clark for his considerable contributions made in his roles as a Chief Executive Officer and Executive Director over the last six years.

I take this opportunity to thank Dr George Mihaly for his considerable contribution made in his role as a Non-Executive Director over the last two years and as Chairman of the Scientific Advisory Panel since 2003.

I also take this opportunity to thank Dr John Sime for his considerable contribution made in his role as a Non-Executive Director over the last two years. His wise council and strategic focus on key value drivers have enabled Prima to focus on its core assets.

We wish Marcus, George and John all the best in their other professional endeavours.

KEY OBJECTIVES FOR 2006/07 FINANCIAL YEAR

Product Development Objectives:

- Completion of the phase IIa study for the Company's lead therapeutic product, CVac™ including:
 - * Last patient concluding therapy;
 - * Completion of CVac™ Statistical Analysis Report (SAR) for Phase IIa trial in ovarian cancer; and
 - * Completion of CVac™ Clinical Study Report (CSR) for Phase II a trial in ovarian cancer.
- Preparation for the next stage of clinical development for CVac™ including:
 - * Preparation of a Phase IIb clinical study protocol to advance development of CVac™ in ovarian cancer;
 - * Securing access to clinical investigators; and
 - * Completion of a GAP analysis for CVac™ to assist in the development of a USA regulatory strategy.
- Completion anti cripto antibodies in vivo animal studies with Medarex to demonstrate anti-cancer activity.
- Completion of proof of concept studies of veterinary vaccines with the Centre for Animal Biotechnology, University of Melbourne.

Business Development Objectives:

- Capital Raising to fund the CVac™ Phase IIb ovarian cancer clinical trial to be conducted in Australia to meet Australian regulatory guidelines.
- Completion of a Variation to the Biomira Inc. Licence that provides improved rights to the mucin-1 protein, CVac's™ therapeutic target.
- Execute a trade sale or collaboration for the DCTag™ vaccine adjuvant program.

ACHIEVEMENT OF KEY OBJECTIVES

Product Development

During 2006/07 Prima continued development of two programs, CVac™ clinical candidate for the treatment of ovarian cancer, and Anti-Cripto-1 Antibodies, a preclinical antibody development program for the treatment of cancer.

CVac™ – Completion of Phase IIa Clinical Trial

In December 2006, the Phase IIa Clinical Trial was officially closed as the last patient completed 12 months of treatment with CVac™. In the ensuing months two critical documents were prepared and finalised:

- The Statistical Analysis Report (SAR), which provides the statistical interpretation of the primary and secondary objectives of the trial, and was completed in March 2007.
- The Clinical Study Report (CSR) which provides the written interpretation of the results and includes commentary from the Principal Investigator on clinical interpretation of the trial outcomes and was completed in September 2007.

Both of these documents are requirements under the code of Good Clinical Practise and for the drug registration process internationally. In addition, they represent important due diligence documents for investors and potential development partners.

As announced on 14 March 2007, the CVacTM Phase IIa trial was conducted in 21 ovarian cancer patients with progressive ovarian cancer based on rising CA125 levels (a biological marker of disease activity in ovarian cancer patients). CVacTM produced a clinical response in 19% of patients and, at the same time, there were no serious adverse reactions recorded in any treated patient. There was clinical benefit to patients despite heavy pre-treatment with chemotherapeutic agents. The duration of response was observed for a minimum of 10 weeks and in two patients, the response lasted for greater than 12 months.

Two patients continued to receive CVacTM under the Special Access Scheme (SAS) post trial for 3 months and 8 months respectively before further progression of their disease was observed demonstrating long term benefit of repeat administration of CVacTM.

The Clinical Study Report (CSR) was officially finalised after the end of the financial year.

CVacTM – Preparation for the next Stage of Clinical Development

Discussions commenced with a number of local clinicians with respect to the design of the next clinical study with a focus on treating patients at earlier stages of their disease and patients with stable disease (as opposed to advancing disease as targeted in the phase IIa study). A concept protocol was developed and further regulatory documentation placed on hold whilst funding issues were to be resolved.

In parallel with the planning described above, discussions commenced with a number of regulatory consultants to conduct a GAP analysis on the CVacTM data to assess what would be required to facilitate the filing an Investigation New Drug Application (IND) with the Food and Drug Administration (FDA) in the USA to progress development of CVacTM at an internationally competitive level. These discussions were similarly placed on hold whilst funding issues were to be resolved.

Anti-Cripto Antibodies

To date, Medarex Inc. (Medarex), a US NASDAQ listed corporation and a development partner of Prima's subsidiary Oncomab Pty Ltd (Oncomab), has generated a panel of more than 60 antibodies targeting the cancer antigen, Cripto-1 which have been characterised in vitro. Four of these antibodies have been further tested in xenograft models of cancer demonstrating anti-tumour activity. Oncomab is in the process of engaging interested third parties to assess the development potential of the anti cancer antibodies. A trade sale or out-licensing deal would be considered.

DCtagTM animal vaccine program

The 3-year research program with the Centre for Animal Biotechnology, Melbourne University concluded at the end of 2006. This program assessed the effectiveness of DCtagTM as a vaccine adjuvant for animal vaccines and produced some useful insight into the use of DCtagTM in heterogeneous animal population. These results will also assist with patent application.

Business Development

Capital Raising Activities

Despite establishing a firm base of safety, toxicology and anti-tumour efficacy for CVacTM, it has not been possible to find third party funds that could be utilised to continue further clinical development for CVacTM. As the Company has been unable to raise the full funding required to conclude the next stage of development for CVacTM, the Board conducted a review of trade sale options for its key assets and will prioritise the sale of the antibody program.

The costs of conducting clinical trials increases exponentially as development progresses towards drug registration. The next stage of development for CVacTM would require funds to complete a trial in 120-150 patients, some 4-5 times that of the recently completed trial. These costs coupled with the FDA's decision in May 2007 to delay approval of Dendreon's Provenge (see below) reduced the investor interest in further development of CVacTM.

Dendreon submitted Phase IIb clinical data to the FDA in early 2007 to seek accelerated drug approval for Provenge, a dendritic cell based therapy for the treatment of prostate cancer. The modality of treatment is very similar to CVacTM, utilising a patients own dendritic cells to treat their cancer. The FDA decided against early approval of Provenge and is awaiting results from a large phase III trial currently underway before reconsidering drug approval. This decision has reduced investor interest in this therapeutic approach. The FDA is likely to review interim analysis of the Phase III trial in late 2008 and if Provenge is subsequently approved for marketing post completion of phase III trials, we anticipate renewed investor interest in dendritic cell therapy approaches.

Renegotiation of Biomira Licence Agreement

In February 2007, Prima announced that it had successfully renegotiated a licence variation with Biomira Inc. (Biomira) to secure worldwide rights to the use of Mucin-1 in dendritic cell therapy. Mucin-1 is the therapeutic target for Prima's lead product candidate, CVacTM. Biomira previously held an option to commercialise CVacTM outside of Australia and New Zealand and the renegotiated agreement relinquishes that right, thus enabling Prima to control the commercialisation of CVacTM worldwide. Milestone and royalty payments payable to Biomira have been significantly reduced as a result.

DCtag™

DCtag™ is a nano-particle based technology for use in the development of cancer and infectious disease vaccines. DCtag™ has shown strong preclinical efficacy in a number of animal disease models. DCtag™ is a 40nm particle made of polystyrene for the cancer applications and of a biodegradable material for infectious disease applications. A development partner was sought to assist with the development of clinical candidates. The Company has been unsuccessful in identifying any commercial interest in the DCtag™ technology. Interest exists in a biodegradable particle however further validation needs to be conducted to achieve formal proof of concept. Manufacturing issues have also proved rate limiting as sources of non-toxic materials that can be produced in nano-size are limited.

The biodegradable particle program was also the subject of a Biotechnology Innovation Fund (BIF) grant from AusIndustry awarded in 2004. This program was mutually terminated in July 2007 due to technical issues and an inability to source further biodegradable particles in sufficient time to complete the program within the time constraints of the grant. The results produced under the program showed promise but insufficient data was generated to produce statistically analysable results.

Intellectual Property

As of 30 June 2007 Prima's subsidiaries held 26 granted patents, 1 allowed patent and 28 applications.

In the past 12 months, the Company has had the following patents granted to its subsidiaries:

- 1 Cancer Vac Pty Ltd (Cancer Vac) – a Japanese patent covering the mucin-1 antigen conjugated to oxidised mannan was granted in November 2006. This patent will expire in 2014.
- 2 Panvax Pty Ltd (Panvax) – a New Zealand patent covering the DCtag™ technology was granted in August 2006. This is a Divisional patent application that was filed to obtain coverage of the use of naked (unconjugated) beads to enhance immune responses in the absence of an antigen. This patent provides DCtag™ with two approaches to generating an immune response. The patent will expire in 2021.
- 3 Oncomab Pty Ltd (Oncomab) – a New Zealand patent to anti-cripto 1 antibodies was granted in July 2006. A patent in Australia was allowed in January 2007 and proceeded to grant in July 2007. The patents provide coverage to therapeutic antibodies that bind to cripto-1, a marker that is over expressed in many cancer cell types. This patent will expire in 2022 in both Australia and New Zealand.

A Patent Co-operation Treaty (PCT) Application for Panvax Family 2 was allowed to lapse in February 2007 due to lack of commercial interest.

Financial Summary

Revenue of \$0.156m was gained from interest and through Biotechnology Innovation Fund (BIF) grants from the Commonwealth Government. This was significantly lower than 2006 revenue of \$3.877m which included revenue of \$3.380m from the sale of Arthron Pty Ltd's (Arthron) IP assets to Trillium Therapeutics Inc.

Operating costs were down compared to the previous year. The key contributors to that result came from:

- R&D expenses of \$0.974m decreased by \$1.786m from \$2.760m last year due to a reduction in expenses driven by completion of the phase IIa clinical trial and containment of costs in the other non-core R&D programs.
- Corporate Administration expenses of \$1.504m decreased by \$0.869m from \$2.373m last year due to reduction in staff costs of \$0.554m, reduction in legal costs of \$0.331m, reduction in other costs of \$0.117m and increase in consultants' fees of \$0.133m.
- Business Development expenses of \$0.310m decreased by \$0.249m from \$0.559m last year due to reduction in consultants' fees and legal costs.

The investment in Trillium Therapeutics Inc. was re-valued down to \$2.982m due to year end exchange rate differences. The resulting loss of \$0.268m was expensed in the Income Statement for the current year.

The Company raised \$0.922m after costs from a private placement of shares in November 2006.

Overall the result was a loss of \$3.139m compared to a loss for the previous year of \$4.253m.

The Company has secured \$0.500m funding by way of a convertible note, which it can take up at its election by no later than 30th November 2007.

Outlook

Prima is continuing to review potential funding sources and is continuing some confidential discussions with the view to possible sale of one or more of its subsidiaries' assets. The Company anticipates that over the course of the next 6 months an announcement will be made about continuing funding sources and possible sale of assets of one or more of its subsidiaries.

Eugene Kopp
Executive Chairman and acting Chief Executive Officer

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INTELLECTUAL PROPERTY REPORT

Intellectual property

The following describes the status of the Intellectual Property portfolio at 30 June 2007:

Patent Family	Title	Status	Expiry
CANCERVAC			
Family 1			
Mannan fusion	Composition of matter patent - Mucin-Mannan conjugates, antigen carbohydrate compounds, or mucin-1 derived antigens and their use in immunotherapy.	Granted in Australia, USA (x2), Japan, UK, Italy, France, Germany, Ireland; application pending in Canada and USA.	2014
Family 2			
Mimics	Mucin -1 mimicking peptides and their use in cancer immunotherapy.	Granted in Australia, New Zealand, USA, UK, Italy, France, Germany, Switzerland, ; applications pending in Canada and Japan.	2016
Family 3			
Ex vivo cell therapy	Method of producing dendritic cells pulsed with MFP (family 1).	Granted in Australia; applications pending in the USA, Europe, Canada and Japan.	2018
Family 4			
Non-VNTR regions	New immunogenic regions of Mucin-1 and their use in cancer immunotherapy.	Granted in Australia and the USA; applications pending in Europe, Canada, and Japan.	US: 2014 Aus: 2021
Biomira licensed patents	Human mucin core protein, antibodies and probes.	Granted in the US (3 patents), Canada, and Europe (11 countries); pending in Japan.	2015
ONCOMAB			
Family 1			
Cancer Antibodies	Therapeutic cancer antibodies targeting cancer antigen, cripto-1.	Granted in New Zealand and Australia. Allowed in the USA pending grant. Applications pending in Canada, Europe, Japan, South Korea and China.	2022
PANVAX			
Family 1			
DCtagTM	Novel nanoparticle vaccine adjuvant for use in treatment of cancer and treatment and prevention of infectious diseases.	Granted in Australia, New Zealand (x2), South Africa and Singapore. Applications pending in Australia, USA, Canada, Europe, Japan, China, India, Israel, South Korea.	2021
Family 2			
Mixed Beads	Enhancing the efficacy of large particle vaccines through addition of a nanoparticle vaccine adjuvant.	PCT Application filed in Australia. Application abandoned in Feb 2007 due to lack of commercial interest.	

PRIMA BIOMED LTD
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CORPORATE GOVERNANCE REPORT

A review of the Company's 'Corporate Governance Framework' is performed on a periodic basis to ensure that it is relevant and effective in light of the changing legal and regulatory requirements. The Board of Directors continues to adopt a set of Corporate Governance Practices and a Code of Conduct appropriate for the size, complexity and operations of the Company and its subsidiaries.

Unless otherwise stated all Policies and Charters meet the ASX Corporate Governance Best Practice Recommendations. All Charters and Policies are available from the Company.

Structure and Composition of The Board

The names of the Directors, their independence, qualifications and experience are stated on pages 7 to 9 of the Directors' Report along with the term of office held by each.

Recommendation 2.1 : A majority of the board should be independent directors

Currently the Board of the Company does not comply with the ASX Corporate Governance Council's Recommendation 2.1. While the board strongly endorses the position that boards need to exercise independence of judgement, it also recognises (as does ASX Corporate Governance Council Principle 2) that the need for independence is to be balanced with the need for skills, commitment and a workable board size. The board believes that it has recruited members with the skills, experience and character required to discharge its duties and that any greater emphasis on independence would be at the expense of the Board's effectiveness. Currently no board members (or 0/3 of the board) are considered independent within the ASX Corporate Governance Council's guidelines.

Recommendation 2.2 : The Chairperson should be an independent director

While the Board recognises the importance of independence in decision-making, it does not comply with ASX Corporate Governance Council's Recommendation 2.2 as Mr Eugene Kopp, the Current Chairman is not an independent Director. Mr Kopp is an Executive Officer of the Company and also had a substantial interest during the year. At this stage in the Company's development, the board believes that the most appropriate person for the position of Chairman is an Executive Officer of the Company. The Executive Officer's overall expertise is crucial to the Company's development and negates any perceived lack of independence.

Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual

The Executive Chairman is also the acting Chief Executive Officer and had a substantial interest during the year. At this stage in the Company's development, the board believes that the most appropriate person for the position of Chief Executive Officer is the Executive Chairman of the Company. The Executive Chairman's overall expertise is crucial to the Company's development and negates any perceived lack of independence.

Recommendation 2.4 : The Board should establish a nomination committee

Due to the size of the Company's operations, it does not have a Nominations Committee as it is deemed to be more efficient to have the full board consider membership nominations and configuration.

Integrity of Financial Reporting

Recommendation 4.2 : Structure the audit committee so that it consists of : only non executive directors, a majority of independent directors, an independent chairperson who is not chairperson of the board, at least three members

The current members of the Audit, Risk & Compliance Committee are:

- Committee Chairman - Eugene Kopp (Executive Chairman)
- Committee Member - Phillip Hains (Finance Director)

Qualifications of the members of the Audit Risk & Compliance Committee are detailed in the Directors Profiles on pages 7 to 9 of the Directors' Report.

Due to the size, composition and technical expertise of the of the board it was not possible to comply with the ASX Corporate Governance Council's Recommendation 4.2.

The Committee holds a minimum of two meetings a year. Details of attendance of the members of the Audit, Risk & Compliance Committee are contained on page 11 of the Directors' Report.

Recognised and Manage Risk

The Audit, Risk & Compliance Committee has established a policy for risk oversight and management within the Company. This is periodically reviewed and updated.

The CEO and CFO have given a statement to the Board that:

- a) in accordance with 'Best Practice Recommendation 4.1', that the Financial Statements are founded on a sound system of risk management and internal compliance and control which implements the Policies adopted by the Board; and
- b) the Company's 'Risk Management and Internal Compliance and Control System', in so far as it relates to financial risk, is operating effectively in all material aspects.

Encourage Enhanced Performance

A 'Performance Evaluation Policy' has been established to evaluate the performance of the Board, individual Directors and Executive Officers of the Company. The Board is responsible for conducting evaluations on an annual basis in line with these policy guidelines.

During the reporting period, questionnaires were circulated to all members of the Board to conduct individual and group performance evaluations. These questionnaires were collated and analysed, providing the Board with valuable feedback and evaluation for future development.

Remunerate Fairly and Responsibly

Profiles of members and details of meetings of the Remuneration Committee are detailed on Pages 7 to 9 of the Directors' Report.

The Committee is responsible for, but not limited to :

- Setting the remuneration and conditions of service of all Executive and Non-Executive Directors, Officers and Employees of the Company.
- Approving the design of Executive & Employee incentive plans (including equity-based plans) and proposed payments or awards under such plans.
- Reviewing performance hurdles associated with incentive plans.
- Making recommendations to the Board on the remuneration of Non-Executive Directors within the aggregate approved by Shareholders at General Meetings from time to time.
- Consulting appropriately qualified Consultants for advice on remuneration and other conditions of service.
- Succession planning for the CEO and Senior Executive Officers.
- Performance assessment of the CEO and Senior Executives.
- Recommending policy on the selection of Board Members.
- Recommending prospective Board Members to the Full Board of the Company.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Executives may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

Current remuneration is disclosed in Note 5: Key Management Personnel Compensation.

**PRIMA BIOMED LTD □ ABN: ABN 90 009 237 889
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your directors present their report on the economic entity consisting of Prima Biomed Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2007.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr Eugene Kopp		
Dr Richard Hammel		
Mr Phillip Hains	Appointed	4-Sep-07
Dr John Sime	Retired	3-Sep-07
Mr Marcus Clark	Retired	30-Nov-06
Dr George Mihaly	Retired	22-Dec-06

Company Secretaries

Mr Phillip Hains held the position of Company Secretary at the end of the financial year.

Mr Hains, aged 47, has served as the company's Company Secretary since March 2002. Mr Hains is a Chartered Accountant operating a specialist public practice, The CFO Solution, focused on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Phillip has served the needs of a number of company boards of directors and related committees. He has over 20 years' experience in providing business with accounting, administration, compliance and general management services.

Mr Robert Kleine, aged 42, was appointed as an additional Company Secretary on 4 September 2007. Mr Kleine is a Certified Practising Accountant with 20 years experience in the commercial sector and is a senior manager at The CFO Solution.

Principal Activities

The principal activities of the economic entity during the financial year were research and commercialisation of licensed medical biotechnology through its subsidiaries.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Review and Results of Operations

The consolidated net loss of the economic entity after providing for income tax and eliminating minority equity interests amounted to \$3,138,977 (2006: \$4,253,473). For further detail, refer to the Review of Operations set out on pages 1 to 3 .

Dividends Paid or Recommended

The Company did not pay any dividends during the financial year. The directors do not recommend the payment of a dividend in respect of the 2007 financial year.

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the economic entity during the financial year under review not otherwise disclosed in this Annual Report.

After Balance Date Events

On 14th August 2007 the Company announced that it had received an Australian patent for methods of treating cancer with antibodies.

Otherwise there has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Future Developments, Prospects and Business Strategies

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in the Review of Operations on pages 1 to 3 of this Annual Report.

Environmental Issues

The consolidated entity is involved in scientific research and development. The pursuit of these activities is the subject of a research agreement with the Austin Research Institute who undertakes these activities on behalf of the consolidated entity. Accordingly, the activities of the consolidated entity do not create any significant environmental impact to any material extent.

Information on directors

Mr Eugene Kopp	— Executive Chairman & Acting Chief Executive Officer
Appointed to the Board	— 17-Jun-04
Last Elected by shareholders	— 16-Nov-05
Qualifications	— B. Econ, MBA

Experience	<ul style="list-style-type: none"> — Mr Kopp, aged 45, is Managing Director of private equity company, Bluscan Pty Ltd, which invests in private and listed companies focusing on emerging technologies and turn around opportunities. He is the former Non-Executive Chairman of Sonnet Ltd, an ASX publicly listed IT systems integration company. Previously, he was a director of ANZ Investment Bank, heading up its Project Finance Advisory group in Australia and NZ. He has 21 years experience in merchant banking and 7 years experience of direct relevance to the biotechnology sector. He was with investment bank Deutsche Morgan Grenfell for 5 years based in London and Moscow as associate director of corporate finance. He has a Bachelor of Economics and Politics from Monash University, Melbourne, and an MBA from IMD in Lausanne, Switzerland. He is a graduate member of the Australian Institute of Directors.
Interest in Shares and Options Committees	<ul style="list-style-type: none"> — 178,125 Ordinary Shares and 1,000,000 Options — Chairman of the Audit, Risk & Compliance Committee and a member of the Remuneration Committee
Directorships held in other listed entities	<ul style="list-style-type: none"> — Sonnet Ltd (resigned 1 July 2005)
Dr Richard Hammel Appointed to the Board Last Elected by shareholders Qualifications Experience	<ul style="list-style-type: none"> — Non-Executive Director — 24-Jan-05 — 15-Nov-05 — BPharm, MSc, PhD — Dr Hammel, aged 64, is the founding partner with ProPharma International Partners in San Francisco, USA. ProPharma is a pharmaceutical/biotechnology consulting firm providing a range of business, financial and product development services. He previously held senior management positions with Connetics Corporation (Vice President for Commercial Development), Matrix Pharmaceuticals Inc. (Vice President Business Development, Sales and Marketing) and held several positions at Glaxo Inc (Director, Professional Affairs; Director, New Business Development; and Director, Marketing Services). Dr Hammel is widely recognised in the USA, Europe and Japan for his extensive 27 years expertise in commercialisation and licensing in emerging and developing biotechnology companies.
Interest in Shares and Options Committees	<ul style="list-style-type: none"> — 0 Ordinary Shares and 500,000 Options — Nil
Directorships held in other listed entities	<ul style="list-style-type: none"> — Nil
Mr Phillip Hains Appointed to the Board Last Elected by shareholders Qualifications Experience	<ul style="list-style-type: none"> — Finance Director — 04-Sep-07 — N/a — BBus, MBA, CA — Mr Hains, aged 47, is a Chartered Accountant operating a specialist public practice, The CFO Solution, focused on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Phillip has served the needs of a number of company boards of directors and related committees. He has over 20 years' experience in providing business with accounting, administration, compliance and general management services.
Interest in Shares and Options Committees	<ul style="list-style-type: none"> — Nil — Member of the Audit, Risk & Compliance Committee and Chairman of the Remuneration Committee since 13 September 2007
Directorships held in other listed entities	<ul style="list-style-type: none"> — Nil
Dr John Sime Experience	<ul style="list-style-type: none"> — Non-Executive Director — Board member since April 2005, Dr Sime retired from the Prima Biomed Ltd board on 3 September 2007. — Dr Sime has extensive experience in a number of senior roles in pharmaceutical and biotechnology business development in Europe, Japan and USA with Beecham and SmithKline Beecham (now GlaxoSmithKline plc). Most recently he was Director, Research Support and Development at Imperial College London. Dr Sime was Managing Director of Beecham Australia and New Zealand for 9 years and later of SmithKline Beecham Pharmaceuticals Australia and New Zealand. As Chief Executive Officer of the UK BioIndustry Association (BIA) for 6 years until mid 2000, Dr Sime grew the membership of the association by more than four-fold and changed its direction from a technology exchange into a business development organisation. During this time with the BIA, Dr Sime was co-founder of EuropaBio, the pan European trade association for biotechnology companies. He was elected to the Board of the Mayne Group Ltd in 2004.
Interest in Shares and Options	<ul style="list-style-type: none"> — 500,000 Ordinary Shares and 500,000 Options
Directorships held in other listed entities	<ul style="list-style-type: none"> — Symbion Health Limited (formerly Mayne Group Limited 26 October 2004 until 18 November 2005) , Mayne Pharma Limited (29 September 2005 until 22 January 2007) and Avexa Limited (appointed 8 June 2007)

Mr Marcus Clark Experience	<ul style="list-style-type: none"> — Chief Executive Officer & Executive Director — Board member since May 2001, Mr Clark retired from the Prima Biomed Ltd board on 30 November 2006. <p>Mr Clark, aged 56, has a career in pharmaceuticals and diagnostics spanning 25 years. He was CEO of Ilexus Pty Ltd, the Austin Research Institute's commercialisation company. Before joining Ilexus he was in charge of the Australian and New Zealand business for Medisense Inc, a North American group, overseeing the glucose diagnostic business for Abbott Laboratories. Before that he was Managing Director of Farmitalia Carol Erba, a global pharmaceutical group based in Milan which has since been acquired by Pharmacia Upjohn. Farmitalia had the largest pharmaceutical sales of anti-cancer products and introduced Adriamycin, the highest selling anti-cancer product, to the oncology market. Mr Clark has also held management positions with Hoechst, Roussel and Sigma in marketing, regulatory affairs and technical services.</p>
Interest in Shares and Options Directorships held in other listed entities	<ul style="list-style-type: none"> — 1,135,919 Ordinary Shares and 1,033,334 Options — Nil
Dr George Mihaly Experience	<ul style="list-style-type: none"> — Non-Executive Director — Board member since January 2005, Dr Mihaly retired from the Prima Biomed Ltd board on 22 December 2006. <p>Dr Mihaly, aged 54, has had an extensive and successful career spanning the research and commercial facets of the pharmaceutical industry.</p> <p>During the period from mid 1994 to early 2000, Dr. Mihaly was the founding Executive Chairman and Managing Director of Synermedica Pty Ltd – one of Australia's leading independent consultant research organisations (CRO) to the pharmaceutical industry. Synermedica merged with the Global CRO, Kendle International Inc., in April 2000. Dr. Mihaly was Managing Director of the merged entity in Australia (now called Kendle Pty Ltd) until retiring from that role in December 2004. Dr Mihaly is also a non-executive Director of Prana Biotechnology Ltd.</p> <p>Over the course of the last 27 years in academia and industry, Dr Mihaly has amassed extensive experience in both the science and logistics of setting up, monitoring, managing and evaluating results from Phase I, II, III and IV clinical trials.</p>
Interest in Shares and Options Directorships held in other listed entities	<ul style="list-style-type: none"> — 75,000 Ordinary Shares and 500,000 Options — Prana Biotechnology Ltd (appointed 9 December 1999)

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Prima Biomed Ltd, and for the key management personnel.

The directors of Prima Biomed Ltd during the year were:

Mr Eugene Kopp
Dr Richard Hammel
Dr John Sime
Mr Marcus Clark
Dr George Mihaly

The Key Management Personnel of Prima Biomed Ltd during the year were:

Ms Vanessa Waddell
Mr Phillip Hains
Dr Emma Ball

Remuneration policy

Remuneration of all Executive and Non-Executive Directors, Officers of the Company is determined by the Remuneration Committee.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Remuneration Policy versus Company Financial Performance

The Company's Remuneration Policy is not directly based on its financial performance, rather on industry practice, given the Company operates in the biotechnology sector and the Company has historically recorded losses.

The Company's primary focus is research activities with a long term objective of developing and commercialising the research & development results.

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the research and development phase. Shareholder wealth reflects this speculative and volatile market sector. This pattern is indicative of the Company's performance over the past 6 years.

Performance based Remuneration

The purposes of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed. These include:

- Successful contract negotiations.
- Achievement of research project milestones within scheduled time and/or budget.
- Company share price reaching a targeted level on the ASX or applicable markets over a period of time.

During the year Dr Emma Ball received performance based remuneration in the form of shares and options.

During the year Mr Marcus Clark, Mr Eugene Kopp and Ms Vanessa Waddell received performance based remuneration in the form of shares for the successful sale of Arthron Pty Ltd intellectual property to Trillium Therapeutics Inc. in the previous financial year.

Details of remuneration for year ended 30 June 2007

The remuneration for each director and each of the Key Management Personnel of the economic entity during the year was as follows:

	Short-term employee benefits		Post-Employment Benefits	Share-based Payments	Total
	Cash salary and fees	Other	Superannuation Contribution	Shares	
	\$	\$	\$	\$	\$
Directors					
Mr Eugene Kopp	250,833	-	-	10,153	260,986
Dr Richard Hammel	49,699	-	-	-	49,699
Dr John Sime	-	-	140,833	-	140,833
Mr Marcus Clark	119,662	-	39,567	41,289	200,518
Dr George Mihaly	31,250	18,100	-	-	49,350
	<u>451,444</u>	<u>18,100</u>	<u>180,400</u>	<u>51,442</u>	<u>701,386</u>
Key Management Personnel					
Ms Vanessa Waddell	180,723	-	16,892	24,225	221,840
Mr Phillip Hains	20,000	180,000	-	-	200,000
Dr Emma Ball	44,449	1,368	4,403	5,429	55,649
	<u>245,172</u>	<u>181,368</u>	<u>21,295</u>	<u>29,654</u>	<u>477,489</u>

Performance income as a proportion of total remuneration

All executives are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore there is no fixed proportion between incentive and non-incentive remuneration.

Equity Issued as Part of Remuneration for the Year Ended 30 June 2007

The following table discloses the value of options granted, exercised, sold or lapsed during the year for Directors and Key Management Personnel.

This section refers only to those shares and options issued as part of remuneration. As a result they may not indicate all shares and options held by Key Management Personnel.

	Options Granted	Options Exercised	Options Lapsed	Value of Options Included in Remuneration for the Year	Value of Options yet to be Expensed	Percentage of Total Remuneration for the Year that Consisted of Options
	Value at Grant Date \$	Value at Exercise Price \$	Value at time of Lapse \$	\$	\$	%
Directors						
Mr Eugene Kopp	-	-	-	-	-	-
Dr Richard Hammel	-	-	-	-	-	-
Dr John Sime	-	-	-	-	-	-
Mr Marcus Clark	-	-	-	-	-	-
Dr George Mihaly	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Key Management Personnel						
Ms Vanessa Waddell	-	-	-	-	-	-
Mr Phillip Hains	-	-	-	-	-	-
Dr Emma Ball	-	-	(4,220)	-	-	-
	<u>-</u>	<u>-</u>	<u>(4,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following table discloses the movement in directors and Key Management Personnel Options.

	Balance 01 July 2006 No.	Granted as Remuneration No.	Options Exercised No.	Options Lapsed No.	Other No.	Balance 30 June 2007 No.
Directors						
Mr Eugene Kopp	1,000,000	-	-	-	-	1,000,000
Dr Richard Hammel	500,000	-	-	-	-	500,000
Dr John Sime	500,000	-	-	-	-	500,000
Mr Marcus Clark ²	1,500,000	-	-	(500,000)	-	1,000,000
Dr George Mihaly ²	500,000	-	-	-	-	500,000
	4,000,000	-	-	(500,000)	-	3,500,000
Key Management Personnel						
Ms Vanessa Waddell	864,000	-	-	(364,000)	-	500,000
Mr Phillip Hains	-	-	-	-	-	-
Dr Emma Ball ^{1 & 2}	252,100	50,000	-	(52,100)	-	250,000
	1,116,100	50,000	-	(416,100)	-	750,000

1. 50,000 options were granted as a performance bonus to Dr Emma Ball in the previous financial year but not issued as at 30 June 2006. The value of these options was \$100 which was taken up as an expense in the previous financial year.

2. Balance of options on retirement from the Company.

Employment contracts of directors and key management personnel

Directors	Duration	Notice Requirements	Termination
Mr Eugene Kopp	1 year commencing 1 December 2006	None	One month if the Company ceases to carry on business other than as a result of merger, trade sale or acquisition. If the Company ceases to carry on business as a result of a merger, trade sale or acquisition then balance of remuneration payable up to expiration of term plus the greater of 6 months fees or bonuses payable. If otherwise then twelve months fees.
Key Management Personnel			
Ms Vanessa Waddell	1 year commencing 1 December 2006	3 Months	Balance of remuneration payable up to expiration of term.
Mr Phillip Hains	Expires upon notice of either party	3 Months	

Meetings of directors

During the financial year, 13 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit, Risk & Compliance Committee		Remuneration Committee	
			Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Eugene Kopp	9	9	2	2	2	2
Dr Richard Hammel	9	9	-	-	-	-
Dr John Sime	9	9	2	2	2	2
Mr Marcus Clark	4	4	-	-	2	2
Dr George Mihaly	5	5	-	-	2	2

Indemnifying Officers or Auditor

During the financial year the Company entered into an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or any related body corporate against a liability incurred as such an Officer or Auditor.

Share Options on Issue at 30 June 2007

At the date of this report, the unissued ordinary shares of Prima Biomed Ltd under option are as follows:

Date of expiry	Exercise price	Number under option
26-Feb-09	\$ 0.20	5,250,000
26-Feb-09	\$ 0.30	1,000,000
30-Sep-08	\$ 0.12	5,000,000
06-Aug-10	\$ 0.20	300,000
		<u>11,550,000</u>

Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2007 no ordinary shares of Prima Biomed Ltd were issued as a result of the exercise of options.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors, in accordance with advice from the Audit, Risk & Compliance committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the Audit, Risk & Compliance committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 10 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid or payable to the external auditor of the parent entity during the year ended 30 June 2007:

	\$
Taxation services	4,010
	<u>4,010</u>

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2007 has been received and can be found on page 13 of the directors' report.

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

Director



Mr Eugene Kopp

Dated this

27th day of September 2007

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PRIMA BIOMED LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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



Hall Chadwick
Chartered Accountants



Kevin Adams
Partner

Melbourne
27 September 2007

Melbourne

Level 12
459 Collins Street
Melbourne 3000
Victoria Australia

DX 505 Melbourne

Telephone: (03) 8625 5200
Facsimile: (03) 8625 2222
Email: hcmelinfo@hallchadwick.com.au

Partners

John H Davis
Digby L Looker
Graeme A Marriott
Robert L Yeo
Kevin P Adams
Stan Traianedes

Other firms in:

Sydney
Adelaide
Perth
Brisbane
Gold Coast
Darwin

National Association
Hall Chadwick

International Association
AGN International

Associations of
Independent Firms

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PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	2	156,122	3,876,910	1,473,094	1,602,822
		<u>156,122</u>	<u>3,876,910</u>	<u>1,473,094</u>	<u>1,602,822</u>
Auditor's Remuneration	6	(44,260)	(54,850)	(46,010)	(46,200)
Depreciation	3	(13,875)	(14,782)	(12,619)	(12,853)
Amortisation	3	(41,936)	(56,436)	-	-
Research and Development		(974,404)	(2,759,775)	(175,161)	(237,482)
Corporate Administration		(1,503,626)	(2,373,210)	(1,451,421)	(2,231,222)
Business Development		(310,167)	(559,020)	(256,247)	(353,941)
Intellectual Property		(139,660)	(214,735)	1,130	(10,612)
Losses Borne by Parent Entity		376	(105,470)	-	-
Goodwill Impairment	3	-	(2,096,506)	-	-
Impairment of Assets	3	(267,604)	-	(12,177,146)	(1,073,664)
Loss Before Income Tax		<u>(3,139,034)</u>	<u>(4,357,874)</u>	<u>(12,644,380)</u>	<u>(2,363,152)</u>
Income Tax Expense	4	-	-	-	-
Net Loss		<u>(3,139,034)</u>	<u>(4,357,874)</u>	<u>(12,644,380)</u>	<u>(2,363,152)</u>
Net Loss Attributable to Minority Equity Interest		57	104,401	-	-
Net loss Attributable to Members of the Parent Entity		<u>(3,138,977)</u>	<u>(4,253,473)</u>	<u>(12,644,380)</u>	<u>(2,363,152)</u>
Basic earnings per share (cents per share)	7	(1.68)	(2.45)		
Diluted earnings per share (cents per share)	7	(1.68)	(2.45)		

The accompanying notes form part of these financial statements.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	8	671,780	3,211,349	617,070	3,039,734
Trade and Other Receivables	9	32,431	112,095	18,622	261,553
Other Current Assets	14	70	68,486	70	31,903
TOTAL CURRENT ASSETS		704,281	3,391,930	635,762	3,333,190
NON-CURRENT ASSETS					
Trade and Other Receivables	9	-	-	1,400,000	7,853,900
Other Financial Assets	10	2,981,516	3,249,120	6,014,606	8,894,507
Plant and Equipment	12	46,832	51,290	41,162	44,364
Intangible Assets	13	625,648	667,584	-	-
TOTAL NON-CURRENT ASSETS		3,653,996	3,967,994	7,455,768	16,792,771
TOTAL ASSETS		4,358,277	7,359,924	8,091,530	20,125,961
CURRENT LIABILITIES					
Trade and Other Payables	15	225,149	974,992	119,663	397,321
Provisions	16	35,942	51,325	35,942	51,325
TOTAL CURRENT LIABILITIES		261,091	1,026,317	155,605	448,646
NON-CURRENT LIABILITIES					
Provisions	16	17,116	17,009	17,116	17,009
TOTAL NON-CURRENT LIABILITIES		17,116	17,009	17,116	17,009
TOTAL LIABILITIES		278,207	1,043,326	172,721	465,655
NET ASSETS		4,080,070	6,316,598	7,918,809	19,660,306
EQUITY					
Issued Capital	17	38,044,589	37,141,706	38,044,589	37,141,706
Accumulated Losses		(33,964,642)	(30,825,665)	(30,125,780)	(17,481,400)
Parent Interest		4,079,947	6,316,041	7,918,809	19,660,306
Minority Equity Interest		123	557	-	-
TOTAL EQUITY		4,080,070	6,316,598	7,918,809	19,660,306

The accompanying notes form part of these financial statements.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

Economic Entity	Note	Issued Capital	Accumulated Losses	Minority Equity Interests	Total
		\$	\$	\$	\$
Balance at 01 July 2005		34,915,293	(26,572,192)	-	8,343,101
Shares issued net of costs	17	2,094,753	-	-	2,094,753
Options issued	17	131,660	-	-	131,660
Net loss for the period		-	(4,253,473)	-	(4,253,473)
Loss attributable to equity interest		-	-	557	557
Balance at 30 June 2006		<u>37,141,706</u>	<u>(30,825,665)</u>	<u>557</u>	<u>6,316,598</u>
Shares issued net of costs	17	1,003,182	-	-	1,003,182
Transfer of shares	17	(122,899)	-	-	(122,899)
Options issued	17	22,600	-	-	22,600
Net loss for the period		-	(3,138,977)	-	(3,138,977)
Loss attributable to minority equity interest		-	-	(434)	(434)
Balance at 30 June 2007		<u><u>38,044,589</u></u>	<u><u>(33,964,642)</u></u>	<u><u>123</u></u>	<u><u>4,080,070</u></u>

Parent Entity	Note	Issued Capital	Accumulated Losses	Minority Equity Interests	Total
		\$	\$	\$	\$
Balance at 01 July 2005		34,915,293	(15,118,248)	-	19,797,045
Shares issued net of costs	17	2,094,753	-	-	2,094,753
Options issued	17	131,660	-	-	131,660
Net loss for the period		-	(2,363,152)	-	(2,363,152)
Balance at 30 June 2006		<u>37,141,706</u>	<u>(17,481,400)</u>	<u>-</u>	<u>19,660,306</u>
Shares issued net of costs	17	1,003,182	-	-	1,003,182
Transfer of shares	17	(122,899)	-	-	(122,899)
Options issued	17	22,600	-	-	22,600
Net loss for the period		-	(12,644,380)	-	(12,644,380)
Balance at 30 June 2007		<u><u>38,044,589</u></u>	<u><u>(30,125,780)</u></u>	<u><u>-</u></u>	<u><u>7,918,809</u></u>

The accompanying notes form part of these financial statements.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS RELATED TO OPERATING ACTIVITIES					
Payments to suppliers and employees		(3,455,720)	(5,676,640)	(1,815,891)	(2,491,347)
Interest and other items of a similar nature received		103,518	268,518	98,040	250,585
Inter-company revenue		-	-	408,312	463,990
Grant income		22,864	227,591	-	-
Licence fee		-	65,290	-	-
R & D services		-	63,599	-	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	21a	(3,329,338)	(5,051,642)	(1,309,539)	(1,776,772)
CASH FLOWS RELATED TO INVESTING ACTIVITIES					
Payment for purchases of plant and equipment		(9,417)	(19,199)	(9,417)	(19,199)
Advances to related parties		-	-	(1,902,894)	(2,543,383)
Proceeds from sale of intellectual property		-	769,113	-	-
NET CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES		(9,417)	749,914	(1,912,311)	(2,562,582)
CASH FLOWS RELATED TO FINANCING ACTIVITIES					
Proceeds from issues of securities		877,101	-	877,101	-
Capital raising costs		(77,915)	(19,925)	(77,915)	(19,925)
NET CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES		799,186	(19,925)	799,186	(19,925)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,539,569)	(4,321,653)	(2,422,664)	(4,359,279)
Cash and cash equivalents at the beginning of the year	8	3,211,349	7,533,002	3,039,734	7,399,013
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	671,780	3,211,349	617,070	3,039,734

The accompanying notes form part of these financial statements.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of Prima Biomed Ltd (the Company) for the year ended 30 June 2007 was authorized for issue in accordance with a resolution of the directors on 26 September 2007. The company has the power to amend and reissue the financial report.

The financial report covers the economic entity of Prima Biomed Ltd and controlled entities, and Prima Biomed Ltd as an individual parent entity. Prima Biomed Ltd is a listed public Company, incorporated and domiciled in Australia.

The financial report of Prima Biomed Ltd and controlled entities, and Prima Biomed Ltd as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Prima Biomed Ltd has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year-end.

All inter-Company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20.0% to 33.3%
Furniture and Fittings	5.0% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Investments

Investments held for trading are recorded at fair value and classified as current assets. All other investments are recorded at fair value and either classified as current or non-current assets. The gains or losses, whether realised or unrealised, are included in profit before income tax.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Licences, patents and trademarks

Licences, patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

PRIMA BIOMED LTD
ABN: ABN 90 009 237 889
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(j) Equity-settled compensation

Equity-settled payments are measured at fair value at the date of grant or entitlement. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability or exercise restrictions.

The fair value determined for the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

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(o) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the economic entity.

Payables to related parties are carried at the principle amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

(p) Loss per share

Basic loss per share is determined by dividing the net loss after income tax expense by the weighted average number of ordinary shares outstanding during the financial year. For all periods presented, diluted loss per share is equivalent to basic loss per share as the potentially dilutive securities are excluded from the computation of diluted loss per share because the effect is anti-dilutive.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The recoverable amount of Arthron Pty Ltd's investment in Trillium Therapeutics Inc. was estimated to be \$2.981m at 30 June 2007 as confirmed by a recent small capital raising conducted by Trillium Therapeutics Inc. and adjusted for year-end foreign exchange rates. This resulted in an impairment of \$267,604 for the year ended 30 June 2007.

The recoverable amounts of Prima's loans to subsidiaries were estimated to be Nil except the loan to Cancer Vac Pty Ltd which was estimated to be \$1.400m at 30 June 2007. These estimates were based on the Directors' knowledge of the Biotechnology sector and resulted in an impairment of \$9,297,245 for the year ended 30 June 2007.

The recoverable amounts of Prima's investments in subsidiaries were estimated at book value except for Panvax Pty Ltd which was written off. These estimates were based on the Directors' knowledge of the Biotechnology sector and resulted in an impairment of \$2,879,901 for the year ended 30 June 2007.

Note 2 Revenue

	Note	Economic Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
Operating Activities					
— Interest	2 (a)	103,495	268,518	1,038,491	936,969
— AusIndustry Grant		22,864	75,654	-	-
— Licence Fees		23	65,290	-	-
— R & D Services		-	86,738	-	-
Total Operating Revenue		126,382	496,200	1,038,491	936,969
Non-operating Activities					
— Sale of Intellectual Property		2,890	3,380,114	-	-
— Other		26,850	596	434,603	665,853
Total Non-operating Revenue		29,740	3,380,710	434,603	665,853
Total Revenue		156,122	3,876,910	1,473,094	1,602,822
(a) Interest revenue from:					
— Controlled entities		-	-	940,451	686,384
— Other persons		103,495	268,518	98,040	250,585
Total interest revenue		103,495	268,518	1,038,491	936,969

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Note 3 Profit/Loss

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Profit/Loss before income tax has been determined after:					
(a) Expenses					
Total Depreciation					
— Plant and Equipment		4,519	7,577	3,598	7,577
— Furniture and Fittings		9,356	7,205	9,021	5,276
Total Depreciation		13,875	14,782	12,619	12,853
Total Amortisation					
— Licences		41,936	56,436	-	-
Total Amortisation		41,936	56,436	-	-
Goodwill Impairment					
— Goodwill Impairment		-	3,527,976	-	-
— Reversal of previous losses borne by Prima for OEI		-	(1,431,470)	-	-
Total Goodwill Impairment		-	2,096,506	-	-
Impairment of Assets					
— Impairment on investment in Trillium Therapeutics Inc.		267,604	-	-	-
— Impairment of loans to controlled entities		-	-	9,297,245	1,073,664
— Impairment of investments in controlled entities		-	-	2,879,901	-
Total Impairment of Assets		267,604	-	12,177,146	1,073,664

Note 4 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)					
— economic entity		(941,710)	(1,307,362)	-	-
— parent entity		-	-	(3,793,314)	(708,946)
		(941,710)	(1,307,362)	(3,793,314)	(708,946)
Add:					
Tax effect of:					
— Entertainment		3,154	122	2,532	122
— Legal expenses		13,043	185,585	13,043	94,750
— Amortisation of intangibles		12,581	16,931	-	-
— Provision for intercompany loans & investments		-	-	3,653,144	366,041
— Impairment of investments		80,281	-	-	-
— Share based payments		24,329	-	24,329	-
— Capital expenses deductible		(33,765)	-	(33,765)	-
— Deferred tax asset not recognized		842,087	1,104,724	134,032	248,033
Income tax attributable to entity		-	-	-	-
(b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur					
Tax tax losses:					
— Carried forward tax losses		8,477,849	7,729,794	1,971,465	1,901,966
— Adjustment to bring into line with lodged tax returns		(516,679)	-	192,422	-
— Temporary differences		(196,862)	(94,032)	(8,183)	(64,533)
		7,764,308	7,635,762	2,155,704	1,837,433

Note 5 Key Management Personnel Compensation

(a) **Directors**

The following persons were directors of Prima Biomed Ltd during the financial year :

Name	Position
Mr Eugene Kopp	Executive Chairman & Acting Chief Executive Officer
Dr Richard Hammel	Non-Executive Director
Dr John Sime	Non-Executive Director
Mr Marcus Clark	Chief Executive Officer & Executive Director
Dr George Mihaly	Non-Executive Director

All of the above persons were key management persons during the year ended 30 June 2007, except for Mr Marcus Clark who retired on 30 November 2006 and Dr George Mihaly who retired on 22 December 2006.

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(b) **Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly during the financial year:

Name	Position	Employer
Ms Vanessa Waddell	Business Development and Intellectual Property Manager	Prima Biomed Ltd
Mr Phillip Hains	Company Secretary	Prima Biomed Ltd
Dr Emma Ball	Project Manager	Prima Biomed Ltd

All of the above persons were also key management persons during the year ended 30 June 2007, except for Dr Emma Ball who resigned on 1 November 2006.

(c) **Key Management Personnel Compensation Policy**
Remuneration Policy

Remuneration of all Executive and Non-Executive Directors, Officers of the Company is determined by the Remuneration Committee.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

For further details, refer to the Company's Corporate Governance Statement contained elsewhere in this report.

Remuneration policy versus Company financial performance

The Company's Remuneration Policy is not directly based on its financial performance, rather on industry practice, given the Company operates in the biotechnology sector and the Company has historically recorded losses.

The Company's primary focus is research activities with a long term objective of developing and commercialising the research & development results.

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the research and development phase. Shareholder wealth reflects this speculative and volatile market sector. This pattern is indicative of the Company's performance over the past 6 years.

Performance based remuneration

The purposes of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators (KPI's).

The Company uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed. These include:

- Successful contract negotiations.
- Achievement of research project milestones within scheduled time and/or budget.
- Company share price reaching a targeted level on the ASX or applicable markets over a period of time.

During the year Dr Emma Ball received performance based remuneration in the form of shares and options.

During the year Mr Marcus Clark, Mr Eugene Kopp and Ms Vanessa Waddell received performance based remuneration in the form of shares for the successful sale of Arthron Pty Ltd intellectual property to Trillium Therapeutics Inc. in the previous financial year.

(d) **Key management personnel compensation**

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	896,084	1,084,064	887,984	1,084,064
Post-employment benefits	201,695	148,572	201,695	148,572
Long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	81,096	131,760	81,096	131,760
	1,178,875	1,364,396	1,170,775	1,364,396

The compensation of each member of the key management personnel of the Group is set out on the following pages:

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(e) **Key Management Personnel Compensation**

The compensation of each member of the key management personnel of the Group for the current year is set out below:

	Short-term employment benefits				Post Employment Benefits	
	Cash, salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Other \$	Super-annuation \$	Other \$
2007						
Mr Eugene Kopp	250,833	-	-	-	-	-
Dr Richard Hammel	49,699	-	-	-	-	-
Dr John Sime	-	-	-	-	140,833	-
Mr Marcus Clark ¹	119,662	-	-	-	39,567	-
Dr George Mihaly ²	31,250	-	-	18,100	-	-
Ms Vanessa Waddell	180,723	-	-	-	16,892	-
Mr Phillip Hains	20,000	-	-	180,000	-	-
Dr Emma Ball	44,449	-	-	1,368	4,403	-
	696,616	-	-	199,468	201,695	-
	Other long term employee benefits	Share-based payments				
		Equity-settled				Total
	Other \$	Shares \$	Options \$	Cash-settled \$	Other \$	\$
2007 (cont.)						
Mr Eugene Kopp	-	10,153	-	-	-	260,986
Dr Richard Hammel	-	-	-	-	-	49,699
Dr John Sime	-	-	-	-	-	140,833
Mr Marcus Clark	-	41,289	-	-	-	200,518
Dr George Mihaly	-	-	-	-	-	49,350
Ms Vanessa Waddell	-	24,225	-	-	-	221,840
Mr Phillip Hains	-	-	-	-	-	200,000
Dr Emma Ball	-	5,429	-	-	-	55,649
	-	81,096	-	-	-	1,178,875

1. Mr Marcus Clark also received \$2,608 in consulting fees after his retirement as a Director of the Company.

2. Dr George Mihaly also received \$9,240 in consulting fees after his retirement as a Director of the Company.

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

	Short-term employment benefits				Post Employment Benefits	
	Cash, salary & fees \$	Cash bonus \$	Non-monetary benefits \$	Other \$	Super-annuation \$	Other \$
2006						
Mr Eugene Kopp	209,997	3,625	-	-	-	-
Dr Richard Hammel	52,856	-	-	-	-	-
Dr John Sime	-	-	-	-	40,000	-
Mr Marcus Clark	256,233	14,743	-	-	85,987	-
Dr George Mihaly	40,000	-	-	20,000	-	-
Ms Vanessa Waddell	171,905	10,800	-	-	13,125	-
Mr Phillip Hains	20,000	-	-	180,000	-	-
Dr Emma Ball	103,905	-	-	-	9,460	-
	854,896	29,168	-	200,000	148,572	-
	Other long term employee benefits	Share-based payments				
		Equity-settled				Total
	Other \$	Shares \$	Options \$	Cash-settled \$	Other \$	\$
2006 (cont.)						
Mr Eugene Kopp	-	-	-	-	-	213,622
Dr Richard Hammel	-	-	25,000	-	-	77,856
Dr John Sime	-	-	25,000	-	-	65,000
Mr Marcus Clark	-	-	45,000	-	-	401,963
Dr George Mihaly	-	-	25,000	-	-	85,000
Ms Vanessa Waddell	-	-	11,660	-	-	207,490
Mr Phillip Hains	-	-	-	-	-	200,000
Dr Emma Ball	-	-	100	-	-	113,465
	-	-	131,760	-	-	1,364,396

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(f) **Options and Rights Holdings**

The number of options over ordinary shares in the Company held during the financial year by each director of Prima Biomed Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

2007	Balance at start of the year No.	Granted as Compensation No.	Options Exercised No.	Net Change Other ¹ No.	Balance at end of the year No.	Vested and exercisable No.	Unvested No.
Directors of Prima Biomed Ltd							
Mr Eugene Kopp	5,783,334	-	-	(4,783,334)	1,000,000	1,000,000	-
Dr Richard Hammel	500,000	-	-	-	500,000	500,000	-
Dr John Sime	500,000	-	-	-	500,000	500,000	-
Mr Marcus Clark ²	1,533,334	-	-	(500,000)	1,033,334	1,033,334	-
Dr George Mihaly ²	500,000	-	-	-	500,000	500,000	-
Other key management personnel of the Group							
Ms Vanessa Waddell	897,334	-	-	(397,334)	500,000	500,000	-
Mr Phillip Hains	-	-	-	-	-	-	-
Dr Emma Ball ^{2 & 3}	252,100	50,000	-	(52,100)	250,000	250,000	-
	<u>9,966,102</u>	<u>50,000</u>	<u>-</u>	<u>(5,732,768)</u>	<u>4,283,334</u>	<u>4,283,334</u>	<u>-</u>

2006	Balance at start of the year No.	Granted as Compensation No.	Options Exercised No.	Net Change Other ¹ No.	Balance at end of the year No.	Vested and exercisable No.	Unvested No.
Directors of Prima Biomed Ltd							
Mr Eugene Kopp	5,783,334	-	-	-	5,783,334	5,283,334	500,000
Dr Richard Hammel	-	500,000	-	-	500,000	500,000	-
Dr John Sime	-	500,000	-	-	500,000	500,000	-
Mr Marcus Clark	1,533,334	1,000,000	-	(1,000,000)	1,533,334	1,033,334	500,000
Dr George Mihaly	-	500,000	-	-	500,000	500,000	-
Other key management personnel of the Group							
Ms Vanessa Waddell	778,334	333,000	-	(214,000)	897,334	897,334	-
Mr Phillip Hains	100,000	-	-	(100,000)	-	-	-
Dr Emma Ball ³	252,100	-	-	-	252,100	252,100	-
	<u>8,447,102</u>	<u>2,833,000</u>	<u>-</u>	<u>(1,314,000)</u>	<u>9,966,102</u>	<u>8,966,102</u>	<u>1,000,000</u>

- The net change other reflected above includes those options that have expired or been issued during the year under review, other than for remuneration, or traded on market.
- Closing balance represents balance on retirement / resignation.
- 50,000 options were granted as a performance bonus to Dr Emma Ball in the previous financial year but not issued as at 30 June 2006. The value of these options was \$100 which was taken up as an expense in the previous financial year.

(g) **Shareholdings**

The number of shares in the Company held during the financial year by each director of Prima Biomed Ltd and other key management personnel of the Group, including their personally related parties, are set out below.

2007	Balance at the start of the year No.	Received as Compensation No.	Options Exercised No.	Net Change Other ¹ No.	Balance at the end of the year No.
Directors of Prima Biomed Ltd					
Mr Eugene Kopp	15,925,336	178,125	-	594,034	16,697,495
Dr Richard Hammel	-	-	-	-	-
Dr John Sime	100,000	-	-	400,000	500,000
Mr Marcus Clark ²	411,544	724,375	-	-	1,135,919
Dr George Mihaly ²	75,000	-	-	-	75,000
Other key management personnel of the Group					
Ms Vanessa Waddell	402,891	425,002	-	(242,384)	585,509
Mr Phillip Hains	191,857	-	-	268,000	459,857
Dr Emma Ball ²	-	95,238	-	-	95,238
	<u>17,106,628</u>	<u>1,422,740</u>	<u>-</u>	<u>1,019,650</u>	<u>19,549,018</u>

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2006	Balance at the start of the year No.	Received as Compensation No.	Options Exercised No.	Net Change Other ¹ No.	Balance at the end of the year No.
Directors of Prima Biomed Ltd					
Mr Eugene Kopp	15,025,336	-	-	900,000	15,925,336
Dr Richard Hammel	-	-	-	-	-
Dr John Sime	-	-	-	100,000	100,000
Mr Marcus Clark	355,449	-	-	56,095	411,544
Dr George Mihaly	75,000	-	-	-	75,000
Other key management personnel of the Group					
Ms Vanessa Waddell	391,081	-	-	11,810	402,891
Mr Phillip Hains	56	-	-	191,801	191,857
Dr Emma Ball	-	-	-	-	-
	<u>15,846,922</u>	<u>-</u>	<u>-</u>	<u>1,259,706</u>	<u>17,106,628</u>

1. Net change other refers to shares issued for the year under review, other than for remuneration, or traded on market.
2. Closing balance represents balance on retirement / resignation.

Note 6 Auditors' Remuneration

Note	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— Auditing or reviewing the financial report	42,000	41,000	42,000	38,600
— Taxation services	4,010	7,600	4,010	7,600
— Other - grant audits	(1,750)	6,250	-	-
	<u>44,260</u>	<u>54,850</u>	<u>46,010</u>	<u>46,200</u>

Note 7 Loss per Share

	2007 cents	2006 cents
Basic loss per share	(1.68)	(2.45)
Diluted loss per share	(1.68)	(2.45)
	2007 \$	2006 \$
(a) Reconciliation of earnings to profit/loss		
Net loss	(3,139,034)	(4,357,874)
Loss attributable to minority equity interest	57	104,401
Earnings used to calculate basic loss per share	<u>(3,138,977)</u>	<u>(4,253,473)</u>
(b) Weighted average number of ordinary shares outstanding during the year:	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	<u>187,146,193</u>	<u>173,830,582</u>
(c) Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. All the options on issue do not have the effect to dilute the loss per share. Therefore they have been excluded from the calculation of diluted loss per share.		

Note 8 Cash and Cash Equivalents

Note	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and in hand	145,610	230,503	90,900	58,888
Short-term bank deposits	526,170	2,980,846	526,170	2,980,846
	<u>671,780</u>	<u>3,211,349</u>	<u>617,070</u>	<u>3,039,734</u>

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Note 9 Trade and Other Receivables

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
CURRENT					
Goods and services tax		30,794	53,350	18,622	2,731
Other debtors		1,637	58,745	-	-
Amounts receivable from related party		-	-	-	258,822
		<u>32,431</u>	<u>112,095</u>	<u>18,622</u>	<u>261,553</u>
NON-CURRENT					
Loan to related party		-	-	13,843,237	10,999,892
Provision for non-recovery of loan		-	-	(12,443,237)	(3,145,992)
		<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>7,853,900</u>

Note 10 Other Financial Assets

NON CURRENT					
Shares in controlled entities, at recoverable amount					
— shares in controlled entities - unlisted		-	-	8,894,507	8,894,507
— less provision for impairment		-	-	(2,879,901)	-
		<u>-</u>	<u>-</u>	<u>6,014,606</u>	<u>8,894,507</u>
Unlisted investments, at recoverable amount					
— shares in other corporations at cost		3,249,120	3,249,120	-	-
— less provision for impairment		(267,604)	-	-	-
		<u>2,981,516</u>	<u>3,249,120</u>	<u>-</u>	<u>-</u>
Total non-current financial assets		<u>2,981,516</u>	<u>3,249,120</u>	<u>6,014,606</u>	<u>8,894,507</u>

Note 11 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
Parent Entity: Prima Biomed Ltd	Australia		
Subsidiaries of Prima Biomed Ltd			
Arthron Pty Ltd	Australia	99.99%	99.99%
Cancer Vac Pty Ltd	Australia	100.00%	100.00%
Oncomab Pty Ltd	Australia	100.00%	100.00%
Panvax Pty Ltd	Australia	100.00%	100.00%

Note 12 Plant and Equipment

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
PLANT AND EQUIPMENT					
Plant and equipment					
At cost		68,414	63,870	68,414	63,870
Accumulated depreciation		(46,589)	(37,568)	(46,589)	(37,568)
		<u>21,825</u>	<u>26,302</u>	<u>21,825</u>	<u>26,302</u>
Furniture and fittings					
At cost		79,795	74,922	68,300	63,427
Accumulated depreciation		(54,788)	(49,934)	(48,963)	(45,365)
		<u>25,007</u>	<u>24,988</u>	<u>19,337</u>	<u>18,062</u>
Total plant and equipment		<u>46,832</u>	<u>51,290</u>	<u>41,162</u>	<u>44,364</u>

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(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Plant and equipment \$	Furniture and fittings \$	Total \$
Economic Entity:			
Balance at the beginning of year	26,302	24,988	51,290
Additions	4,544	4,873	9,417
Disposals	-	-	-
Depreciation expense	(4,519)	(9,356)	(13,875)
Carrying amount at the end of year	<u>26,327</u>	<u>20,505</u>	<u>46,832</u>
Parent Entity:			
Balance at the beginning of year	26,302	18,062	44,364
Additions	4,544	4,873	9,417
Disposals	-	-	-
Depreciation expense	(9,021)	(3,598)	(12,619)
Carrying amount at the end of year	<u>21,825</u>	<u>19,337</u>	<u>41,162</u>

Note 13 Intangible Assets

	Economic Entity		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Goodwill				
Goodwill on acquisition of minority interests at cost	-	3,527,976	-	-
Reversal of losses previously borne by parent entity	-	(1,431,470)	-	-
Accumulated impairment losses	-	(2,096,506)	-	-
Net carrying value	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Patents, trademarks and licences				
Cost	1,915,671	1,915,671	-	-
Accumulated amortisation	(388,100)	(346,164)	-	-
Accumulated impairment losses	(901,923)	(901,923)	-	-
Net carrying value	<u>625,648</u>	<u>667,584</u>	<u>-</u>	<u>-</u>
Total intangibles	<u>625,648</u>	<u>667,584</u>	<u>-</u>	<u>-</u>

Note 14 Other Assets

	2007 \$	2006 \$	2007 \$	2006 \$
CURRENT				
Prepayments	70	68,486	70	31,903
	<u>70</u>	<u>68,486</u>	<u>70</u>	<u>31,903</u>

Note 15 Trade and Other Payables

	2007 \$	2006 \$	2007 \$	2006 \$
CURRENT				
Unsecured liabilities:				
Trade payables	122,256	409,269	51,002	83,242
Sundry payables and accrued expenses	102,893	565,723	68,661	314,079
	<u>225,149</u>	<u>974,992</u>	<u>119,663</u>	<u>397,321</u>

Note 16 Provisions

	2007 \$	2006 \$	2007 \$	2006 \$
CURRENT				
Employee Entitlements				
Opening balance at beginning of year	51,325	49,309	51,325	49,309
Additional provisions raised during year	20,259	27,122	20,259	27,122
Amounts used	(35,642)	(25,106)	(35,642)	(25,106)
Balance at end of the year	<u>35,942</u>	<u>51,325</u>	<u>35,942</u>	<u>51,325</u>
NON CURRENT				
Employee Entitlements				
Opening balance at beginning of year	17,009	13,568	17,009	13,568
Additional provisions raised during year	11,020	3,441	11,020	3,441
Unused amounts reversed	(10,913)	-	(10,913)	-
Balance at end of the year	<u>17,116</u>	<u>17,009</u>	<u>17,116</u>	<u>17,009</u>

(a) Number of Employees at Year-end	3	5	3	6
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Note 17 Issued Capital

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Fully paid ordinary shares	17a	37,825,332	36,940,829	37,825,332	36,940,829
Options over ordinary shares	17b	219,257	200,877	219,257	200,877
		<u>38,044,589</u>	<u>37,141,706</u>	<u>38,044,589</u>	<u>37,141,706</u>

(a) Ordinary Shares

		2007		2006	
		No.	\$	No.	\$
At the beginning of reporting period		176,630,535	36,940,829	157,252,158	34,846,076
Shares issued during year	(i)	21,422,740	1,081,096	19,378,377	2,114,679
Transfer of shares	(ii)	-	(122,899)	-	-
Expiration of options		-	4,220	-	-
Transaction costs relating to share issues		-	(77,914)	-	(19,926)
At reporting date		<u>198,053,275</u>	<u>37,825,332</u>	<u>176,630,535</u>	<u>36,940,829</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(i) 2007	Details	Number	Issue Price \$	\$
14-November-2006	Private placement	20,000,000	\$ 0.050	1,000,000
01-December-2006	Issue to Directors	902,500	\$ 0.057	51,442
01-December-2006	Issue to Employees	520,240	\$ 0.057	29,654
		<u>21,422,740</u>		<u>1,081,096</u>

2006	Details	Number	Issue Price \$	\$
12-July-2005	Issue to Biomira Inc.	2,594,034	\$ 0.110	285,344
04-August-2005	Private placement	190,476	\$ 0.110	20,952
24-August-2005	Issue to ARI	13,919,618	\$ 0.110	1,531,158
13-September-2005	Private placement	2,357,561	\$ 0.105	247,545
04-October-2005	Private placement	18,329	\$ 0.105	1,925
23-November-2005	Issue to Director	56,095	\$ 0.105	5,890
13-January-2006	Issue to Contractors	210,085	\$ 0.088	18,487
13-January-2006	Private placement	29,642	\$ 0.105	3,112
27-February-2006	Private placement	2,537	\$ 0.105	266
		<u>19,378,377</u>		<u>2,114,679</u>

(ii) 2007	Details	Number	Issue Price \$	\$
20-February-2007	Transferred from Biomira Inc.	(2,594,034)	\$ 0.091	(236,601)
20-February-2007	Transferred to Directors	994,034	\$ 0.050	49,702
20-February-2007	Transferred to other parties	1,600,000	\$ 0.040	64,000
		<u>-</u>		<u>(122,899)</u>

On 20th February 2007 2,594,034 ordinary shares were transferred from Biomira Inc. to Directors and other parties as a result of a Deed of Variation of License and Development Agreement with Biomira Inc. Under the terms of this agreement the Company was required to reimburse Biomira Inc. for the shortfall between the agreed payment to Biomira Inc. and proceeds received from transfer of shares to Directors and other parties.

(b) Options

		2007		2006	
		No.	\$	No.	\$
At the beginning of reporting period		50,906,155	200,877	50,780,155	69,217
Options issued during year	(i)	5,050,000	22,600	2,833,000	131,660
Expiration of options	(ii)	(44,706,155)	(4,220)	(2,707,000)	-
At reporting date		<u>11,250,000</u>	<u>219,257</u>	<u>50,906,155</u>	<u>200,877</u>

(i) 2007	Details	Number	Issue Price \$	\$
14-November-2006	Private placement fee	5,000,000	\$ 0.005	22,500
01-December-2006	Issue to Employee	50,000	\$ 0.002	100
		<u>5,050,000</u>		<u>22,600</u>

2006	Details	Number	Issue Price \$	\$
04-October-2005	Issue to Employee	167,000	\$ 0.040	6,680
23-November-2005	Issue to Directors	2,000,000	\$ 0.050	100,000
23-November-2005	Issue to Director	500,000	\$ 0.040	20,000
10-February-2006	Issue to Employee	166,000	\$ 0.030	4,980
		<u>2,833,000</u>		<u>131,660</u>

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(ii) 2007	Details	<u>Number</u>	<u>Issue Price \$</u>	<u>\$</u>
01-July-2006	Expiry of unlisted options	3,050,000	\$ -	-
06-July-2006	Expiry of unlisted options	7,052,100	\$ 0.001	4,220
16-July-2006	Expiry of unlisted options	1,664,000	\$ -	-
30-November-2006	Expiry of listed options	27,800,055	\$ -	-
30-November-2006	Expiry of unlisted options	3,140,000	\$ -	-
26-February-2007	Expiry of unlisted options	2,000,000	\$ -	-
		<u>44,706,155</u>		<u>4,220</u>
2006	Details	<u>Number</u>	<u>Issue Price \$</u>	<u>\$</u>
30-April-2006	Expiry of unlisted options	2,307,000	\$ -	-
06-June-2006	Expiry of unlisted options	400,000	\$ -	-
		<u>2,707,000</u>		<u>-</u>

Note 18 Capital and Leasing Commitments

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
(a) Operating Lease Commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements:					
Payable — minimum lease payments					
— not later than 12 months		5,406	51,260	5,406	51,260
— between 12 months and 5 years		2,703	8,109	2,703	8,109
— greater than 5 years		-	-	-	-
		<u>8,109</u>	<u>59,369</u>	<u>8,109</u>	<u>59,369</u>

A property lease was a non-cancellable lease with a two-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by a fixed amount of 4% per annum. The lease was terminated on 13 May 2007.

There is an operating lease for office equipment which commenced on 1st January 2006 for a term of 36 months with lease payments of A\$451 per month. Termination would require the Company to payout remaining lease payments till the end of term.

(b) **Other**

The CFO Solution provides administrative support at a rate of \$12,800 per month plus GST. This commitment may be terminated with 3 months notice from either party.

Note 19 Contingent Liabilities and Contingent Assets

Prima Biomed Ltd has a bank guarantee to the value of \$17,900 in relation to the lease of their premises in Kew, Melbourne. As at 30 June 2007 the bank guarantee had not been cancelled.

Otherwise there are no material amounts of contingent assets or liabilities not provided in the financial report.

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Note 21 Cash Flow Information

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
(a) Reconciliation of Cash Flow from Operations with net loss after income tax expense				
Net loss after income tax expense	(3,138,977)	(4,253,473)	(12,644,380)	(2,363,152)
Non-cash movements				
Add back depreciation expense	13,875	14,782	12,619	12,853
Add back amortisation expense	41,936	210,139	-	-
Add back interest on inter-company loans	-	-	(940,451)	(686,384)
Add back goodwill impairment	-	2,096,506	-	-
Add back loss borne by parent	(376)	105,470	-	-
Add back equity issued for nil consideration	103,696	149,318	103,696	149,318
Add back sale of intellectual property	-	(3,632,719)	-	-
Add back provisions for employee leave	(15,276)	5,457	(15,276)	5,457
Add back minority equity interest	(57)	(104,401)	-	-
Add back impairment of assets	267,604	-	-	-
Add back provision for inter-company investment	-	-	2,879,901	-
Add back provision for inter-company loan	-	-	9,297,245	1,073,664
Changes in assets and liabilities				
(Increases)/Decreases in Trade and Other Receivables	79,664	(35,600)	242,931	(192,720)
(Increases)/Decreases in Other Current Assets	68,416	143,121	31,833	48,308
Increases/(Decreases) in Trade and Other Payables	(749,843)	249,758	(277,657)	175,884
Cash flows from operating activities	<u>(3,329,338)</u>	<u>(5,051,642)</u>	<u>(1,309,539)</u>	<u>(1,776,772)</u>

Note 22 Share-based Payments

On 14th November 2006, 5,000,000 unlisted PRRAA options were granted to Taycol Nominees Pty Ltd as payment for private placement underwriting fees. These options are exercisable at \$0.12 on or before 30 September 2008. The options hold no voting or dividend rights. At balance date, none of the share options had been exercised.

The company established the Prima Biomed Limited 2006 Employee and Consultants Equity Participation Plan on 15th November 2006. All employees, directors and consultants are entitled to participate in the plan. The aggregate number of shares issuable under the plan, either by the issuance of shares or under options granted under the plan, shall not exceed 10,000,000 ordinary shares. On 1st December 2006 235,240 ordinary shares were issued to employees under the plan at an issue price of \$0.057 per share.

On 1st December 2006, a total of 1,187,500 ordinary shares were issued, per resolutions at 2006 AGM, to an employee and directors as bonus payments for the successful sale of Arthron Pty Ltd intellectual property to Trillium Therapeutics Inc. in the previous financial year. The options hold no voting or dividend rights. At balance date, none of the share options had been exercised.

On 1st December 2006, 50,000 unlisted PRRAY options were granted, per resolution at the 2006 AGM, to an employee as a performance bonus. These options are exercisable at \$0.20 on or before 26 February 2009. The options hold no voting or dividend rights. At balance date, none of the share options had been exercised.

All options granted to key management personnel are ordinary shares in Prima Biomed Ltd which confer a right of one ordinary share for every option held.

	Economic Entity				Parent Entity			
	2007		2006		2007		2006	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	50,906,155	\$ 0.23	50,780,155	\$ 0.23	50,906,155	\$ 0.23	50,780,155	\$ 0.23
Granted	5,050,000	\$ 0.12	2,833,000	\$ 0.22	5,050,000	\$ 0.12	2,833,000	\$ 0.22
Forfeited	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Exercised	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Expired	(44,706,155)	\$ 0.23	(2,707,000)	\$ 0.24	(44,706,155)	\$ 0.23	(2,707,000)	\$ 0.24
Outstanding at year-end	11,250,000	\$ 0.17	50,906,155	\$ 0.23	11,250,000	\$ 0.17	50,906,155	\$ 0.23
Exercisable at year-end	11,250,000	\$ 0.17	49,906,155	\$ 0.23	11,250,000	\$ 0.17	49,906,155	\$ 0.23

There were no options exercised during the year ended 30 June 2007.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.07 and a weighted average remaining contractual life of 1.48 years. Exercise prices range from \$0.12 to \$0.30 in respect of options outstanding at 30 June 2007.

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The weighted average fair value of the options granted during the year was \$0.004.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$	0.12
Weighted average life of the option		1.88 years
Weighted average underlying share price	\$	0.06
Weighted average expected share price volatility		47.87%
Weighted average risk free interest rate		6.37%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement is \$81,096 (2006: \$131,760), which relates, in full, to equity-settled share-based payment transactions.

Note 23 Events After the Balance Sheet Date

On 14th August 2007 the Company announced that it had received an Australian patent for methods of treating cancer with antibodies.

Otherwise no matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

Note 24 Related Party Transactions

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
(a) Other Related Parties				
Loans to Subsidiary Companies	-	-	1,400,000	7,853,900
Prima Biomed Ltd charged Arthron Pty Ltd a 5% success fee in regard to the sale of Arthron intellectual property to Trillium	-	-	-	201,267
Interest charged on loans to subsidiaries	-	-	940,451	686,384
Management fees charged to subsidiaries	-	-	408,312	463,990
Impairment of loans to subsidiaries	-	-	9,297,245	1,073,664
Impairment of investments in subsidiaries	-	-	2,879,901	-
(b) Key Management Personnel				

ProPharma International Partnership Inc, a firm associated with Dr Hammel received AUD\$17,644 (2006: AUD\$115,356) in consulting fees from Prima Biomed Ltd, nil (2006: AUD\$15,359) from Arthron Pty Ltd, AUD\$16,852 (2006: AUD\$3,117) from Cancer Vac Pty Ltd and nil (2006: AUD\$1,011) from Panvax Ltd.

Dr Mihaly is also a director of Prana Biotechnology Ltd. Prana Biotechnology Ltd engaged Panvax Ltd, a subsidiary of Prima Biomed Ltd to provide R&D services to the value of Nil in the financial year ended 30 June 2007 (2006: \$86,738).

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FOR THE YEAR ENDED 30 JUNE 2007

Note 25 Financial Instruments

(a) **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2007	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within Year	Fixed Interest Rate 1 to 5 years	Fixed Interest Rate Over 5 years	Non-Interest Bearing	Total
		\$	\$	\$	\$	\$	\$
Financial Assets:							
Cash and cash equivalents	4.93%	671,780	-	-	-	-	671,780
Trade and other receivables		-	-	-	-	32,431	32,431
Other current assets		-	-	-	-	70	70
Other financial assets		-	-	-	-	2,981,516	2,981,516
Total Financial Assets		671,780	-	-	-	3,014,017	3,685,797
Financial Liabilities:							
Trade and other payables	0.00	-	-	-	-	225,149	225,149
Total Financial Liabilities		-	-	-	-	225,149	225,149
		\$	\$	\$	\$	\$	\$
2006	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within Year	Fixed Interest Rate 1 to 5 years	Fixed Interest Rate Over 5 years	Non-Interest Bearing	Total
Financial Assets:							
Cash and cash equivalents	4.73%	3,211,349	-	-	-	-	3,211,349
Trade and other receivables		-	-	-	-	112,095	112,095
Other current assets		-	-	-	-	68,486	68,486
Other financial assets		-	-	-	-	3,249,120	3,249,120
Total Financial Assets		3,211,349	-	-	-	3,429,701	6,641,050
Financial Liabilities:							
Trade and other payables		-	-	-	-	974,992	974,992
Total Financial Liabilities		-	-	-	-	974,992	974,992

(b) **Credit Risk**

Financial assets, which potentially expose the economic entity to concentrations of credit risk, consist primarily of cash and cash equivalents and term deposits over three months. The economic entity's cash and cash equivalents are placed with high credit quality financial institutions. Accordingly, the Directors believe the economic entity has no significant concentration of credit risk.

(c) **Net Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in note 1.

The net fair values of:

- Listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other assets and other liabilities approximate their carrying value.

Financial assets where the carrying amount exceeds net fair values have not been written down as the economic entity intends to hold these assets to maturity.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 35, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. 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.



Director

_____ **Mr Eugene Kopp**

Dated this 27th day of September 2007

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

Report on the Financial Report

We have audited the accompanying financial report of Prima Biomed Limited (the company) and Prima Biomed Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Melbourne

Level 12
459 Collins Street
Melbourne 3000
Victoria Australia

DX 505 Melbourne

Telephone: (03) 8625 5200
Facsimile: (03) 8625 2222
Email: hcmelinfo@hallchadwick.com.au

Partners

John H Davis
Digby L Looker
Graeme A Marriott
Robert L Yeo
Kevin P Adams
Stan Traianedes

Other firms in:

Sydney
Adelaide
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Prima Biomed Limited and Prima Biomed Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Hall Chadwick
Chartered Accountants



Kevin Adams
Partner

Melbourne
27 September 2007

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**PRIMA BIOMED LTD
SHAREHOLDER INFORMATION**

As at 19 September 2007

NUMBER OF HOLDERS OF EQUITY SECURITIES

Ordinary Shares

198,053,275 fully paid ordinary shares are held by 2,535 individual shareholders
All ordinary shares carry one vote per share.

Options

5,250,000 [ASX Code PRRAY] options exercisable @ \$0.20 on or before 26/02/09 are held by 8 individual shareholders.
1,000,000 [ASX Code PRRAC] options exercisable @ \$0.30 on or before 26/02/09 are held by 2 individual shareholders.
5,000,000 [ASX Code PRRAA] options exercisable @ \$0.12 on or before 30/09/08 are held by 1 individual shareholder.
300,000 [ASX Code PRRAK] options exercisable @ \$0.20 on or before 6/08/10 are held by 1 individual shareholder.

Options do not carry a right to vote. Voting rights will be attached to the unissued shares when the options have been exercised.

DISTRIBUTION OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES

	Fully paid ordinary shares
1 - 1,000	179
1,001 - 5,000	519
5,001 - 10,000	1488
10,001 - 100,000	295
100,001 - and over	54
Total number of shareholders	2535
Unmarketable parcels	1285

TWENTY LARGEST HOLDERS OF QUOTED SECURITIES

Shareholders	Number	Fully Paid Ordinary Shares
		(ASX Code PRR)
		%
1 The Macfarlane Burnet Institute for Medical Research and Public Health Ltd	14,419,618	7.28%
2 ANZ Nominees Ltd	5,439,121	2.75%
3 Ruggles Cai	3,500,000	1.77%
4 Troca Enterprises Pty Ltd	3,000,000	1.51%
5 A J Basile Holdings Pty Ltd	3,000,000	1.51%
6 A Di Bella Pty Ltd	2,481,500	1.25%
7 Stanley Nominees Pty Ltd	2,401,780	1.21%
8 Comsec Nominees Pty Ltd	1,935,702	0.98%
9 E W Edghill Pty Ltd	1,500,000	0.76%
10 Avico Pty Ltd	1,500,000	0.76%
11 Aridas Arthur & Tania	1,500,000	0.76%
12 Khim Goh Geok	1,500,000	0.76%
13 Lai Basil & Sylvia	1,477,100	0.75%
14 CIMB-GK Securities Pte Ltd	1,473,764	0.74%
15 Net Nominees Pty Ltd	1,450,000	0.73%
16 Merrill Lynch (Australia) Nominees Pty Ltd	1,250,000	0.63%
17 Walthamstow Pty Ltd	1,221,000	0.62%
18 Jaajaa Joseph	1,215,408	0.61%
19 HMS Nominees Ltd	1,000,000	0.50%
20 Challand Pty Ltd	1,000,000	0.50%
	52,264,993	26.38%

UNQUOTED EQUITY SECURITIES HOLDINGS GREATER THAN 20%

Taycol Nominees Pty Ltd holds 5,000,000 unlisted options which represents 43.29% of a total of 11,550,000 unlisted options.

SUBSTANTIAL shareholders

The names of substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act are:

The Macfarlane Burnet Institute for Medical Research and Public Health Ltd

14,419,618 ordinary shares

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholders should contact the share registry:

Security Transfer Registrars
770 Canning Highway Applecross
Western Australia 6153
Telephone (08) 9315 2333
Facsimile (08) 9315 2233
Email registrar@securitytransfer.com.au

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHES (Clearing House Electronic Subregister System)

shareholders wishing to move to uncertified holdings under the Australian Stock Exchange CHES system should contact their stockbroker.

UNCERTIFIED SHARE REGISTER

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of your holding.

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**PRIMA BIOMED LTD
CORPORATE DIRECTORY**

DIRECTORS

Mr Eugene Kopp	Executive Chairman & Acting Chief Executive Officer
Dr Richard Hammel	Non-Executive Director
Mr Phillip Hains	Finance Director

COMPANY SECRETARIES

Mr Phillip Hains
Mr Robert Kleine

REGISTERED OFFICE

Prima Biomed Ltd
Suite 1, 1233 High St, Armadale
Victoria 3143
Australia

PRINCIPLE PLACE OF BUSINESS

Prima Biomed Ltd
309 Glenferrie Rd, Armadale
Victoria 3143
Australia

AUDITORS

Hall Chadwick
Chartered Accountants
Level 12, 459 Collins St Melbourne
Victoria 3000
Australia

SOLICITORS

Oakley Thompson & Co
Level 17, 500 Collins Street, Melbourne
Victoria, 3000
Australia

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway Applecross
Western Australia 6153
Australia
Telephone (08) 9315 2333
Facsimile (08) 9315 2233
Email registrar@securitytransfer.com.au

SECURITIES QUOTED

Code: PRR Shares

WEBSITE

www.primabiomed.com.au