PRIMA BIOMED LTD

Australian Cancer Treatment Company

ABN 90 009 237 889

Annual Report 2011

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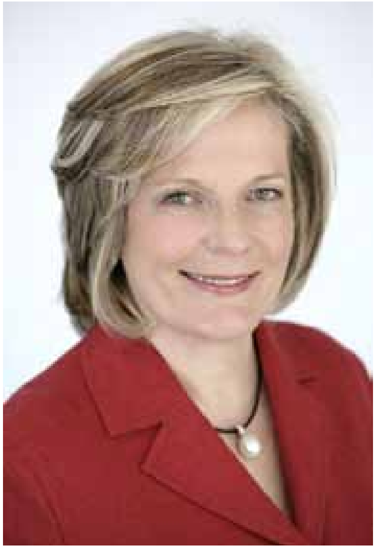
>> CORPORATE DIRECTORY

Directors	Ms Lucy Turnbull, AO (Non – Executive Chairman) Mr Albert Wong (Non – Executive Deputy Chairman) Mr Martin Rogers (Managing Director & Chief Executive Officer) Dr Neil Frazer (Chief Medical Officer) Dr Richard Hammel (Non – Executive Director)
Company secretary	Mr Ian Bangs
Registered office	Level 7 151 Macquarie Street Sydney NSW 2000
Principal place of business	Level 7 151 Macquarie Street Sydney NSW 2000
Share register	Boardroom Limited 207 Kent Street Level 7 Sydney, NSW 2000
Auditor	MDHC Audit Assurance Pty Ltd Level 3, 302 Burwood Road Hawthorn, VIC 3122
Solicitors	McCabe Terrill Level 14, 130 Elizabeth Street Sydney, NSW 2000
Stock exchange listing	Prima BioMed Ltd shares are listed on the Australian Securities Exchange (ASX code: PRR)
Website address	www.primabiomed.com.au

Certain values define
the way we innovate:
integrity, scientific method
and creative thinking.

>> CHAIRMAN'S LETTER



Dear Shareholder

It gives me great pleasure to report on what has been a tremendous 12 months of progress for Prima BioMed, in both the development of our CVac™ ovarian cancer vaccine and also in the corporate and financial position of the Company.

The Company's core focus remains on the development and commercialisation of CVac™ into the multi-billion dollar pharmacy oncology market – to provide a new treatment option for ovarian cancer patients globally and deliver significant value for our shareholders.

And, over the past year we have continued to make significant advances towards this goal. this is highlighted by the following achievements.

A Potency Assay has successfully been developed for the CVac™ vaccine. This ensures that a given batch of CVac™ will have a pre-defined minimum level of potential biological activity, and helps demonstrate a batch-to-batch consistency of the treatment.

An agreement has been reached for the strategy and design for CVac™'s upcoming Phase III Trial. The Phase III clinical trial has been formally named CANVAS (CANcer VAccine Study) and the trial is now referred to as CANVAS. This is significant as it allows the Company to progress with preparations for patient recruitment into the trial. Also during the year, CVac™ was also granted Orphan Drug status by the US Food and Drug Administration (FDA).

On our Phase IIb Trial, which is currently being conducted under the guidance of the FDA, we reported that the first patient cohort – of seven patients – had successfully completed their first treatment with the CVac™ vaccine, without any safety data concerns. As a result, randomised patient enrolment for the balance of the trial has recently been completed.

Another important milestone was the granting of marketing and distribution approval for CVac™ in Dubai, by Dubai Health Care City. This represented CVac™'s first commercial approval, and provides a unique opportunity for Prima to provide treatment for cancer patients in the Middle Eastern region.

Company is in a strong financial position following a successful capital raising of over $41 million dollars through a combined share placement and shareholder purchase plan completed this year.

Our plans to list on the NASDAQ market in the US were announced last September, and while the process has taken longer than anticipated, we remain committed to the process and look forward to providing further details in due course. The Company is of the view that a NASDAQ listing will provide a listed structure that better meet the needs of our investors in both Australia and the US.

Finally, I would like to thank all shareholders for their continued support. The year ahead promises to be another of significant growth and progress as we embark on our key CANVAS Trial for CVac™, and I look forward to sharing news of this progress with you.

Yours sincerely

Lucy Turnbull

Lucy Turnbull, AO
Chairman,
Prima BioMed Ltd
27 September 2011

>> REVIEW OF OPERATIONS

On behalf of the Board and Management of Australian cancer treatment development company Prima Biomed (ASX: PRR) I am pleased to provide the following review of operations and activities of the Company over the previous 12 months.

Key Achievements for FY 2010/2011

— A$41.3 million raised in successful Capital Raising

— Potency Assay for CVac™ ovarian cancer vaccine successfully developed

— CVac™ commercialisation plans commenced in the Middle East – CVac™ at Dubai Healthcare City

— Scientific Advice granted provided by EMA regulatory for CVac™ Phase III Trial

— First patient cohort successfully treated in CVac™ Phase IIb Trial

— New board and management appointments broadens Company skill set

— Orphan Drug Designation granted for CVac™ by US Food and Drug Administration building on EMA Orphan Product Designation

A$41.3 million raised in successful Capital Raising

In May 2011 the Company completed a successful Capital Raising which raised a total of A$41.3 million. It comprised a Placement to institutional and sophisticated investors which raised a total of A$21 million, and a Share Purchase Plan (SPP) to existing shareholders, which raised A$20.3 million. Deutsche Bank AG and Ord Minnett Limited were joint lead managers for the Placement.

The price of shares under the Placement and the SPP was 28 cents, which represented a discount of 18.8% to the adjusted volume weighted average price for the five day period up to and including Tuesday 24 May 2011.

The funds raised under the Capital Raising will be used by Prima for its ongoing development of the CVac™ immunotherapy ovarian cancer vaccine, including its upcoming Phase III Clinical Trials, and also to provide working capital for the Company. The Company was delighted with the response from institutional investors to its Capital Raising.

Potency Assay for CVac™ ovarian cancer vaccine successfully developed

In June 2011 Prima confirmed that a Potency Assay for the CVac™ immunotherapy ovarian cancer vaccine had been successfully developed.

The purpose of a Potency Assay is to ensure that a given batch of the CVac™ vaccine has a predefined minimum level of potential biological activity that will deliver an expected result. It also helps demonstrate a batch-to-batch consistency of the treatment.

The development of a Potency Assay is an important step for CVac™. It gives Prima BioMed an opportunity to compare manufacturing across manufacturing facilities used world-wide and will lead to a validation tool for regulatory purposes; once patient data from the upcoming Phase III study is available ensuring consistency of biological activity.
The assay is a key component in the process to establish CVac™
as a pharmaceutical grade product, and will become an integral part of the Chemistry Manufacturing and Controls (CMC) section of a future registration regulatory package for CVac™.

CVac™ commercialisation plans commenced in the Middle East – CVac™ at Dubai Healthcare City

In May 2011, Dubai Healthcare City (DHCC) granted approval for the marketing and distribution of the CVac™ vaccine in DHCC. This represented the first approval globally to make CVac™ commercially available, and is a major market opportunity for Prima to provide treatment for cancer patients in the Middle Eastern region and generate revenues.

Subject to finalising regulatory and logistical steps, the first sales of CVac™ in DHCC are expected before the end of 2011.

CVac™ will be available in DHCC through Prima's partnership with The City Hospital, a state-of-the art multi-disciplinary hospital in Dubai. Prima and The City Hospital has signed a Memorandum of Understanding on the terms and conditions by which CVac™ will be available. A full agreement between the parties has been signed. There is also the potential, in the future, to extend the application of CVac™ in Dubai to other mucin-1 positive tumours.

At the same time Dr Hind Al Saadi was appointed General Manager of Prima BioMed's Middle East operations to lead the commercialisation effort for CVac™ in the region. Dr Al Saadi is a pharmacist by training with nearly 20 years industry experience in marketing, sales, distribution, and regulatory affairs.

Scientific Advice granted for CVac™ Phase III CANVAS Trial

In February 2011 an agreement was entered into for the strategy and design for the Phase III Trial of the CVac™ immunotherapy therapeutic ovarian cancer vaccine. The agreement came after the European regulator, the European Medicines Agency (EMA) advised that Scientific Advice for the Phase III Trial had been granted.

The Phase III clinical trial has been formally named CANVAS (CANcer VAccine Study) and the trial will be referred to as CANVAS going forward.

This was a significant milestone in the development of CVac™, and allowed Prima to progress with preparations for patient recruitment into the CANVAS Trial. The Company also advises that it recently completed a successful progress meeting with the US Food and Drug Administration (FDA) regarding the upcoming CANVAS trial.

The CANVAS Trial will be conducted on 800 patients in a double-blind placebo controlled study, randomized 1 : 1 of CVac™ vs placebo. It will be conducted across multiple sites in Europe, the US and Australia. Full enrollment for the trial is expected to be complete by the start of 2013. Interim data from the CANVAS Trial is expected to be available in 2013, and would provide the first opportunity to observe statistical analysis of progression free survival. CANVAS is an event driven study and actual study timelines will be dependent on patient outcomes in the trial (i.e. how long patients stay in remission and stay alive). As such, these timelines are indicative only and are provided only as a guideline. Prima will provide regular updates regarding actual enrolment and progression events throughout the CANVAS trial.

If statistical endpoints are successfully reached in the CANVAS Trial, CVac™ should be well placed to become the world's first ovarian cancer immunotherapy treatment.

First patient cohort successfully treated in CVac™ Phase IIb Trial and enrolment complete
Also in February 2011, the first seven patients in the CVac™ Phase IIb Trial successfully completed the first treatment cohort with the CVac™ vaccine, and no safety data concerns were expressed by the Data Safety Monitoring Board (DSMB). The DSMB voted unanimously to allow the study to progress as planned.

As a result, patient enrollment into the randomised component of the Phase IIb Trial (a further 54 patients) opened and now has been completed. This patient cohort will be tracked on standard of care vs treatment with CVac™. The trial is open in five premier sites in Australia and 15 sites across the US.

The initial cohort of seven subjects (who met the Phase IIb Trial's eligibility criteria) completed their first injection of the CVac™ vaccine, in an open label fashion. Post the treatment, the patient group was monitored for a period of (at least) 28 days to assess any treatment-related adverse effects.

New board and management appointments
In October 2010 **Ms Lucy Hughes Turnbull, AO was appointed the Company's new Chairman.** She replaced acting Chairman, Mr Albert Wong, who remains on the Board as Deputy Chairman. Ms Turnbull has strong links to the healthcare sector.

She was previously the Chairman of the New South Wales Government's Ministerial Advisory Committee on Biotechnology from 2001-2, a Director of the Sydney Cancer Foundation from 2002-6 and Director and Chair of the Sydney Children's Hospital Foundation from 1993-2000. She is currently on the Board of the Cancer Institute NSW.

Ms Turnbull also has a strong depth of experience in commercial legal practice and investment banking. During her career she has held a number of high profile positions, including Lord Mayor of the City of Sydney from 2003-2004 and, prior to that, Deputy Lord Mayor of Sydney from 1999-2003.

In July 2010, the Company's Chief Medical Officer **Dr Neil Frazer joined the Board as an Executive**

Director. The appointment increased the level of clinical expertise on the Board. Dr Frazer resides in the US and plays a key role in overseeing Prima's late-stage trials for CVac™. He has more than 23 years experience in the pharmaceutical industry, including 10 years experience in oncology drug development, and has a strong depth of expertise in managing the clinical development process of new drug applications.

He has been involved in the successful applications for 10 new chemical entities (NCE) in multiple therapeutic areas, plus more than 20 applications for line extensions of pharmaceutical drug applications. Dr Frazer has a Bachelor of Medicine and Bachelor of Surgery (MB ChB) from the University of Edinburgh Medical School, and has a Fellowship from the Royal College of Anaesthetists in London (FRCA) and a Fellowship in Pharmaceutical Medicine from the Royal College of Physicians.

The Company's previous Chairman Mr Ata Gokyildirim resigned from the Company on 27 July 2010.

Mr Ian Bangs **was appointed the Company's new Company Secretary and Chief Financial Officer**. He has a strong depth of experience and expertise in the financial management of publicly listed companies, and has previously held the roles of Chief Financial Officer and Company Secretary for a number of ASX-listed companies.

These include property and funds management group LandMark White Limited (ASX: LMW) and, prior to that, IFC Capital Limited (ASX: IFC) for six and a half years. He was also the CFO of the Four Seasons Hotel (formerly the Regent Hotel) in Sydney for 10 years.

Mr Bangs has a Bachelor of Commerce degree and is a Fellow CPA.

Dr Sharron Gargosky was appointed Senior Vice President for CVac™ Clinical Programs in August 2010. She has 18 years experience in the biotechnology and pharmaceutical industries, and has worked in senior positions for a number of companies which have successfully received FDA approval for orphan drugs.

She is based in the US in her role and is a key senior member of Prima's world class executive team. Dr Gargosky is responsible for managing the clinical team working on the CVac™ immunotherapy cancer vaccine.

Orphan product Designation granted for CVac™ by US Food and Drug Administration
Building on EMA Orphan Product Designation in June 2010 in September 2010 Prima was granted Orphan Medicinal Product Designation for CVac™ by the US Food and Drug Administration (FDA). The approval was given under the generic name Autologous Dendritic Cells Pulsed With Recombinant Human Fusion Protein (Mucin1- Glutathione S Transferase) Coupled To Oxidized Polymannose for treatment of ovarian cancer.

Orphan Product designation provides Prima with major benefits during CVac™'s development process in the US. Key incentives include; the exclusive rights to the cure, or treatment, for a specific condition for a period of 7 years post the approval to commercially market CVac™, providing priority review

REVIEW OF OPERATIONS CONTINUED

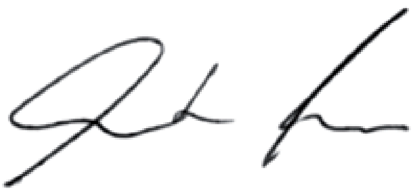
within the FDA, waiving of FDA fees, grant eligibility and the provision of tax reductions. Orphan Product designation is intended to provide incentives to encourage companies to pursue cures and treatments for rare diseases, such as ovarian cancer. These include; priority review, research support, eligibility for protocol assistance, and possible exemptions in certain regulatory fees during development, or at the time of application.

Other activity

In April 2011, Prima's subsidiary company, Cancer Vac Pty Ltd, was granted a patent for CVac™ from the Japanese Patent Office. The claims secured in patent number 4669930 provide for the manufacture of mannan fusion protein (MFP) conjugated vaccine to a patient's own dendritic cells. The granted patent claims will allow the conjugation of Mucin-1 as well as other cancer antigens to MFP. Prima now intends to file for Orphan Drug Designation for CVac™ in Japan.

In January 2011, the Company reached an agreement for the early termination of its convertible loan funding facility with New York-based investment fund SpringTree Special Opportunities Fund, LP (SpringTree). At the same time SpringTree agreed to make an additional one-off investment of $2.5 million in Prima.

In August 2010, Prima's subsidiary company Oncomab Pty Ltd, entered into a licensing agreement for the development of a Cripto-1 cancer monoclonal antibody (mAB) with leading Dutch pharmaceutical development company Bioceros. The Licensing Agreement is a 70 (Prima):30 (Bioceros) project split and the work will be undertaken by Bioceros. The agreement expands Prima's clinical development programs in the area of immunotherapy cancer treatments.



Martin Rogers
Managing Director & Chief Executive Officer (CEO)

The following describes the status of the Intellectual Property portfolio at 30 June 2011:

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, Canada, Japan (x2), USA (x2), UK, Italy, France, Germany, Ireland. Application allowed in the USA.	2014
Family 2			
Mimics	Mucin -1 mimicking peptides and their use in cancer immunotherapy.	Granted in Australia, New Zealand, USA, Japan, UK, Italy, France, Germany, Switzerland. Application allowed in Canada.	2016
Family 3			
Ex vivo cell therapy	Method of producing dendritic cells pulsed with MFP (family 1).	Granted in Australia, Austria, Belgium, Denmark, France, Germany, Italy, Ireland, Japan, Luxembourg, Spain, Sweden, Switzerland, Netherlands, UK. Applications pending in the USA, and allowed in Canada .	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 ROW: 2021
Biomira licensed patents	Human mucin core protein, antibodies and probes.	Granted in the US (3 patents) and Canada.	2018
Note CVac™ has Orphan Drug Designation. US FDA & EMA 7 years & 10 years exclusively from product launch.			
ONCOMAB			
Family 1			
Cancer Antibodies	Therapeutic cancer antibodies targeting cancer antigen, cripto-1.	Granted in Australia, China, New Zealand, South Korea, and USA. Applications pending in Canada, Europe and Japan.	2022

>> 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 the board to add value

Directors are selected to achieve a broad range of skills, experience and expertise complementary to the Company's activities. The names of the Directors, their independence, qualifications and experience are stated in the Directors' Report along with the term of office held by each.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual.

The Directors can take independent professional advice at the expense of the Company as they determine necessary to carry out its duties.

The Board continually review and assess the benefits associated with the introduction of external independent Non-Executive Directors, and accordingly 3 of the 5 Directors of the Company are now Non-Executive Directors, including the Chairman.

On the 31st August 2011, the Company announced it had implemented a Diversity Policy. While the key focus of the Diversity Policy and the ASX Corporate Governance Council's recommendations is on promoting the role of women within organisations, the Company recognises that other forms of diversity are also important and will seek to promote and facilitate a range of diversity initiatives throughout the Company beyond gender diversity. The Board will ensure that appropriate procedures and measures are introduced and responsibilities delegated to the Remuneration committee to ensure that the Company's diversity commitments are implemented appropriately.

At the date of release of the Annual Report, the Company has 50 % of its employees being female. The Board is comprised of five directors with the Chairman being female. This is a participation rate of 20 %.

A copy of the Diversity Policy is available on the Company's website.

Performance evaluation

No formal performance evaluation of the Board was conducted for the year ended 30 June 2011 as the majority of the current Board have been in their positions for a period of less than 12 months. The Company believes that this process would be best conducted once the Board members have been able to establish themselves in their positions for a minimum of 12 months. The Board recognises the importance of performance evaluations and will continually assess the necessity and timing of future performance evaluation.

Audit Committee
The membership of the Audit Committee only comprises Non-Executive Directors. The Chairman of the Audit Committee is a Non-Executive Director who is not the Chairman of the Board.

The role of the Audit Committee is to oversee the integrity the Company's financial reporting process.

The Audit Committee has direct and unlimited access to the external Auditor.

Nomination Committee
The Board believes that the Company is not of size, nor are its financial affairs of such complexity, to justify the establishment of a Nomination Committee of the Board of Directors as recommended by the Council. All matters which might be properly dealt with by a Nomination Committee are considered by full Board of Directors.

The Board considers the necessity to establish a Nomination Committee annually.

Share trading policy
Whilst the Board encourages its Directors and employees to own securities in the Company, it is also mindful of its responsibility that the Company complies with the Corporations Act 2001 pertaining to 'insider trading' and its 'proper duties in relation to the use of insider trading'.

To ensure that the above issues comply with the requirements of the Corporations Law, the Board has established and implemented a policy on share trading in the Company's securities by Directors and employees.

Essentially, the policy restricts Directors and employees from acting on material information until it has been released to the market, adequate time has been given for this to be reflected in the securities prices, and implements restrictions on share trading in the Company's securities by Directors and employees during 'black-out periods' as defined by the Share Trading Policy.

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

The Board has received a report from management that the Company's material business risks are being managed effectively.
The CEO and CFO have given a statement to the Board, in accordance with 'Best Practice Recommendation 7.3', that:

a) the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
b) the Company's 'Risk Management and Internal Control System', is operating effectively in all material respects in relation to financial reporting risks.

Remunerate fairly and responsibly
Profiles of members and attendance at meetings of the Remuneration Committee are detailed in 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 the Remuneration Report on Page 24.

You can‘t engineer quality of life.
But you can research and
draw the right conclusions for incubating
a better patient response.

>> DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Prima BioMed Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors
The following persons were directors of Prima BioMed Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ms Lucy Turnbull, AO (appointed on 7 October 2010)
Mr Albert Wong
Mr Martin Rogers (appointed on 23 July 2010)
Dr Neil Frazer (appointed on 23 July 2010)
Dr Richard Hammel
Mr Ata Gokyildirim (resigned on 27 July 2010)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of: research and commercialisation of licensed medical biotechnology.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $21,081,095 (30 June 2010: $17,960,320).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
Refer to Note 35 detailing events occurring after the reporting date.

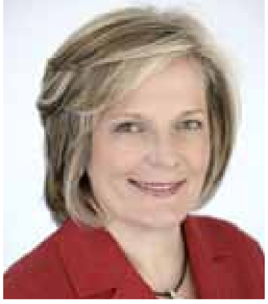
No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

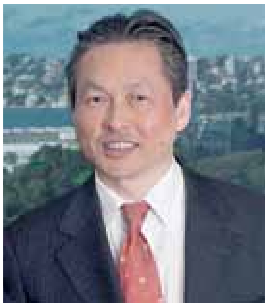
Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Ms Lucy Turnbull, AO	—	Non-Executive Chairman
Qualifications	—	LLB University of Sydney, MBA AGSM
Experience and expertise	—	From 2001 to 2002, Ms. Turnbull was the Chairman of the New South Wales Government's Ministerial Advisory Committee on Biotechnology, from 2002 to 2006 she was a Director of the Sydney Cancer Foundation and from 1993 to 2000 she was Director and Chair of the Sydney Children's Hospital Foundation. She is currently on the Board of the Cancer Institute NSW. Ms. Turnbull, AO also has a strong depth of experience in commercial legal practice and investment banking. During her career Ms. Turnbull, AO has held a number of high profile positions, which have included Lord Mayor of the City of Sydney from 2003 to 2004 and, prior to that, Deputy Lord Mayor of Sydney from 1999 to 2003. Ms. Turnbull, AO is a Board member of Australian Technology Park at Redfern, the Waterloo Redfern Authority and the Sydney Metropolitan Development Authority. Ms. Turnbull, AO is active in the not for profit sector and currently holds a number of positions including as Deputy Chairman of the Committee for Sydney, and a board member of the following organisations: the U.S. Studies Centre at Sydney University, Biennale of Sydney and the Redfern Foundation.
Other current directorships	—	None
Former directorships (in the last 3 years)	—	Melbourne IT Ltd
Special responsibilities	—	None
Interests in shares	—	4,622,076 fully paid ordinary shares
Special responsibilities:	—	10,000,000 options

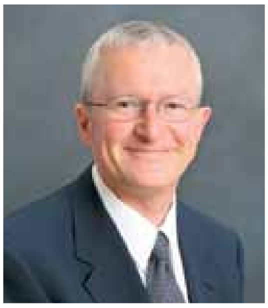


Mr Albert Wong	—	Non-Executive Director and Deputy Chairman
Qualifications	—	Bachelor of Commerce (UNSW), F Fin, MSDIA, FAICD
Experience and expertise	—	Mr Wong is a corporate adviser and investment banker with more than 29 years in the finance industry and brings his expe rience and expertise to the Board of Prima. Formerly a stock-broker for 22 years, Mr Wong was admitted as a Member of the Australian Stock Exchange in 1988 and was a principal of Intersuisse Limited until1995 when he established and listed on ASX the Barton Capital group of companies including eStar Online. Mr Wong was also a founding Director of both Pluton Resources Limited and Gujarat NRE Resources NL. He is also involved in a number of philanthropic activities, these include current Directorships on UNSW Foundation Limited, Ian Thrope's Fountain for Youth Foundation, Honorary Life Governor of the Science Foundation for Physics at the University of Sydney. Mr Wong remains a Fellow of Financial Services Institute of Australasia, he is a Practitioner Member (Master Stockbroking) of the Stockbrokers Associations of Australia and a Fellow of the Australian Institute of Company Directors.
Other current directorships	—	Winmar Resources Ltd and Cabral Resources Ltd
Former directorships (in the last 3 years)	—	None
Special responsibilities	—	Chairman of Audit Risk and Compliance Committee and Remuneration Committee.
Interests in shares	—	3,350,000 fully paid ordinary shares
Interests in options	—	7,500,000 options

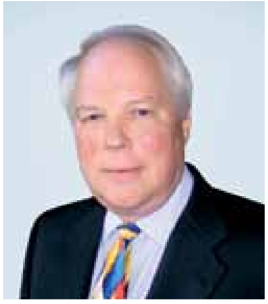


Mr Martin Rogers	—	Managing Director & Chief Executive Officer (CEO)
Qualifications	—	Bachelor of Chemical Engineering, Bachelor of Science (UNSW)
Experience and expertise	—	Mr Rogers has a strong science background and is currently a member of the management committee of the National Breast Cancer Foundation. Mr Rogers also has strong expertise in the corporate sector, with a focus on the incubation and development of new business concepts and the establishment of internal ventures and external partnerships, including finance concept origination in the corporate banking sector for institution
Other current directorships	—	None
Former directorships (in the last 3 years)	—	The Rewards Factory Limited
Special responsibilities	—	None
Interests in shares	—	30,834,179 fully paid ordinary shares
Interests in options	—	10,000,000 options

Dr Neil Frazer	—	Appointed as a Director on the 23rd July 2010 (previously Chief Medical Officer)
Qualifications	—	Bachelor of Medicine, Bachelor of Surgery (MB ChB)
Experience	—	Dr Frazer has more than 24 years experience in the pharmaceutical industry, including 10 years experience in oncology drug development, and has a strong depth of expertise in managing the clinical development process of new drug applications. He has been involved in the successful applications for 10 new chemical entities in multiple therapeutic areas, plus more than 20 applications for line extensions of pharmaceutical drug applications. Dr Frazer has a Bachelor of Medicine and Bachelor of Su University of Edinburgh Medical School, and has a Fellowship from the Royal College of Anaesthetists in London (FRCA) and a Fellowship in Pharmaceutical Medicine from the Royal College of Physicians.
Other current directorships	—	None
Former directorships (in the last 3 years)	—	None
Special responsibilities	—	None
Interests in shares	—	112,000 fully paid ordinary shares
Interests in options	—	2,000,000 options



Dr Richard Hammel	—	Non-Executive Director
Qualifications	—	BPharm, MSc, PhD
Experience	—	Dr Hammel is the founding partner of 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 Business 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 30 years expertise in commercialisation and licensing in emerging and developing biotechnology companies.
Other current directorships	—	None
Former directorships (in the last 3 years)	—	None
Special responsibilities	—	Member of Audit Risk and Compliance Committee and Remuneration Committee.
Interests in shares	—	10,257,487 fully paid ordinary shares
Interests in options	—	5,000,000 options



Mr Ata Gokyildirim	—	Non-Executive Chairman
Qualifications	—	Bachelor of Commerce
Experience	—	Mr Gokyildirim, has over 20 years experience in retail services and investment banking business, with extensive experience in deal origination and execution. He was previously an executive at David Jones Ltd, assisting with a strategic review and cost efficiency analysis exercise undertaken by the Chief Executive Officer. He has held senior merchant banking positions that involved cross border structured finance transactions, creative securitisation and infrastructure deals with various corporations including Dresner International, State Bank of Victoria and Australia Bank as head of securities derivatives dealing.
Other current directorships	—	The Rewards Factory Ltd
Former directorships (in the last 3 years)	—	None
Special responsibilities	—	None
Interests in shares	—	N/A
Interests in options	—	N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Bangs was appointed company secretary on 3 May 2011.
Mr Phillip Hains resigned as company secretary on 1 July 2011 after 9 years service as company secretary.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Ms Lucy Turnbull, AO	5	5	–	–	–	–
Mr Albert Wong	8	8	1	1	2	2
Mr Martin Rogers	8	8	–	–	–	–
Dr Neil Frazer	8	8	–	–	–	–
Dr Richard Hammel	6	8	1	1	2	2
Mr Ata Gokyildirim	–	1	–	–	–	–

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.
Mr Ata Gokyildirim resigned on 27 July 2010.

>> MANAGEMENT DIRECTORY

Mr Matthew Lehman,
Chief Operating Officer

Mr Lehman has served as our Chief Operating Officer since February 2010. Mr. Lehman has experience in clinical research, development programs and obtaining drug approval. He has specific expertise in clinical development strategies, operations and in-outsourcing.
From 2000 until 2010, Mr. Lehman was chief operating officer for SPRI Clinical Trials in the US and Europe, where he managed teams in all areas of clinical operations.
Mr. Lehman is based in Berlin, Germany and plays a key role in leading our research and development plans, and clinical trials for its Cvac ovarian cancer therapy vaccine. Mr. Lehman has a Master of Science from Columbia University in New York, and a Bachelor of Arts from the University of Louisville, Kentucky.
He is also a member of the European Business Association and Association for Clinical Research Professionals.

Mr Ian Bangs,
Chief Financial Officer & Company Secretary

Ian Bangs has over 25 years' experience working in senior finance positions with companies involved in a range of diversified industries. Mr Bangs has worked as Chief Financial Officer and Company Secretary for a number of public companies listed on the ASX including LandMark White Limited, IFC Capital Limited and 10 years as the CFO of the Regent Hotel in Sydney. He has been responsible for the day to day financial and administrative operations together with the statutory reporting and compliance obligations of these organisations. He has a Bachelor of Commerce degree and is a Fellow CPA.

Dr Sharron Gargosky,
Senior Vice President, CVac™ Program

Dr Gargosky has 17 years' experience in the biotechnology and pharmaceutical industries, and has worked in senior positions to successfully received FDA approval for orphan drugs. She is responsible for managing the clinical team working on the CVac™ immunotherapy cancer vaccine. Prior to joining Prima, Dr Gargosky was a member of ILMU consulting LLC, where she provided project management and operational expertise on pharmaceutical drug and biologic development – from early research to Phase IV Trials and the FDA approval process. Dr Gargosky has also previously held the positions of; Chief Scientific Officer at Pulse Health LLC in Portland in the USA, and Chief Scientific Officer and Senior Vice President of Corporate Development at Hyperion Therapeutics Inc. in San Francisco. At Ucyclyd Pharma she managed the approval of orphan drug products (Ammonul) and the development of the NCE, and within Medics Pharmaceuticals, the successful BLA submission and approval for Reloxin.

As Vice President of Business Development for Diagnostic System Laboratories she was responsible for business expansion through evaluation and implementation of new growth opportunities and patent portfolio management.

Dr Gargosky has a Postdoctoral Fellowship in Pediatric Endocrinology from Stanford University in California, a Ph.D in biochemistry from University of Adelaide in Australia (in collaboration with CSIRO Divisions of Human Nutrition, South Australia), First Class Honours in Biochemistry from University of Adelaide, and a Bachelor of Science, Biochemistry (Distinction), Microbiology, Immunology & Virology (Distinction) from University of Adelaide.

Dr Hind Al Saadi,
General Manager Prima BioMed Middle East

Dr Hind Al Saadi has been appointed as General Manager of Prima BioMed Middle East operations and will lead the commercialization effort for CVac™in the region. Dr Al Saadi a pharmacist by training has nearly 20 years of international industry experience in marketing, sales, distribution, and regulatory affairs. She has previously worked for Baxter Healthcare in New Zealand, as well as Globalpharma and The Center for Healthcare Planning and Quality in Dubai.

MANAGEMENT DIRECTORY CONTINUED

Mr Marc Voigt,
General Manager, European Operations

Mr Voigt has extensive experience in the corporate and biotechnology sectors. He joined Prima BioMed's management team in 2011 as the General Manager of the Company's European operations at Prima BioMed GmbH. He has previously worked as an investment manager for Allianz Insurance biotech venture fund, and as a personal assistant to a member of the Executive Board of Allianz Insurance.
Mr Voigt has also worked for German investment bank, net.IPO.AG, in the area of business development and German securities offerings. In the biotech sector, he has held the positions of CFO/CBO at Revotar Biopharmaceuticals AG and Medical Enzymes AG.
He has a Masters Degree in Business Administration from the Freie Universität of Berlin, and is a member of the pharma licencing club Germany and a member of the judging panel of Germany's largest business plan competition.

Ms Vanessa Waddell,
Business Development and Intellectual Property Manager

Ms Waddell is the Business Development Manager and Intellectual Property Manager of Prima BioMed Limited. Previous industry experience includes technical specialist and product development roles with AMRAD Biotech.
Prior to joining Prima BioMed, Ms Waddell was employed in the commercialisation company of the Austin Research Institute. Since joining Prima BioMed, Ms Waddell has overseen project management of the company's first two investments, Cancer Vac Ltd and Arthron Ltd. In addition she has assisted in the identification, evaluation and structuring of two further investments made by the company.
Ms Waddell has a BSc (Hons) degree in Science from the University of Sydney and a Masters of Business Administration from Deakin University.

Ms Larisa Chisholm,
Intellectual Property Manager

Ms Chisholm has an Honours degree at LaTrobe University (1992, studying the role of Natural Killer Cells in immune surveillance of cancer).
From 1993 – 1996 she worked in the same laboratory and then joined the Immunogenetics and Xenotransplantation Laboratory at the then Austin Research Institute (Burnet). In 2001 she left to complete a Masters of Business Administration at La Trobe University. Ms Chisholm joined Prima BioMed in 2003 and her understanding of the Austin Research Centre and its people has proven invaluable.
She has since worked in a variety of roles including market research, Grants Coordinator. Her current role is Intellectual Property Manager and she also assists with various business development activities.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

Remuneration of all Executive and Non-Executive Directors and 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'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.

Performance based remuneration

The purpose 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

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Prima BioMed Ltd are set out in the following tables.

30 June 2011	Short-term Benefits			Post Employment Benefits	Long-term benefits	Share-based Payments	Total
	Cash salary and fees	Bonus	Non Monetary	Super-annuation	Long service leave	Equity-settled	
	$	$	$	$	$	$	$
Non-Executive Directors							
Ms L Turnbull, AO*****	81,016	–	–	7,291	–	324,000	412,307
Mr A Wong	68,930	–	–	6,203	–	368,000	443,133
Dr R Hammel	60,516	–	–	–	–	162,000	222,516
Executive Directors							
Mr M Rogers***	348,703	50,000	–	22,000	–	324,000	744,703
Mr A Gokyildirim*	37,500	–	–	–	–	–	37,500
Dr N Frazer****	261,215	7,500	–	–	–	40,515	309,230
Other Key Management Personnel							
Mr M Lehman	229,338	7,500	–	–	–	5,299	242,137
Mr P Hains**	270,589	–	–	–	–	84,000	354,589
Mr I Bangs	78,974	–	–	7,108	–	–	86,082
	1,436,781	**65,000**	**–**	**42,602**	**–**	**1,307,814**	**2,852,197**

* resigned on 27 July 2010.
** The fees for Mr P. Hains were paid to The CFO Solution.
*** re-appointed as director on 23 July 2010.
**** appointed as director on 23 July 2010.
***** appointed as director on 7 October 2010.

30 June 2010	Short-term Benefits			Post Employment Benefits	Long-term benefits	Share-based Payments	Total
	Cash salary and fees	Other	Non Monetary	Super-annuation	Long service leave	Equity-settled	
	$	$	$	$	$	$	$
Non-Executive Directors							
Dr R Hammel*	63,325	5,412	–	–	–	350,000	418,737
Mr A Wong	7,556	–	–	680	–	–	8,236
Executive Directors							
Mr A Gokyildirim	223,333	–	–	–	–	945,000	1,168,333
Other Key Management Personnel							
Dr N Frazer	152,126	–	–	–	–	–	152,126
Mr M Lehman	123,804	–	–	–	–	1,513	125,317
Ms G Raymond*	98,840	123,917	–	–	–	–	222,757
Mr P Hains**	–	130,667	–	–	–	42,000	172,667
Mr M Rogers	238,333	–	–	–	–	1,400,000	1,638,333
	907,317	**259,996**	**–**	**680**	**–**	**2,738,513**	**3,906,506**

* The fees included under 'Short-term Benefits – Other' for Dr R. Hammel and Ms G. Raymond were consulting fees. Ms G. Raymond was a consultant to the Company until 1 December 2009. She was then employed until February 2011.

** The fees for Mr P. Hains were paid to The CFO Solution.

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.

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Mr Martin Rogers	**—**	**Managing Director & CEO**
Agreement commenced:	—	1 January 2011
Details	—	The agreement is for a 2 year period and can be terminated with 6 months notice. The termination terms are payment of base salary in lieu of notice period.

Dr Neil Frazer	**—**	**Chief Medical Officer**
Agreement commenced:	—	28 February 2010
Details	—	The agreement is for a 4 year period and can be terminated with 3 months notice. The termination terms are payment of base salary in lieu of notice period.

Mr M Lehman	**—**	**Chief Operating Officer**
Agreement commenced:	—	1 February 2010
Details	—	The agreement is for a 4 year period and can be terminated with 3 months notice. The termination terms are payment of base salary in lieu of notice period.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Date	No of shares	Issue price	$
Mr Albert Wong	6 December 2010	1,250,000	$0.10	125,000

Options

The terms and conditions of each grant of options affecting remuneration in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
6 December 2010	*	6 December 2014	$0.10	$0.057
6 December 2010	**	6 December 2013	$0.10	$0.032

* No vesting conditions.

** Vesting of the options is subject to one of the following conditions being met

(i) the Company securing FDA approval for its CVac technology;

(ii) the Company's share price on ASX reaching $0.20 and stays at or about that amount for a consecutive period of 20 days prior to the Expiry Date; or

(iii) the Company successfully commercialising a product which generates revenue during any twelve month period of at least $10,000,000 for the Company.

Options granted carry no dividend or voting rights.

Details of options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Ms Lucy Turnbull, AO	10,000,000	–	–	–
Mr Albert Wong	7,500,000	–	–	–
Dr Richard Hammel	5,000,000	–	–	–
Dr Neil Frazer	2,000,000	–	–	–
Mr Martin Rogers	10,000,000	–	–	–

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2011 are set out below:

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year $	Percentage of total remuneration for the year that consisted of options.
Ms Lucy Turnbull, AO	324,000	–	–	324,000	79
Mr A Wong	243,000	–	–	243,000	55
Dr R Hammel	162,000	–	–	162,000	73
Mr M Rogers	324,000	–	–	324,000	44
Dr N Frazer	40,515	–	–	40,515	13
Dr N Lehman	–	5,299	–	5,299	2
Mr P Hains	84,000	–	–	84,000	24

This concludes the remuneration report, which has been audited.

Shares under option issued to third parties excluding directors and executives
Unissued ordinary shares of Prima BioMed Ltd under option at the date of this report are as follows:

Expiration Date	Exercise Price	Number under Option	Listed/Unlisted Options
31 December 2011	$0.020	56,433,669	Listed
9 November 2014	$0.269	1,884,253	Unlisted
8 December 2014	$0.236	1,884,253	Unlisted
12 January 2015	$0.227	1,061,411	Unlisted
12 February 2015	$0.235	1,118,211	Unlisted
18 March 2015	$0.228	1,075,269	Unlisted
19 April 2015	$0.220	1,076,095	Unlisted
6 May 2015	$0.250	2,500,000	Unlisted
19 May 2015	$0.235	1,055,011	Unlisted
6 May 2015	$0.250	2,500,000	Unlisted
1 February 2016	$0.339	740,741	Unlisted
		68,828,913	

Shares issued on the exercise of options for reporting period

The following ordinary shares of Prima BioMed Ltd were issued during the year ended 30 June 2011 on the exercise of options granted:

Date options exercised	Exercise Price	Number of shares issued
1 February 2011 (ESOP options)	$0.100	100,000
2 June 2011 (PRRAA options)	$0.220	1,076,095
24 May 2011 (PRRAC options)	$0.250	2,000,000
2 June 2011 (PRRAE options)	$0.207	1,144,726
21 April 2011 (PRRAF options)	$0.161	1,722,017
21 April 2011 (PRRAG options)	$0.141	1,741,294
6 May 2011 (PRRAH options)	$0.194	1,540,154
February - April 2011 (PRRAI options)	$0.063	15,000,000
6 May 2011 (PRRAJ options)	$0.189	1,315,789
21 April 2011 PRRAK options)	$0.144	1,694,915
6 May 2011 (PRRAL options)	$0.187	1,473,684
2 June 2011 (PRRAM options)	$0.105	1,547,988
2 June 2011 (PRRAO options)	$0.223	1,844,253
2 June 2011 (PRRAQ options)	$0.133	1,766,784
Various (PRRO options) Listed	$0.020	35,068,529
		69,036,228

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith or dishonest conduct.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence for the following reasons:

— all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

— none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decisionmaking capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of MDHC Audit Assurance Pty Ltd

There are no officers of the company who are former audit partners of MDHC Audit Assurance Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 36.

Auditor

MDHC Audit Assurance Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298 (2) (a) of the Corporations Act 2001.

On behalf of the directors

Lucy Turnbull

Lucy Turnbull, AO
Chairman
27 September 2011
Sydney

>> AUDITOR'S INDEPENDENCE DECLARATION

MDHC AUDIT ASSURANCE
Statutory Audit, Internal Audit, Investigations & Due Diligence

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PRIMA BIOMED LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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.

MDHC Audit Assurance Pty Ltd

Kevin P Adams
Director

Hawthorn
27 September 2011

MDHC Audit Assurance Pty Ltd
Formerly McLean Delmo Hall
Chadwick Audit Assurance Pty Ltd
ABN 54 113 655 584

Your business is our business

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International Association Kreston International
A worldwide association of independent accountants

Contents

General information

The financial report covers Prima BioMed Ltd as a consolidated entity consisting of Prima BioMed Ltd and the entities it controlled. The financial report is presented in Australian dollars, which is Prima BioMed Ltd's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Prima BioMed Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
151 Macquarie Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 27 September 2011. The directors do not have the power to amend and reissue the financial report.

>> STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		30 June 2011	30 June 2010
		$	$
Revenue	5	**1,066,196**	**475,037**
Other income	6	–	48,697
Expenses			
Research & development and intellectual property	7	(9,531,163)	(5,124,522)
Corporate administrative expenses	7	(5,600,988)	(5,816,006)
Depreciation and amortisation expense	7	(64,287)	(53,039)
Impairment of available for sale financial assets	7	(555,107)	–
Other expenses	7	–	(544,126)
Finance costs	7	(6,395,818)	(6,946,628)
Loss before income tax expense		**(21,081,167)**	**(17,960,587)**
Income tax expense	8	–	–
Loss after income tax expense for the year		**(21,081,167)**	**(17,960,587)**
Other Comprehensive Income			
Foreign currency translation		(233)	–
Unrealised foreign exchange gain on available-for-sale financial assets		–	19,397
Impairment of available-for-sale financial assets transferred from reserve		(19,397)	–
Other comprehensive income for the year, net of tax		**(19,630)**	**19,397**
Total comprehensive income for the year		**(21,100,797)**	**(17,941,190)**
Loss for the year is attributable to			
Non-controlling interest		(72)	(267)
Owners of Prima BioMed Ltd		(21,081,095)	(17,960,320)
		(21,081,167)	**(17,960,587)**
Total comprehensive income for the year is attributable to			
Non-controlling interest		(70)	(18)
Owners of Prima BioMed Ltd		(21,100,727)	(17,941,172)
		(21,100,797)	**(17,941,190)**
		Cents	**Cents**
Basic earnings per share	37	(3.74)	(3.60)
Diluted earnings per share	37	(3.74)	(3.60)

Refer to note 3 for detailed information on restatement of comparatives. The above statement of comprehensive income should be read in conjunction with the accompanying notes.

>> STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Consolidated Group		
		30 June 2011	30 June 2010	1 Jul 2009
		$	$	$
ASSETS				
Current Assets				
Cash and cash equivalents	9	45,918,552	5,638,342	939,561
Trade and other receivables	10	35,899	76,894	356,472
Inventories	11	214,346	–	–
Other financial assets	12	10,000,000	10,000,000	77,392
Other	13	894,005	863,934	–
Total current assets		**57,062,802**	**16,579,170**	**1,373,425**
Non-current assets				
Available-for-sale financial assets	14	–	574,504	555,107
Property, plant and equipment	15	119,953	97,487	19,311
Intangibles	16	457,906	499,841	541,777
Other	17	–	299,289	–
Total Non-Current Assets		**577,859**	**1,471,121**	**1,116,195**
TOTAL ASSETS		**57,640,661**	**18,050,291**	**2,489,620**
Current Liabilities				
Trade and other payables	18	2,471,212	1,499,091	436,713
Borrowings	19	–	603,062	240,385
Derivative financial instruments	20	–	83,620	–
Employee benefits	21	65,879	23,692	–
Total Current Liabilities		**2,537,091**	**2,209,465**	**677,098**
Non-Current Liabilities				
Employee benefits	22	4,440	887	–
Total Non-Current Liabilities		**4,440**	**887**	**–**
TOTAL LIABILITIES		**2,541,531**	**2,210,352**	**677,098**
NET ASSETS		**55,099,130**	**15,839,939**	**1,812,522**
EQUITY				
Contributed equity	23	134,895,001	74,534,413	42,565,806
Reserves	24	(1,157)	19,397	–
Accumulated losses		(79,794,714)	(58,713,617)	(40,753,048)
Equity attributable to the owners of Prima BioMed Ltd		55,099,130	15,840,193	1,812,758
Non-controlling interests	25	–	(254)	(236)
TOTAL EQUITY		**55,099,130**	**15,839,939**	**1,812,522**

Refer to note 3 for detailed information on restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

>> STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Consolidated	Contributed Equity	Reserves	Accumulated Losses	Non-controlling interests	Total
	$	$	$	$	$
Balance at 1 July 2009	**42,565,806**	**–**	**(40,753,048)**	**(236)**	**1,812,522**
Other comprehensive income for the year, net of tax	–	19,397	–	(18)	19,379
Loss after income tax expense for the year	–	–	(17,960,569)	–	(17,960,569)
Total comprehensive income for the year	**–**	**19,397**	**(17,960,569)**	**(18)**	**(17,941,190)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	31,968,607	–	–	–	31,968,607
Balance at 30 June 2010	**74,534,413**	**19,397**	**(58,713,617)**	**(254)**	**15,839,939**

Consolidated	Contributed Equity	Reserves	Accumulated Losses	Non-controlling interests	Total
	$	$	$	$	$
Balance at 1 July 2010	**74,534,413**	**19,397**	**(58,713,617)**	**(254)**	**15,839,939**
Other comprehensive income for the year, net of tax	–	(19,630)	–	(70)	(19,700)
Loss after income tax expense for the year	–	–	(21,081,097)	–	(21,081,097)
Total comprehensive income for the year	–	**(19,630)**	**(21,081,097)**	**(70)**	**(21,100,797)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	60,360,588	–	–	–	60,360,588
Transactions with non-controlling interests	–	(924)	–	324	(600)
Balance at 30 June 2011	**134,895,001**	**(1,157)**	**(79,794,714)**	**–**	**55,099,130**

The above statement of changes in equity should be read in conjunction with the accompanying notes

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		30 June 2011	30 June 2010
		$	$
Cash flows related to operating activities			
Payments to suppliers (inclusive of GST)		(9,966,609)	(6,634,692)
Interest received		210,906	124,315
Grant income		–	48,697
Net cash used in operating activities	36	**(9,755,703)**	**(6,461,680)**
Cash flows related to investing activities			
Payment for acquisition for term deposit (>3 months)		–	(10,000,000)
Payments for plant and equipment		(44,751)	(95,327)
Proceeds from sale of plant and equipment		–	1,814
Net cash used in operating activities		**(44,751)**	**(10,093,513)**
Cash flows related to financing activities			
Proceeds from issue of shares	23	48,602,601	15,096,258
Proceeds from borrowings		5,411,750	6,334,717
Share issue transaction costs		(3,933,687)	(177,001)
Net cash from financing activities		**50,080,664**	**21,253,974**
Net increase in cash and cash equivalents		40,280,210	4,698,781
Cash and cash equivalents at the beginning of the year		5,638,342	939,561
Cash and cash equivalents at the end of the year	9	**45,918,552**	**5,638,342**

The above statement of cash flows should be read in conjunction with the accompanying notes.

>> NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions – amendments for Group Cash-settled Share-based Payment Transactions
The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
- AASB 101 'Presentation of Financial Statements' – classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
- AASB 107 'Statement of Cash Flows' – only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
- AASB 117 'Leases' – removal of specific guidance on classifying land as a lease;
- AASB 118 'Revenue' – provides additional guidance to determine whether an entity is acting as a principal or agent;

and
- AASB 136 'Impairment of Assets' – clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

AASB 2009-10 Amendments to AASB 132 – Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Prima BioMed Ltd ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Prima BioMed Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial report is presented in Australian dollars, which is Prima BioMed Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Furniture and Fittings – 3-20 years
- Plant and equipment – 3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20–25 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
— interest on short-term and long-term borrowings

Employee benefits
Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisitiondate.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Prima BioMed Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-5 Amendments to Australian Accounting Standards
These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 124 Related Party Disclosures (December 2009)
This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

IAS 1 (AASB 101) Presentation of Financial Statements (Revised)
This revised standard is applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss. The change provides clarity about the nature of items presented as other comprehensive income and their future impact. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

AASB 1054 Australian Additional Disclosures
This Standard is applicable to annual reporting periods beginning on or after 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. They make changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards. The amendments remove certain guidance and definitions from Australian Accounting Standards for conformity of drafting with International Financial Reporting Standards but without any intention to change requirements. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (KMP). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation and AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements
AASB 2011-5 is applicable to annual reporting periods beginning on or after 1 July 2011 and AASB 2011-6 on or after 1 July 2013. These amendments extend relief from consolidation, the equity method and proportionate consolidation where the ultimate or intermediate parent applies not-for-profit Aus paragraphs in Australian IFRSs as adopted in Australia, or Australian Accounting Standards – Reduced Disclosure Requirements (RDR). The adoption of these amendments from 1 July 2011 and 1 July 2013 respectively will not have impact on the consolidated entity.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Fair value and hierarchy of financial instruments
The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Long service leave provision
As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Convertible Loan Agreement

The agreement was treated as a debt facility which enables Prima periodically to drawdown on the facility, rather than one arrangement with a three-year term that should be recognised in its entirety at inception, on the basis that Prima could terminate the arrangement at any point in time at a minimal fee. Accordingly each drawdown was treated as an additional borrowing under the facility.

The substance of the agreement was assessed when determining the appropriate accounting treatment. The agreement is similar to a funded fixed return arrangement, including a right for the Lender to participate in any upside in share price. Because the debt will be settled in a variable number of shares, each drawdown has been classified as a financial liability.

Two embedded derivatives were identified and recognised separately from the host debt instrument in each drawdown, being the equity conversion feature and the floor price cash payment feature.

Collateral shares and commitment options

The purpose of the collateral shares and commitment options was to compensate SpringTree for making the commitment to provide the funding through the life of the Convertible Loan Agreement on terms that provided an acceptable level of funding certainty.

As the compensation to SpringTree for providing the service of committing to the Convertible Loan Agreement was paid in equity instruments of the Company, we applied the requirements of IFRS 2 to their measurement and recognition. Measurement inputs to the Monte-Carlo simulation option pricing model include the share price on the measurement date, the exercise price of the instruments, expected volatility (based on an evaluation of the Company's historic volatility over a period commensurate with the expected term), expected term of the instruments, expected dividends, and the risk-free interest rate (based on government bonds).

Volatility

Although implied volatility is generally considered to more accurately represent 'expected' volatility than historical volatility, the lack of exchange-traded derivative prices for Prima BioMed required the model to use historical volatility for the purposes of these indicative valuations. The historical volatilities have been calculated based on Prima Biomed's daily share price movements for a period commensurate with the expected life of each option. The historical share price data was obtained from an independent external market data source.

Dividend Yield

We have used a dividend yield of 0 % for the model based on Prima BioMed's nil dividend history.

Risk-free rate

The expected risk-free rates of return used in the valuations are based on the Australian government bond rate commensurate with the tenor of the options.

It might be a small step
for you, but a giant leap for
our fight against cancer.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 3. RESTATEMENT OF COMPARATIVES

Statement of comprehensive income

Extract	Note	Consolidated 30 June 2010 $ Reported	Adjustment $	30 June 2010 $ Restated
Expenses				
Corporate administrative expenses	(i)	(3,236,506)	(2,579,500)	(5,816,006)
Finance expenses	(iii)	(1,789,108)	(5,157,520)	(6,946,628)
Impairment losses	(ii)	(1,935,548)	1,935,548	–
Loss before income tax expense		**(12,159,115)**	**(5,801,472)**	**(17,960,587)**
Income tax expense		–	–	–
Loss after income tax expense for the year		**(12,159,115)**	**(5,801,472)**	**(17,960,587)**
Other Comprehensive Income				
— Unrealised foreign exchange gain on available-for-sale financial assets	(ii)	–	19,397	19,397
— Impairment of available-for-sale financial assets	(ii)	1,954,945	(1,954,945)	–
Other comprehensive income for the year, net of tax		**1,954,945**	**(1,935,548)**	**19,397**
Total comprehensive income for the year		**(10,204,170)**	**(7,737,020)**	**(17,941,190)**
Loss for the year is attributable to				
Non-controlling interest		(267)	–	(267)
Owners of Prima BioMed Ltd		(12,158,848)	(5,801,472)	(17,960,320)
		(12,159,115)	**(5,801,472)**	**(17,960,587)**
Total comprehensive income for the year is attributable to				
Non-controlling interest		(16)	(2)	(18)
Owners of Prima BioMed Ltd		(10,204,154)	(7,737,018)	(17,941,172)
		(10,204,170)	**(7,737,020)**	**(17,941,190)**
Basic and diluted loss per share (cents per share)		(2.43)	(1.17)	(3.60)

Statement of financial position at the beginning of the earliest comparative period

Extract	Note	Consolidated 1 July 2009 $ Reported	Adjustment $	1 July 2009 $ Restated
Equity				
Reserves	(ii)	(1,954,694)	1,954,694	–
Accumulated losses	(ii)	(38,798,354)	(1,954,694)	(40,753,048)
Total equity		**1,812,522**	**–**	**1,812,522**

Statement of financial position at the end of the earliest comparative period

		Consolidated		
		30 June 2010		30 June 2010
		$	$	$
Extract	**Note**	**Reported**	**Adjustment**	**Restated**
ASSETS				
Current Assets				
Other	(iv)	1,059,116	(195,182)	863,934
Total current assets		**16,774,352**	**(195,182)**	**16,579,170**
Non-current assets				
Other financial assets	(v)	1,639,504	(1,065,000)	574,504
Other	(iv)	–	299,289	299,289
Total Non-Current Assets		**2,236,832**	**(765,711)**	**1,471,121**
TOTAL ASSETS		**19,011,184**	**(960,893)**	**18,050,291**
LIABILITIES				
Current Liabilities				
Borrowings	(vi)	700,000	(96,938)	603,062
Derivative financial instruments	(vi)	–	83,620	83,620
Total current liabilities		**2,222,783**	**(13,318)**	**2,209,465**
TOTAL LIABILITIES		**2,223,670**	**(13,318)**	**2,210,352**
NET ASSETS		**16,787,514**	**(947,575)**	**15,839,939**
EQUITY				
Contributed equity		67,744,968	6,789,445	74,534,413
Reserves	(ii)	–	19,397	19,397
Accumulated losses		(50,957,202)	(7,756,415)	(58,713,617)
Equity attributable to the owners of Prima BioMed Ltd		16,787,766	(947,573)	15,840,193
Non-controlling interests		(252)	(2)	(254)
TOTAL EQUITY		**16,787,514**	**(947,575)**	**15,839,939**

Notes

(i) The Company has restated its 2010 Annual Accounts in connection with an error in the valuation of Share Based Payments to directors. Previously, the valuation was based on historic pricing and Black Scholes Barrier pricing model and assumed performance risks. The appropriate value under the Australian Accounting Standard AASB 2 – Share Based Payments – requires the valuation to be based on the price as at the date of issue (August 5, 2009). This adjusted valuation has increased corporate administrative expenses by $2,579,500.

(ii) The Company has restated its 2010, 2009 and 2008 Annual Accounts in connection with the fair value movement of the available-for-sale financial assets. Previously, the decline in fair value of $1,954,945, which was based on adjusting the price of the most recently issued shares, being convertible preference shares, using an option pricing model to determine the value of ordinary shares, was recorded in the asset revaluation reserve in 2008, and transferred from the asset revaluation reserve to the income statement in 2010. The decline in value should have been impaired in 2008. In addition, an unrealised foreign exchange gain of $19,397 has been recognized in the financial assets valuation reserve in 2010.

The net impact on Impairment of available of sale financial assets in June 2010 is $1,935,548. The net impact on Changes in financial assets revaluation reserve in June 2010 is $1,935,548.

(iii) The Company has restated its accounts for the period ended 30 June 2010 in connection with the treatment of the Spring Tree loan facility. A remeasurement of the fair value of shares and options issued to repay the loan, commitment options and collateral shares issued have been expensed over the period of the facility as finance expenses. In addition, loan transaction costs have been amortised over the period of the facility.

The excess of fair value of consideration conveyed (being shares and options issued) over the debt from each tranche has now been calculated and recorded as a finance cost in accordance with paragraph 56 of IAS 39. This has increased finance costs by $5,883,768.

The Tranche 6 finance cost included an amount which related to the repayment of the loan for that tranche. This amount has now been removed from finance costs. This has reduced finance costs by $602,732.

The total loan transaction costs, including the initial commencement fee and the maintenance fees, have now been amortised over the term of the Spring Tree loan facility for each tranche in proportion to the total facility. This has increased finance costs by $296,737 and reduced other current assets by $296,737.

Reversal of finance costs previously expensed as incurred. This has reduced finance costs by $907,600 and increased other current assets by $907,600.

The value of the commitment options have been recalculated using the Black-Scholes option pricing model for each tranche and expensed over the term of the Spring Tree loan facility for each tranche in proportion to the total facility. This has increased finance costs by $499,047.

Reversal of the commitment options previously expensed on a straight-line basis based on fair value at commencement of loan facility. This has reduced finance costs by $243,244 and increased other current assets by $243,244.

The fair value of the option to retain the collateral shares at a discount has now been calculated based on a Monte Carlo pricing model for each tranche and expensed over the term of the Spring Tree loan facility for each tranche in proportion to the total facility. This has increased finance costs by $477,527.

In addition, the charge for a modification of the option has now been calculated based on a Monte Carlo pricing model and expensed. This has increased finance costs by $136,943.

The Tranche 12 finance cost has now been apportioned to reflect the exact cost to 30 June 2010. This has reduced finance costs by $382,926.

The overall impact of these restatements on finance costs was an increase in finance costs of $5,157,520. The net impact on Finance expenses in June 2010 is $5,157,520.

(iv) Reversal of commitment options previously calculated at fair value at commencement of loan facility and recorded as a prepayment in other current assets. This has reduced other current assets by $750,000.

Reallocation between current and non-current components of other assets. This has reduced other current assets by $299,289 and increased other non-current assets by $299,289.

The net impact on Other current assets is $195,182.

The net impact on Other non-current assets is $299,289.

(v) Reversal of the collateral shares valued on the issuing date. This has reduced other financial assets – non-current by $1,065,000 and reduced issued capital by $1,065,000.

The net impact on Other financial assets non-current is $1,065,000.

(vi) The Tranche 12 fair value movement in the shares and options issued and the embedded derivatives have been calculated to reflect the exact balance at 30 June 2010. This has reduced borrowings by $13,318 and reduced issued capital by $ 369,608.

The net impact on Borrowings is $13,318.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Cancer Immunotherapy and Other R & D. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

Types of products and services
The principal products and services of each of these operating segments are as follows:
— Cancer Immunotherapy
— Other R & D

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the management team in assessing performance and determining the allocation of resources.

The operating segments are identified by management based on the manner in which the expenses are incurred. Discrete financial information about each of these operating segments is reported to the board on a regular basis.

The reportable segments are based on aggregated operating segments determined by similarity of expenses, where expenses in the reportable segments exceed 10 % of the total expenses for either the current and / or previous reporting period.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

30 June 2011	Cancer Immunotherapy $	Other R&D $	Intersegment eliminations / unallocated $	Consolidated $
Revenue				
Other income	–	–	1,066,196	1,066,196
Total Revenue	**–**	**–**	**1,066,196**	**1,066,196**
Segment Result	–	–	–	–
Depreciation and amortisation	–	–	(64,287)	(64,287)
Other expenses	(7,944,531)	(401,813)	(12,670,536)	(21,016,880)
Loss before income tax expense	**(7,944,531)**	**(401,813)**	**(12,734,823)**	**(21,081,167)**
Income tax expense				–
Loss after income tax expense				**(21,081,167)**

30 June 2010	Cancer Immunotherapy $	Other R&D $	Intersegment eliminations / unallocated $	Consolidated $
Revenue				
Other income	41,417	–	482,317	523,734
Total Revenue	**41,417**	**–**	**482,317**	**523,734**
Segment Result	–	–	–	–
Depreciation and amortisation	–	–	(53,209)	(53,209)
Other expenses	(5,155,122)	(2,445,777)	(10,306,479)	(17,907,378)
Loss before income tax expense	**(5,155,122)**	**(2,445,777)**	**(10,359,688)**	**(17,960,587)**
Income tax expense				–
Loss after income tax expense				**(17,960,587)**

NOTE 5. REVENUE

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Other revenue		
Interest	1,066,196	475,037
Revenue	**1,066,196**	**475,037**

NOTE 6. OTHER INCOME

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Research & development tax credit refund	**–**	**48,697**

NOTE 7. EXPENSES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	22,016	9,809
Furniture and fittings	335	1,295
Total depreciation	**22,351**	**11,104**
Amortisation		
Patents and trademarks	41,935	41,935
Total depreciation and amortisation	**64,286**	**53,039**
Impairment		
Fair value adjustment to available for sale financial assets	555,107	–
Research & Development and Intellectual Property		
Research and development	9,204,826	4,904,751
Intellectual property management	326,337	219,771
Total Research & Development and Intellectual Property	**9,531,163**	**5,124,522**
Corporate and Administrative Expenses		
Administrative expenses	2,499,369	2,067,366
Directors' fees and employee expenses	2,686,645	3,660,378
Foreign currency loss	127,178	21,615
Audit and taxation fees	287,796	66,647
Total Corporate and Administrative Expenses	**5,600,988**	**5,816,006**
Other Expenses		
Fair value adjustment to liabilities	–	528,846
Other Expenses	–	15,280
Total Other Expenses	**–**	**544,126**
Finance costs		
Finance expenses	6,395,818	6,946,628

NOTE 8. INCOME TAX EXPENSE

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(21,081,167)	(17,960,587)
Tax at the Australian tax rate of 30 %	(6,324,350)	(5,388,176)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	3,349,512	1,405,186
Section 40-880 deductions	(148,083)	(53,582)
	(3,122,921)	(4,036,572)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	3,122,921	4,036,572
Income tax expense	–	–

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carried forward tax losses	12,928,598	13,320,601
Carried forward capital losses	14,905	14,905
Over provision for prior year tax	5,102,401	(239,749)
Temporary differences	1,484,678	(167,159)
Total deferred tax assets not recognised	**19,530,582**	**12,928,598**

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

NOTE 9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Cash on hand	2,888	–
Cash at bank	45,540,530	1,567,067
Cash on deposit	375,134	4,071,275
	45,918,552	**5,638,342**

NOTE 10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Trade receivables	–	750
Other receivables	35,899	76,095
BAS receivable	–	49
	35,899	**76,894**

Impairment of receivables

The consolidated entity has recognised a loss of $nil (2010: $10,832) in profit or loss in respect of impairment of receivables for the year ended 30 June 2011.

NOTE 11. CURRENT ASSETS – INVENTORIES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Stock on hand – at cost	**214,346**	**–**

NOTE 12. CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Not less than three month term deposit	**10,000,000**	**10,000,000**

NOTE 13. CURRENT ASSETS – OTHER

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Prepayments	498,014	510,770
Security deposits	12,212	2,265
Accrued interest	383,779	350,899
	894,005	**863,934**

NOTE 14. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Unlisted investments at recoverable amount.	–	**574,504**

Refer to note 27 for detailed information on financial instruments.

NOTE 15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Plant and equipment – at cost	143,397	98,579
Less: Accumulated depreciation	(27,772)	(5,755)
	115,625	**92,824**
Fixtures and fittings – at cost	6,708	6,708
Less: Accumulated depreciation	(2,380)	(2,045)
	4,328	**4,663**
	119,953	**97,487**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment	Furniture and fittings	Total
	$	$	$
Consolidated			
Balance at 1 July 2009	8,633	10,678	19,311
Additions	95,327	–	95,327
Disposals	(1,327)	(4,720)	(6,047)
Depreciation expense	(9,809)	(1,295)	(11,104)
Balance at 30 June 2010	**92,824**	**4,663**	**97,487**
Additions	44,817	–	44,817
Depreciation expense	(22,016)	(335)	(22,351)
Balance at 30 June 2011	**115,625**	**4,328**	**119,953**

NOTE 16. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Patents, trademarks and licenses - at cost	1,915,671	1,915,671
Less: Accumulated amortisation	(547,766)	(513,907)
Less: Impairment	(909,999)	(901,923)
	457,906	**499,841**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Patents, licenses and trademarks	Total
	$	$
Consolidated		
Balance at 1 July 2009	541,777	541,777
Amortisation expense	(41,936)	(41,936)
Balance at 30 June 2010	499,841	499,841
Amortisation expense	(41,935)	(41,935)
Balance at 30 June 2011	**457,906**	**457,906**

NOTE 17. NON-CURRENT ASSETS – OTHER

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Other non-current assets	–	**299,289**

NOTE 18. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Trade payables	1,770,121	1,351,987
Other payables	701,091	147,104
	2,471,212	**1,499,091**

Refer to note 27 for detailed information on financial instruments.

NOTE 19. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Total secured liabilities		
The total secured current liabilities are as follows:		
Convertible loan	–	603,062
Derivative liability at fair value	–	83,620
	–	**686,682**

NOTE 20. CURRENT LIABILITIES – DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Derivative liability at fair value	–	83,620

Refer to note 27 for detailed information on financial instruments.

NOTE 21. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Annual leave	65,879	23,692

NOTE 22. NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Long service leave	4,440	887

NOTE 23. EQUITY – CONTRIBUTED

	Note	Consolidated	
		30 June 2011	30 June 2010
		$	$
Fully paid ordinary shares	23(a)	125,066,002	68,926,335
Options over ordinary shares	23(b)	9,828,999	5,608,078
		134,895,001	**74,534,413**

(a)	Ordinary Shares	Note	30 June 2011		30 June 2010	
			No.	$	No.	$
	At the beginning of reporting period		699,237,595	68,926,335	420,574,941	42,136,709
	Shares issued during year	(i)	161,558,834	44,617,993	104,947,129	14,771,556
	Exercise of options (Shares issued during the year)	(ii)	69,076,228	5,107,210	85,338,470	1,246,446
	Fair value of tranche shares to be issued	(iii)	51,142,972	6,834,695	73,377,055	11,165,452
	Collateral shares	(iv)	–	1,500,000	15,000,000	–
	Cost of options exercised			–		(215,177)
	Transaction costs relating to share issues			(1,920,231)		(178,651)
	At reporting date		**981,015,629**	**125,066,002**	**699,237,595**	**68,926,335**

2011	Details	Note	Number	Issue Price	Total
				$	$
21 Jul 2010	SpringTree Convertible Loan – T12 Tranche Repayment Shares	iii)	8,610,086	0.108	929,429
21 Jul 2010	Exercise of PRRO options	ii)	1,251,850	0.022	27,541
11 Aug 2010	Exercise of PRRO options	ii)	890,000	0.022	19,580
23 Aug 2010	SpringTree Convertible Loan – T13 Tranche Repayment Shares	iii)	8,474,576	0.095	808,390
06 Aug 2010	Expiry of options	ii)			300
30 Aug 2010	Exercise of PRRO options	ii)	1,011,538	0.022	22,254
24 Sep 2010	SpringTree Convertible Loan – T14 Tranche Repayment Shares	iii)	8,706,468	0.100	866,577
01 Oct 2010	Exercise of PRRO options	ii)	200,000	0.022	4,400
08 Oct 2010	Exercise of PRRO options	ii)	489,000	0.022	10,758
22 Oct 2010	Exercise of PRRO options	ii)	200,000	0.022	4,400
27 Oct 2010	SpringTree Convertible Loan – T15 Tranche Repayment Shares	iii)	7,700,770	0.133	1,025,435
28 Oct 2010	Exercise of PRRO options	ii)	261,000	0.022	5,742
11 Nov 2010	Exercise of PRRO options	ii)	200,000	0.022	4,400
24 Nov 2010	SpringTree Convertible Loan – T16 Tranche Repayment Shares	iii)	6,578,947	0.120	788,040
06 Dec 2010	Issue of shares to Directors	i)	1,250,000	0.100	125,000
10 Dec 2010	Exercise of PRRO options	ii)	71,242	0.022	1,567
23 Dec 2010	Exercise of PRRO options	ii)	100,000	0.022	2,200
31 Dec 2010	SpringTree Convertible Loan – T17 Tranche Repayment Shares (part)	iii)			22,608
31 Dec 2009	Equity to Be Issued	ii)			50,000
04 Jan 2011	SpringTree Convertible Loan – T17 Tranche Repayment Shares (part)	iii)	7,368,421	0.200	1,476,601
04 Jan 2011	Exercise of PRRO options	ii)	2,500,000	0.002	5,000
10 Jan 2011	SpringTree placement of shares	i)	6,209,638	0.201	1,250,000
10 Jan 2011	Exercise of PRRO options	ii)	600,000	0.022	13,200
13 Jan 2011	Exercise of PRRO options	ii)	2,038,333	0.022	44,843
19 Jan 2011	Exercise of PRRO options	ii)	4,461,473	0.022	98,152
27 Jan 2011	Exercise of PRRO options	ii)	2,118,407	0.022	46,605
01 Feb 2011	Exercise of ESOP options	ii)	100,000	0.100	10,000
01 Feb 2011	SpringTree Convertible Loan – T18 Tranche Repayment Shares	iii)	3,703,704	0.248	917,615
03 Feb 2011	Exercise of PRRO options	ii)	85,160	0.022	1,874
14 Feb 2011	Exercise of PRRO options	ii)	200,000	0.022	4,400
17 Feb 2011	Exercise of PRRAI options	ii)	5,000,000	0.063	314,500
17 Feb 2011	Exercise of PRRO options	ii)	200,000	0.022	4,400
24 Feb 2011	SpringTree conversion of Convertible security – part of $1.25m	i)	3,140,704	0.355	1,116,419
28 Feb 2011	Exercise of PRRO options	ii)	210,553	0.022	4,632
03 Mar 2011	SpringTree conversion of Convertible security – part of $1.25m	i)	3,140,704	0.235	738,065
10 Mar 2011	Exercise of PRRO options	ii)	1,112,929	0.022	24,484
17 Mar 2011	Exercise of PRRO options	ii)	39,000	0.022	858

2011	Details	Note	Number	Issue Price	Total
				$	$
24 Mar 2011	Exercise of PRRAI options	ii)	5,000,000	0.063	314,500
29 Mar 2011	Issue of 15 million collateral shares	iv)	–	–	1,500,000
30 Mar 2011	Exercise of PRRO options	ii)	3,035,000	0.022	66,770
08 Apr 2011	Exercise of PRRO options	ii)	893,466	0.022	19,656
14 Apr 2011	Exercise of PRRO options	ii)	946,468	0.022	20,822
14 Apr 2011	Exercise of PRRAI options	ii)	5,000,000	0.063	314,500
21 Apr 2011	Exercise of PRRAF options	ii)	1,722,017	0.161	276,384
21 Apr 2011	Exercise of PRRAK options	ii)	1,694,915	0.144	243,898
21 Apr 2011	Exercise of PRRAG options	ii)	1,741,294	0.141	246,219
21 Apr 2011	Exercise of PRRO options	ii)	384,176	0.022	8,452
29 Apr 2011	Exercise of PRRO options	ii)	1,348,685	0.022	29,671
06 May 2011	Exercise of PRRAH options	ii)	1,540,154	0.194	299,406
06 May 2011	Exercise of PRRAJ options	ii)	1,315,789	0.189	249,079
06 May 2011	Exercise of PRRAL options	ii)	1,473,684	0.187	276,168
06 May 2011	Exercise of PRRO options	ii)	65,000	0.022	1,430
13 May 2011	Exercise of PRRO options	ii)	125,000	0.022	2,750
23 May 2011	Exercise of PRRO options	ii)	817,000	0.022	17,974
24 May 2011	Exercise of PRRO options	ii)	2,225,505	0.022	48,961
24 May 2011	Exercise of PRRAC options	ii)	2,000,000	0.250	500,000
26 May 2011	Share Placement	i)	75,000,000	0.280	21,000,000
31 May 2011	Exercise of PRRO options	ii)	404,050	0.022	8,888
02 Jun 2011	Exercise of PRRAM options	ii)	1,547,988	0.105	163,003
02 Jun 2011	Exercise of PRRAQ options	ii)	1,766,784	0.133	234,099
02 Jun 2011	Exercise of PRRAO options	ii)	1,884,253	0.223	420,377
02 Jun 2011	Exercise of PRRAA options	ii)	1,076,095	0.220	236,311
02 Jun 2011	Exercise of PRRAE options	ii)	1,144,726	0.207	236,959
02 Jun 2011	Exercise of PRRO options	ii)	368,765	0.022	8,113
06 Jun 2011	Exercise of PRRO options	ii)	221,750	0.022	4,879
10 Jun 2011	Exercise of PRRO options	ii)	292,303	0.022	6,431
20 Jun 2011	Exercise of PRRO options	ii)	1,700,876	0.022	37,419
27 Jun 2011	Exercise of PRRO options	ii)	4,000,000	0.022	88,000
30 Jun 2011	SPP Capital Raising	i)	72,817,788	0.280	20,388,509
Transaction costs relating to share issues					(1,920,231)
			281,778,034		**56,139,667**

2010	Details	Note	Number	Issue Price	Total
				$	$
17 Jul 2009	Exercise of PRRO Options	ii)	3,000,000	0.022	66,000
21 Jul 2009	Convertible Loan Agreement	iv)	15,000,000	0.071	–
29 Jul 2009	Exercise of PRRO Options	ii)	2,233,363	0.022	49,134
10 Aug 2009	Convertible Loan – SpringTree – Tranche 1	iii)	7,739,938	0.069	534,306
17 Aug 2009	Exercise of PRRO Options	ii)	16,371,430	0.022	360,171
02 Sep 2009	Exercise of PRRO Options	ii)	3,704,800	0.022	81,506
09 Sep 2009	Convertible Loan – SpringTree – Tranche 2	iii)	8,833,922	0.101	889,571
11 Sep 2009	Exercise of PRRO Options	ii)	1,525,000	0.022	33,550
16 Sep 2009	Exercise of PRRAO Options	ii)	38,500,000	–	–
24 Sep 2009	Exercise of PRRO Options	ii)	3,058,933	0.022	67,297
07 Oct 2009	Exercise of PRRAE Options	ii)	2,000,000	0.125	260,000
09 Oct 2009	Exercise of PRRO Options	ii)	400,000	0.022	8,800
09 Oct 2009	Convertible Loan – SpringTree – Tranche 3	iii)	9,421,265	0.222	2,088,822
13 Oct 2009	Exercise of PRRO Options	ii)	2,232,178	0.022	49,108
29 Oct 2009	Exercise of PRRO Options	ii)	1,900,000	0.022	41,800
09 Nov 2009	Convertible Loan – SpringTree – Tranche 4	iii)	9,421,265	0.178	1,680,609
13 Nov 2009	Exercise of PRRO Options	ii)	2,847,200	0.022	62,638
27 Nov 2009	Exercise of PRRO Options	ii)	333,500	0.022	7,337
30 Nov 2009	Share Purchase Plan	i)	80,401,244	0.140	11,256,108
02 Dec 2009	Issued as per Resolution 3 of AGM	i)	211,267	0.071	15,000
03 Dec 2009	Issued in lieu of cash payment for services rendered	i)	71,430	0.140	10,000
10 Dec 2009	Exercise of PRRO Options	ii)	200,000	0.022	4,400
14 Dec 2009	Convertible Loan – SpringTree – Tranche 5	iii)	5,307,051	0.156	826,195
16 Dec 2009	Exercise of PRRO Options	ii)	120,000	0.022	2,640
18 Dec 2009	Conversion of Convertible Loan – Resolution 3 of June GM	i)	4,830,084	0.159	769,813
31 Dec 2009	Convertible Loan – SpringTree – Tranche 6	iii)	5,307,051	–	42,309
05 Jan 2010	Exercise of PRRO Options	ii)	2,045,000	0.022	44,990
11 Jan 2010	Exercise of PRRO Options	ii)	251,333	0.022	5,529
12 Jan 2010	Convertible Loan - SpringTree - Tranche 6	iii)	–	–	878,993
21 Jan 2010	Exercise of PRRO Options	ii)	170,000	0.022	3,740
29 Jan 2010	Exercise of PRRO Options	ii)	266,666	0.022	5,867
09 Feb 2010	Exercise of PRRO Options	ii)	10,000	0.022	220
23 Feb 2010	Convertible Loan – SpringTree – Tranche 7	iii)	5,591,055	0.187	1,045,777
23 Feb 2010	Issue of SPP Shortfall to investors	i)	17,602,741	0.140	2,464,384
26 Feb 2010	Issue of SPP Shortfall to investors	i)	1,638,577	0.140	229,401
05 Mar 2010	Exercise of PRRO Options	ii)	1,475,000	0.022	32,450

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2010	Details	Note	Number	Issue Price	Total
				$	$
12 Mar 2010	Exercise of PRRO Options	ii)	225,000	0.022	4,950
19 Mar 2010	Exercise of PRRO Options	ii)	40,000	0.022	880
19 Mar 2010	Convertible Loan – SpringTree – Tranche 8	iii)	5,376,344	0.150	805,883
01 Apr 2010	Exercise of PRRO Options	ii)	252,500	0.022	5,555
15 Apr 2010	Exercise of PRRO Options	ii)	1,000,000	0.022	22,000
20 Apr 2010	Convertible Loan – SpringTree – Tranche 9	iii)	5,380,477	0.158	852,800
28 Apr 2010	Exercise of PRRO Options	ii)	676,567	0.022	14,884
19 May 2010	Convertible Loan – SpringTree – Tranche 10	iii)	5,275,057	0.149	785,134
08 Jun 2010	Exercise of PRRO Options	ii)	250,000	0.022	5,500
15 Jun 2010	Exercise of PRRO Options	ii)	250,000	0.022	5,500
21 Jun 2010	Convertible Loan – SpringTree – Tranche 11	iii)	5,723,630	0.127	727,805
30 Jun 2010	Shares issue to Employee	i)	191,786	0.140	26,850
30 Jun 2010	Convertible Loan – SpringTree – Tranche 12 (Part)	iii)	–	–	7,248
Cost of Options Exercised					(215,177)
Transaction costs relating to share issues					(178,651)
			278,662,654		**26,789,626**

(b)	Options	Note	Consolidated		Consolidated	
			30 June 2011		30 June 2010	
			No.	$	No.	$
	At the beginning of reporting period		152,958,086	5,608,078	166,698,302	429,097
	Options movements during year					
	Options issued during year	(i)	44,728,594	2,194,810	56,498,254	4,918,131
	Exercise of Options (Shares issued during the year)	(ii)	(69,076,228)	(69,380)	(85,338,470)	(215,177)
	Expiry of options	(iii)	(300,000)	(300)	-	-
	Commitment options	(iv)	–	2,069,576	15,000,000	474,931
	ESOP options	(v)	–	26,215	100,000	1,096
	At reporting date		**128,310,452**	**9,828,999**	**152,958,086**	**5,608,078**

2011	Details	Note	Number	Issue Price	Total
				$	$
21 Jul 2010	SpringTree Convertible Loan – T12 Options exercisable at $0.1605 21/7/2015	i)	1,722,017	0.081	140,180
21 Jul 2010	Exercise of PRRO Options	ii)	(1,251,850)	(0.002)	(2,504)
06 Aug 2010	Expiry of PRRAK options (exercisable at $0.20 6/8/2010)	iii)	(300,000)	0.001	(300)
11 Aug 2010	Exercise of PRRO Options	ii)	(890,000)	(0.002)	(1,780)
23 Aug 2010	SpringTree Convertible Loan – T13 Options exercisable at $0.1439 20/8/2015	i)	1,694,915	0.071	119,499
30 Aug 2010	Exercise of PRRO Options	ii)	(1,011,538)	(0.002)	(2,023)
24 Sep 2010	SpringTree Convertible Loan – T14 Options exercisable at $0.1414 22/9/2015	i)	1,741,294	0.070	122,400
01 Oct 2010	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
08 Oct 2010	Exercise of PRRO Options	ii)	(489,000)	(0.002)	(978)
22 Oct 2010	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
27 Oct 2010	SpringTree Convertible Loan – T15 Options exercisable at $0.1944 27/10/2015	i)	1,540,154	0.108	165,997
28 Oct 2010	Exercise of PRRO Options	ii)	(261,000)	(0.002)	(522)
11 Nov 2010	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
24 Nov 2010	SpringTree Convertible Loan – T16 Options exercisable at $0.1893 24/11/2015	i)	1,315,789	0.097	127,834
06 Dec 2010	Issue of options to Directors (20 cents, 6 Dec. 2013)	i)	32,500,000	0.032	1,053,000
06 Dec 2010	Issue of options to Director (10 cents, 6 Dec. 2014)	i)	2,000,000	0.007	14,300
10 Dec 2010	Exercise of PRRO Options	ii)	(71,242)	0.002	(142)
23 Dec 2010	Exercise of PRRO Options	ii)	(100,000)	0.002	(200)
31 Dec 2010	SpringTree Convertible Loan – T17	i)	–	–	27,336

2011	Details	Note	Number	Issue Price	Total
				$	$
04 Jan 2011	SpringTree Convertible Loan – T17 Options exercisable at $0.1874 04/01/2016	i)	1,473,684	0.185	244,773
04 Jan 2011	Exercise of PRRO Options	ii)	(2,500,000)	0.002	(5,000)
10 Jan 2011	Exercise of PRRO Options	ii)	(600,000)	0.002	(1,200)
13 Jan 2011	Exercise of PRRO Options	ii)	(2,038,333)	0.002	(4,077)
19 Jan 2011	Exercise of PRRO Options	ii)	(4,461,473)	0.002	(8,923)
27 Jan 2011	Exercise of PRRO Options	ii)	(2,118,407)	0.002	(4,237)
11 Jan 2011	Take-up of commitment options (15m) based on valuation at each drawdown date	iv)	–	–	1,347,214
31 Jan 2011	To expense ESOP options	v)	–	–	26,215
01 Feb 2011	Exercise of ESOP options	ii)	(100,000)	(0.008)	757
01 Feb 2011	SpringTree Convertible Loan – T18 Options exercisable at $0.3390 1/02/2016	i)	740,741	0.242	179,491
03 Feb 2011	Exercise of PRRO Options	ii)	(85,160)	(0.002)	(170)
14 Feb 2011	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
17 Feb 2011	Exercise of PRRAI options	ii)	(5,000,000)	–	–
17 Feb 2011	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
28 Feb 2011	Exercise of PRRO Options	ii)	(210,553)	(0.002)	(421)
04 Mar 2011	Take-up of commitment options (15m) based on valuation at each drawdown date	iv)	–	–	722,362
10 Mar 2011	Exercise of PRRO Options	ii)	(1,112,929)	(0.002)	(2,226)
17 Mar 2011	Exercise of PRRO Options	ii)	(39,000)	(0.002)	(78)
24 Mar 2011	Exercise of PRRAI options	ii)	(5,000,000)	-	-
30 Mar 2011	Exercise of PRRO Options	ii)	(3,035,000)	(0.002)	(6,070)
08 Apr 2011	Exercise of PRRO Options	ii)	(893,466)	(0.002)	(1,787)
14 Apr 2011	Exercise of PRRO Options	ii)	(946,468)	(0.002)	(1,893)
14 Apr 2011	Exercise of PRRAI options	ii)	(5,000,000)	–	–
21 Apr 2011	Exercise of PRRAF options	ii)	(1,722,017)	–	–
21 Apr 2011	Exercise of PRRAK options	ii)	(1,694,915)	–	–
21 Apr 2011	Exercise of PRRAG options	ii)	(1,741,294)	–	–
21 Apr 2011	Exercise of PRRO Options	ii)	(384,176)	(0.002)	(768)
29 Apr 2011	Exercise of PRRO Options	ii)	(1,348,685)	(0.002)	(2,697)
06 May 2011	Exercise of PRRAH options	ii)	(1,540,154)	–	–
06 May 2011	Exercise of PRRAJ options	ii)	(1,315,789)	–	–
06 May 2011	Exercise of PRRAL options	ii)	(1,473,684)	–	–

2011	Details	Note	Number	Issue Price	Total
				$	$
06 May 2011	Exercise of PRRO Options	ii)	(65,000)	(0.002)	(130)
13 May 2011	Exercise of PRRO Options	ii)	(125,000)	(0.002)	(250)
23 May 2011	Exercise of PRRO Options	ii)	(817,000)	(0.002)	(1,634)
24 May 2011	Exercise of PRRO Options	ii)	(2,225,505)	(0.002)	(4,451)
24 May 2011	Exercise of PRRAC options	ii)	(2,000,000)	–	–
31 May 2011	Exercise of PRRO Options	ii)	(404,050)	(0.002)	(808)
02 Jun 2011	Exercise of PRRAM options	ii)	(1,547,988)	–	–
02 Jun 2011	Exercise of PRRAQ options	ii)	(1,766,784)	–	–
02 Jun 2011	Exercise of PRRAO options	ii)	(1,884,253)	–	–
02 Jun 2011	Exercise of PRRAA options	ii)	(1,076,095)	–	–
02 Jun 2011	Exercise of PRRAE options	ii)	(1,144,726)	–	–
02 Jun 2011	Exercise of PRRO Options	ii)	(368,765)	(0.002)	(738)
10 Jun 2011	Exercise of PRRO Options	ii)	(292,303)	(0.002)	(585)
20 Jun 2011	Exercise of PRRO Options	ii)	(1,700,876)	(0.002)	(3,402)
30 Jun 2011	Exercise of PRRO Options	ii)	(4,221,750)	(0.002)	(8,444)
			(24,647,634)		**4,220,921**

PRRO are tradeable listed options.

2010	Details	Note	Number	Issue Price $	Total $
17 Jul 2009	Exercise of PRRO Options	ii)	(3,000,000)	(0.002)	(6,000)
21 Jul 2009	Commitment Options	iv)	15,000,000	0.032	474,931
29 Jul 2009	Exercise of PRRO Options	ii)	(2,233,363)	(0.002)	(4,467)
05 Aug 2009	Issue of Shares as per Resolutions 1, 2 & 3 of GM	i)	38,500,000	0.070	2,695,000
10 Aug 2009	Convertible Loan – SpringTree – Tranche 1	i)	1,547,988	0.050	76,713
17 Aug 2009	Exercise of PRRO Options	ii)	(16,371,430)	(0.002)	(32,743)
02 Sep 2009	Exercise of PRRO Options	ii)	(3,704,800)	(0.002)	(7,410)
09 Sep 2009	Convertible Loan – SpringTree – Tranche 2	i)	1,766,784	0.074	130,993
11 Sep 2009	Exercise of PRRO Options	ii)	(1,525,000)	(0.002)	(3,050)
16 Sep 2009	Exercise of PRRAO Options	ii)	(38,500,000)	(0.002)	(115,500)
24 Sep 2009	Exercise of PRRO Options	ii)	(3,058,933)	(0.002)	(6,118)
09 Oct 2009	Exercise of PRRAE Options	ii)	(2,000,000)	(0.002)	(10,000)
09 Oct 2009	Exercise of PRRO Options	ii)	(400,000)	(0.002)	(800)
09 Oct 2009	Convertible Loan – SpringTree – Tranche 3	i)	1,884,253	0.217	409,140
13 Oct 2009	Exercise of PRRO Options	ii)	(2,232,178)	(0.002)	(4,464)
29 Oct 2009	Exercise of PRRO Options	ii)	(1,900,000)	(0.002)	(3,800)
09 Nov 2009	Convertible Loan – SpringTree – Tranche 4	i)	1,884,253	0.143	268,578
13 Nov 2009	Exercise of PRRO Options	ii)	(2,847,200)	(0.002)	(5,694)
27 Nov 2009	Exercise of PRRO Options	ii)	(333,500)	(0.002)	(667)
10 Dec 2009	Exercise of PRRO Options	ii)	(200,000)	(0.002)	(400)
14 Dec 2009	Convertible Loan – SpringTree – Tranche 5	i)	1,884,253	0.112	211,734
16 Dec 2009	Exercise of PRRO Options	ii)	(120,000)	(0.002)	(240)
31 Dec 2009	Convertible Loan – SpringTree – Tranche 6	i)	1,061,411	0.148	28,217
05 Jan 2010	Exercise of PRRO Options	ii)	(2,045,000)	(0.002)	(4,090)
11 Jan 2010	Exercise of PRRO Options	ii)	(251,333)	(0.002)	(503)
12 Jan 2010	Convertible Loan – SpringTree – Tranche 6	i)	–	–	129,349
21 Jan 2010	Exercise of PRRO Options	ii)	(170,000)	(0.002)	(340)
29 Jan 2010	Exercise of PRRO Options	ii)	(266,666)	(0.002)	(533)

2010	Details	Note	Number	Issue Price $	Total $
09 Feb 2010	Exercise of PRRO Options	ii)	(10,000)	(0.002)	(20)
23 Feb 2010	Convertible Loan – SpringTree – Tranche 7	i)	1,118,211	0.150	167,455
05 Mar 2010	Exercise of PRRO Options	ii)	(1,475,000)	(0.002)	(2,950)
12 Mar 2010	Exercise of PRRO Options	ii)	(225,000)	(0.002)	(450)
23 Feb 2010	Exercise of PRRO Options	ii)	(40,000)	(0.002)	(80)
19 Mar 2010	Convertible Loan – SpringTree – Tranche 8	i)	1,075,269	0.178	191,665
01 Apr 2010	Exercise of PRRO Options	ii)	(252,500)	(0.002)	(505)
15 Apr 2010	Exercise of PRRO Options	ii)	(1,000,000)	(0.002)	(2,000)
20 Apr 2010	Convertible Loan – SpringTree – Tranche 9	i)	1,076,095	0.124	133,394
28 Apr 2010	Exercise of PRRO Options	ii)	(676,567)	(0.002)	(1,353)
06 May 2010	ESOP – Matt – Resolution 4 of April 2010 GM	v)	100,000	0.015	1,513
06 May 2010	April 2010 GM – Resol 5 in lieu cash for services	i)	500,000	0.083	41,495
06 May 2010	Issued in lieu of cash payment for services rendered	i)	2,000,000	0.083	165,980
19 May 2010	Convertible Loan – SpringTree – Tranche 10	i)	1,055,011	0.133	140,656
08 Jun 2010	Exercise of PRRO Options	ii)	(250,000)	(0.002)	(500)
15 Jun 2010	Exercise of PRRO Options	ii)	(250,000)	(0.002)	(500)
21 Jun 2010	Convertible Loan – SpringTree – Tranche 11	i)	1,144,726	0.112	127,762
30 Jun 2010	Expensing of ESOP options issued	v)	–	–	(417)
			(13,740,216)		**5,178,981**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

A class shares
A class shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

A class shares do not have any voting rights.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTE 24. EQUITY – RESERVES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Available-for-sale reserve	–	19,397
Foreign currency reserve	(1,157)	–
	(1,157)	**19,397**

NOTE 25. EQUITY – NON-CONTROLLING INTEREST

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Accumulated losses	–	**(254)**

NOTE 26. EQUITY – DIVIDENDS

There were no dividends paid or declared during the current or previous financial year.

NOTE 27. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i. e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice or may include negotiations with suppliers to make payment in our functional currency.

At 30 June 2011, the Consolidated Group had the following exposure to foreign currency risk that is not denominated in Australian dollars. All amounts have been converted to Australian dollars using applicable rates.

As from 1 July 2011, the Consolidated Group has entered into a hedging arrangement that covers 75% of the forecast foreign currency expenditure to 30 June 2012 and 50% of the forecast foreign currency expenditure for the following 12 month period to 30 June 2013.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Consolidated	Assets		Liabilites	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	$	$	$	$
US Dollars			1,079,130	656,413
Euros			205,232	–
Swiss Francs			–	45,731
	–	**–**	**1,284,362**	**702,144**

The consolidated entity had liabilities denominated in $US dollars of $1,079,130 (2010: $656,413). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2010: weakened by 5%/strengthened by 5%) against this foreign currency with all other variables held constant, the consolidated entity's profit before tax for the year would have been $53,957 lower/$53,957 higher (2010: $32,821 lower/$32,821 higher) and equity would have been $53,957 lower/$53,957 higher (2010: $32,821 lower/$32,821 higher).

The consolidated entity had assets denominated in Canadian dollars of $nil (2010: $574,504). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2010: weakened by 5%/strengthened by 5%) against this foreign currency with all other variables held constant, the consolidated entity's profit before tax for the year would have been $nil lower/$nil higher (2010: $28,725 lower/$28,725 higher) and equity would have been $nil lower/$nil higher (2010: $28,725 lower/$28,725 higher).

The consolidated entity had liabilities denominated in Swiss francs of $nil (2010: $45,731). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2010: weakened by 5%/strengthened by 5%) against this foreign currency with all other variables held constant, the consolidated entity's profit before tax for the year would have been $nil lower/$nil higher (2010: $2,287 lower/$2,287 higher) and equity would have been $nil lower/$nil higher (2010: $2,287 lower/$2,287 higher).

The consolidated entity had liabilities denominated in Euros of $205,232 (2010: $nil). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2010: weakened by 5%/strengthened by 5%) against this foreign currency with all other variables held constant, the consolidated entity's profit before tax for the year would have been $10,261 lower/$10,261 higher (2010: $nil lower/ $nil higher) and equity would have been $10,261 lower/$10,261 higher (2010: $nil lower/$nil higher).

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
At 30 June 2011, the consolidated entity did not have any interest bearing liabilities and is not exposed to interest rate risk.

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Historically the Consolidated Group has had minimal trade and other receivables, with the majority of its funding being provided via shareholder investment. Traditionally the Company's trade and other receivables relate to recovery of expenses from third parties and GST refunds due to the Group from the Australian Tax Office. The Board believe that the Consolidated Group does not have significant credit risk at this time in respect of its trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

At 30 June 2011, the consolidated entity had current assets of $57,062,802 and current liabilities of $2,537,091. Based on this the directors are confident that the consolidated entity will be able to pay its debts as and when they fall due.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated 30 June 2011	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,471,212	–	–	–	2,471,212
Employee benefits	-	65,879	–	–	4,440	70,319
Total non-derivatives		**2,537,091**	**–**	**–**	**4,440**	**2,541,531**

Consolidated 30 June 2010	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	–	1,499,091	–	–	–	1,499,091
Employee benefits	–	23,692	–	–	887	24,579
Convertible loan	–	603,062	–	–	–	603,062
Total non-derivatives		**2,125,845**	**–**	**–**	**887**	**2,126,732**
Derivatives						
Derivative financial instruments		83,620	–	–	–	83,620
Total derivatives		**83,620**	**–**	**–**	**–**	**83,620**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Short-term employee benefits	1,501,781	1,167,313
Post-employment benefits	42,602	680
Share-based payments	1,307,814	2,738,513
	2,852,197	**3,906,506**

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2011	Balance at start of the year	Received as part of renumeration	Additions	Disposals / other	Balance at end of the year
Ordinary shares					
Ms Lucy Turnbull, AO	4,347,076	–	–	–	4,347,076
Mr Ata Gokyildirim	13,734,000	–	–	–	13,734,000
Mr Albert Wong	1,600,000	1,250,000	400,000	–	3,250,000
Mr Martin Rogers	20,821,500	–	–	–	20,821,500
Dr Richard Hammel	5,000,000	–	–	–	5,000,000
Mr Phillip Hains	3,061,429	–	40,000	(600,000)	2,501,429
Mr Matt Lehman	–	–	100,000	-	100,000
	48,564,005	**1,250,000**	**540,000**	**(600,000)**	**49,754,005**

30 June 2010	Balance at start of the year	Received as part of renumeration	Additions	Disposals / other	alance at end of the year
Ordinary shares					
Mr Ata Gokyildirim	234,000	–	13,500,000	–	13,734,000
Mr Albert Wong	–	–	–	1,600,000	1,600,000
Dr Richard Hammel	–	–	5,000,000	–	5,000,000
Mr Martin Rogers	497,500	–	20,000,000	324,000	20,821,500
Mr Phillip Hains	2,000,000	990,000	–	71,429	3,061,429
	2,731,500	**990,000**	**38,500,000**	**1,995,429**	**44,216,929**

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2011	Balance at start of the year	Granted	Exercised	Expired/forfeited/other	Balance at end of the year
Options over ordinary shares					
Ms Lucy Turnbull, AO	–	10,000,000	–	–	10,000,000
Mr Ata Gokyildirim	9,964,285	–	–	–	9,964,285
Mr Albert Wong	400,000	7,500,000	(400,000)	–	7,500,000
Dr Richard Hammel	7,619,047	5,000,000	–	–	12,619,047
Mr Martin Rogers	12,345,238	10,000,000	–	–	22,345,238
Mr Matt Lehman	100,000	–	(100,000)	–	–
Dr Neil Frazer	–	2,000,000	–	–	2,000,000
	30,428,570	**34,500,000**	**(500,000)**	**–**	**64,428,570**

30 June 2010	Balance at start of the year	Granted	Exercised	Expired/forfeited/other	Balance at end of the year
Options over ordinary shares					
Mr Ata Gokyildirim	18,000,000	13,500,000	(13,500,000)	(8,035,715)	9,964,285
Mr Albert Wong	–	–	–	400,000	400,000
Dr Richard Hammel	10,000,000	5,000,000	(5,000,000)	(2,380,953)	7,619,047
Mr Martin Rogers	18,000,000	20,000,000	(20,000,000)	(5,654,762)	12,345,238
Mr Matt Lehman	–	100,000	–	–	100,000
	46,000,000	**38,600,000**	**(38,500,000)**	**(15,671,430)**	**30,428,570**

Related party transactions

Related party transactions are set out in note 32.

NOTE 29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by MDHC Audit Assurance Pty Ltd, the auditor of the company, and its related practices:

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Audit services – MDHC Audit Assurance Pty Ltd		
Audit or review of the financial report	45,000	42,500
Other services – MDHC Audit Assurance Pty Ltd		
Preparation of the tax return and assistance with NASDAQ listing	148,346	24,147
	193,346	**66,647**

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.

NOTE 30. CONTINGENT LIABILITIES

There were no material contingent liabilities in existence at 30 June 2011 and 30 June 2010.

NOTE 31. COMMITMENTS FOR EXPENDITURE

There were no material capital or leasing commitments at 30 June 2011 and 30 June 2010.

NOTE 32. RELATED PARTY TRANSACTIONS

Parent entity
Prima BioMed Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the directors' report.

Transactions with related parties
There were no transactions with related parties during the financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties
There were no loans to or from related parties at the reporting date.

NOTE 33. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	30 June 2011	30 June 2010
	$	$
Loss after income tax	(20,200,362)	(10,875,565)
Total comprehensive income	(20,200,362)	(10,875,565)

NOTE 33. PARENT ENTITY INFORMATION (CONTINUED)

Statement of financial position

	Parent	
	30 June 2011	30 June 2010
	$	$
Total current assets	56,651,114	16,459,344
Total assets	**69,035,131**	**29,357,766**
Total current liabilities	1,960,450	2,200,897
Total liabilities	**1,964,890**	**2,201,784**
Equity		
— Contributed equity	134,895,021	74,534,413
— Reserves	–	19,397
— Accumulated losses	(67,824,780)	(47,397,828)
Total equity	**67,070,241**	**27,155,982**

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

In the current or previous financial year, the debts of its controlled entities were inter-company loans from Parent Entity only. Prima BioMed Ltd has not entered into any guarantees, in relation to the debts of its subsidiaries.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011 and 30 June 2010.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
— Investments in subsidiaries are accounted for at cost, less any impairment.

NOTE 34. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		30 June 2011	30 June 2010
		%	%
Arthron Pty Ltd	Australia	100.00	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
Prima BioMed USA Inc	United States of America	100.00	100.00
Prima BioMed Europe Ltd	United Kingdom	100.00	100.00
PRR Middle East FZ-LC	United Arab Emirates	100.00	–
Prima BioMed GmbH	Germany	100.00	–

Acquisition of Subsidiaries

In October 2009, Prima BioMed Europe Limited, a 100 % owned subsidiary of Prima BioMed Ltd was incorporated in the United Kingdom. The initial issued capital was 1 share of 1 British pound, which remains unchanged. This subsidiary is inactive.

In April 2010, Prima BioMed USA Inc, a 100 % owned subsidiary of Prima BioMed Ltd, was incorporated in the United States. The initial issued capital was 1,500 shares of no par value, which remains unchanged.

In May 2011, Prima BioMed GmbH, a 100 % owned subsidiary of Prima BioMed Ltd, was incorporated in Germany. The initial issued capital was 25,000 shares of 1 Euro per share, which remains unchanged.

Also in May 2011, Prima BioMed Middle East FZLLC, a 100 % owned subsidiary of Prima BioMed Ltd, was incorporated in the United Arab Emirates. The initial issued capital was 300 shares of 1,000 Dirhams per share, which remains unchanged.

The Middle East and German subsidiaries were established to allow Prima to conduct commercial and clinical operations in Europe, the United States, and the UAE.

NOTE 35. EVENTS OCCURRING AFTER THE REPORTING DATE

Date	Detail
01/07/2011	Change of registered address to Level 7, 151 Macquarie Street, Sydney, NSW 2000
	Mr. Phillip Hains resigns as a joint Company Secretary of the Company
14/07/2011	Appendix 3B – 1,368,185 PRR shares issued following exercise of PRRO options
15/07/2011	Appendix 3B – 19,964,285 PRR shares issued following exercise of PRRO options
19/07/2011	Appendix 3Y – Change of Director's interest notice for Mr. Martin Rogers
	Appendix 3Y – Change of Director's interest notice for Dr. Richard Hammel
	Appendix 3B – 113,000 PRR shares issued following exercise of PRRO options
28/07/2011	Appendix 3B – 654,123 PRR shares issued following exercise of PRRO options
05/08/2011	The Company receives AUD$5.35 million grant to support CVAC clinical program
08/08/2011	Appendix 3B – 155,500 PRR shares issued following exercise of PRRO options
	Appendix 3Y – Change of Director's interest notice for Mr. Albert Wong
	Appendix 3Y – Change of Director's interest notice for Ms Lucy Turnbull, AO
	Appendix 3Y – Change of Director's interest notice for Dr. Neil Frazer
	Appendix 3Y – Change of Director's interest notice for Dr. Richard Hammel
	Appendix 3Y – Change of Director's interest notice for Mr. Martin Rogers
22/08/2011	Appendix 3B – 3,792,217 PRR shares issued following exercise of PRRO options
31/08/2011	Appendix 4E – Preliminary Final Report
	Diversity Policy issued
	Appendix 3B – 250,000 PRR shares issued following exercise of PRRO options – 2,000,000 Unlisted Options (PRRAL) issued exercisable at $0.10 per option on or before 6 December 2014
02/09/2011	Prima BioMed Ltd included in S&P Australian 300 Index
05/09/2011	Appendix 3B – 30,000 PRR shares issued following exercise of PRRO options
12/09/2011	Prima completes patient enrolment for CVac™ Phase IIB trial complete
13/09/2011	Appendix 3B – 1,253,266 PRR shares issued following exercise of PRRO options

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

NOTE 36. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Loss after income tax expense for the year	(21,081,167)	(17,960,587)
Adjustments for:		
Depreciation and amortisation	64,220	53,039
Net fair value loss on available-for-sale financial assets	555,107	–
Add back doubtful debts	–	10,832
Add back share based payments	10,581,933	3,256,988
Add back finance costs on convertible loans	–	6,946,628
Add back loss on disposal of assets	–	4,232
Unrealised loss on financial liability at fair value through the profit and loss	–	528,846
Change in operating assets and liabilities:		
Decrease in trade and other receivables	40,995	279,578
Increase in inventories	(214,346)	–
Increase in other operating assets	(30,071)	(786,542)
Increase in trade and other payables	972,121	1,182,377
Increase in employee benefits	42,187	887
Increase/(decrease) in other operating liabilities	(686,682)	22,042
Net cash used in operating activities	**(9,755,703)**	**(6,461,680)**

NOTE 37. EARNINGS PER SHARE

	Consolidated	
	30 June 2011	30 June 2010
	$	$
Loss after income tax	(21,081,167)	(17,960,587)
Non-controlling interest	72	267
Loss after income tax attributable to the owners of Prima BioMed Ltd	**(21,081,095)**	**(17,960,320)**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	563,696,560	499,567,326
Weighted average number of ordinary shares used in calculating diluted earnings per share	563,696,560	499,567,326
	Cents	**Cents**
Basic earnings per share	(3.740)	(3.600)
Diluted earnings per share	(3.740)	(3.600)

Investing into research
on cancer is an investment into
the future of our children.

>> DIRECTORS' DECLARATION

In the directors' opinion:

— the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

— the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

— the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

— there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Lucy Turnbull, AO
Chairman

27 September 2011, Sydney

Progress and information
go together. And we like
to be leading with both.

>> INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMA BIOMED LTD

MDHC
AUDIT
ASSURANCE
Statutory Audit, Internal Audit, Investigations & Due Diligence

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

Report on the Financial Report

We have audited the accompanying consolidated financial report of Prima Biomed Ltd (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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.

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

MDHC Audit Assurance Pty Ltd
Formerly McLean Delmo Hall
Chadwick Audit Assurance Pty Ltd
ABN 54 113 655 584

Your business is our business

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>> INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMA BIOMED LTD

MDHC
AUDIT
ASSURANCE
Statutory Audit, Internal Audit, Investigations & Due Diligence

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 consolidated financial report of Prima Biomed Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 28 to 33 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Prima Biomed Ltd for the year ended 30 June 2011, complies with s 300A of the Corporations Act 2001.

MDHC Audit Assurance Pty Ltd

Kevin P Adams
Director

Hawthorn
27 September 2011

MDHC Audit Assurance Pty Ltd
Formerly McLean Delmo Hall
Chadwick Audit Assurance Pty Ltd
ABN 54 113 655 584

Your business is our business

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>> SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 13 September 2011.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 – 1,000	272
1,001 – 5,000	2,306
5,001 – 10,000	2,484
10,001 – 100,000	7,599
100,001 – and over	1,870
	14,531
Holding less than a marketable parcel	1,021

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 – 1,000	272	40
1,001 – 5,000	2,306	92
5,001 – 10,000	2,484	40
10,001 – 100,000	7,599	165
100,001 – and over	1,870	91
	14,531	**428**
Holding less than a marketable parcel	1,021	–

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Structure Investments Pty Ltd (Rogers Family a/c)	30,521,679	3.11
Citicorp Nomnees Pty Ltd	11,608,446	1.18
Richard J Hammel International Business Consultants	10,202,487	1.04
Cogent Nominees Pty Ltd	7,051,713	0.72
A Di Bella Pty Ltd	6,512,142	0.66
JP Morgan Nominees Australia Ltd	5,813,524	0.59
ABN Amro Clearing Sydney Nominees Pty Ltd	5,421,258	0.55
Mr Antolik Tscherepko	5,300,000	0.54
HSBC Custody Nominees Pty Ltd	5,200,248	0.53
Comsec Nominees Pty Ltd	5,116,027	0.52
UBS Wealth Management Australia Nominees Pty Ltd	5,027,709	0.51
Narrabri Pharmacy Wholesale Pty Ltd	4,976,334	0.51
Ms Lucy Turnbull, AO	4,622,076	0.46
Mr Goh Geok Kim	4,000,000	0.41
Mr Claudio Marcolongo & Mrs Diane Marcolongo	3,890,535	0.40
TJE Super Pty Ltd	3,827,000	0.39
Mr Dimce Spaseski & Mrs Maja Spaseska	3,777,500	0.39
JP Morgan Nominees Australia Ltd	3,777,441	0.39
Mr C Barbagiovanni & Mr R Gaudagino	3,053,572	0.31
Mr Gregory & Mrs Diane Roberts	3,000,100	0.31
	132,699,791	**13.52**

SHAREHOLDER INFORMATION CONTINUED

	Options over ordinary shares	
	Number held	% of total shares issued
Rapney Pty Ltd	9,934,349	17.46
Mindean Investments Pty Ltd	2,890,000	5.08
Fortis Corporate Advisory Pty Ltd	2,300,000	4.04
Mr Peter Andrew Proksa	2,000,000	3.51
Mr David Austin & Mrs Christina Austin	2,000,000	3.51
The Industrial Group Pty Ltd	1,830,000	3.22
Stanhope Property & Sharpe Pty Ltd	1,160,000	2.04
Citicorp Nominees Pty Ltd	1,113,654	1.96
Tadea Pty Ltd	1,100,000	1.93
Acewin Pty Ltd	1,030,000	1.81
Mr Benjamin Cranstoun Dark	1,026,782	1.80
Mr John Habib	1,005,000	1.77
A Di Bella Pty Ltd	1,000,000	1.76
Mr Alfio Bi Bella & Mr Lorraine Palmer	1,000,000	1.76
Duck Holding Pty Ltd	815,000	1.43
Mr Peter Barta	726,950	1.28
Mr Michael De Leo & Mrs Jill Ann De Leo	711,632	1.25
Ms Heather Lynette Dean	580,614	1.02
31 May Pty Ltd	553,162	0.97
Mrs Kylie Marilyn Checkley	524,770	0.92
	33,301,913	**58.52**

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
There are no substantial holders in the company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

You can’t engineer quality of life.
But you can research and
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