



Commentary on results for year ended 30 June 2003

Starpharma Pooled Development Limited today announced financial results for the full year ending June 30 2003. The Company had cash reserves of \$7.8 million at year end, and on 10th September 2003 announced a share placement with leading Australian institutions raising additional capital of \$6.9 million before expenses. These cash resources put Starpharma in a solid position to advance its development programs over the next three years.

Significant developments for the company in the past year include:

- **Success of US FDA Application for Human Trials of VivaGel™**

On 30th June 2003 the Company announced the submission of an Investigational New Drug (IND) application to the US Food and Drug Administration for permission to commence human clinical trials of a new dendrimer nano-drug product - VivaGel™ - a microbicide developed to be used as a preventative against the transmission of HIV during sexual intercourse. Clearance to proceed with the trials was announced on 31st July 2003, making this the first dendrimer based nano-structure to proceed through the US regulatory system into human clinical trials. The project was managed by Starpharma's in house team and it is a major achievement for an Australian based biotechnology company to take a completely new class of chemical entity through the US regulatory system. The initial Phase I clinical trials will be conducted in Australia. The area of microbicides is now recognized as a major opportunity for HIV prevention and the project has received strong worldwide interest.

- **Establishment of DNT**

Dendritic Nanotechnologies Inc. is now an incorporated US entity in which Starpharma has a 49.99% equity interest. The transaction for conversion of the DNT initiative into a US registered company was approved by the Pooled Development Fund (PDF) Board, enabling Starpharma to maintain its status as a registered PDF, whilst retaining a significant equity interest in an overseas company. Starpharma also has commercialization rights to pharmaceutical applications of current and future DNT intellectual property. DNT has been recognised as a substantial participant in the development of nanotechnologies in the US, and has received significant grant income from the US Army and other sources. A unique range of dendrimer research products supplied by DNT is being marketed and sold through leading chemicals supplier, Sigma-Aldrich. DNT is also continuing to generate new intellectual property in areas such as lower cost dendrimer-like structures, application of dendrons to drug delivery, quantum dot stabilization, signal amplification, and selectively permeable membrane applications.

DNT has successfully attracted a team of high profile individuals with extensive commercial experience including:

Dr Charles Burke – CEO. Dr Burke has previous experience in the start-up and management of successful US biotechnology companies.

Mr Gifford E. Brown, former Vice-President of Planning & Finance and CFO of Dow Corning, is now the CFO of DNT.

Mr Richard Hazleton, former President and CEO of Dow Corning is a Director of DNT.

Starpharma established DNT with a total capital investment of A\$3.8 million and DNT is a significant asset of Starpharma with considerable growth potential.

- **Appointment of Chairman**

Mr Peter Bartels was appointed as a Director of the Company and elected Chairman of the Board on 6th August 2003. Mr Bartels was previously CEO and Managing Director of Coles Myer Ltd and before that CEO and Managing Director of Fosters Brewing Company Ltd. He has also had broad-based experience in the pharmaceutical industry in previous roles with DHA Pharmaceuticals and Abbott Laboratories.

The previous Chairman, Mr Richard Oliver had been Chairman of Starpharma since its establishment in 1996 until his retirement, and has made a substantial contribution to the success of Starpharma.

Starpharma has the intellectual property, skills, resources and support base to continue to develop as an internationally competitive biotechnology company.

Starpharma Pooled Development Limited (ASX:SPL) is a registered pooled development fund with investments in wholly owned subsidiary biopharmaceutical companies focused on the development and application of dendrimer nanotechnologies as drugs against major diseases. SPL also has a 49.9% equity in a US based company – Dendritic Nanotechnologies Inc. (DNT) – established with the US pioneer of dendrimer nanotechnology Dr Donald Tomalia.

CONTACTS:

Dr John Raff
Chief Executive Officer
+61 3 8532 2701

Mr Ben Rogers
Company Secretary
+61 3 8532 2702

www.starpharma.com



STARPHARMA POOLED
DEVELOPMENT Limited
ABN 20 078 532 180

ASX Preliminary final report – 30 June
2003

Lodged with the ASX under Listing Rule 4.3A

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STARPHARMA POOLED DEVELOPMENT Ltd
Year ended 30 June 2003
(Previous corresponding period:
Year ended 30 June 2002)

Results for Announcement to the Market

				\$
Revenue from ordinary activities	up/down	11%	to	1,484,907
Profit/(loss) from ordinary activities after tax attributable to members	up/down	2%	to	(7,719,783)
Net profit/(loss) for the period attributable to members	up/down	2%	to	(7,719,783)

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend

Not Applicable

No dividends have been paid or declared by the entity since the beginning of the current reporting period.

No dividends were paid for the previous corresponding period.

Explanation of Revenue

Revenue consisted of grant income from a Commonwealth Government R&D START Grant of \$839,251 (2002: \$383,646), Interest revenue of \$558,674 (2002: \$943,915), and other revenue of \$86,982 (2002: \$1,057).

Explanation of Net Profit/(loss)

The consolidated loss of \$7,719,783 is after fully expensing all research and development expenditure and patenting costs.

STARPHARMA POOLED DEVELOPMENT Ltd
Preliminary consolidated statement of financial performance
For the year ended 30 June 2003

	Consolidated	
	2003 \$	2002 \$
Revenue from ordinary activities	1,484,907	1,328,618
Expenses from ordinary activities		
Administration expense	(2,026,347)	(2,837,138)
Research and development expense	(5,713,405)	(6,227,723)
Occupancy expense	(439,175)	(14,836)
Share of results of associates accounted for using the equity method	(230,530)	-
Depreciation (plant and equipment)	(604,642)	(173,372)
Borrowing	(15,529)	-
Other expense from ordinary activities	-	(34,838)
PROFIT (LOSS) FROM OPERATING ACTIVITIES BEFORE TAX	(7,544,721)	(7,959,289)
Income tax on ordinary activities	-	-
PROFIT (LOSS) FROM OPERATING ACTIVITIES AFTER TAX	(7,544,721)	(7,959,289)
(Profit) Loss attributable to outside equity interest	(175,062)	53,158
PROFIT (LOSS) FROM OPERATING ACTIVITIES AFTER TAX	(7,719,783)	(7,906,131)

STARPHARMA POOLED DEVELOPMENT Ltd
Preliminary consolidated statement of financial position
As at 30 June 2003

	Consolidated	
	2003	2002
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash assets	7,891,543	17,434,235
Receivables	420,257	150,384
Other	147,540	252,993
TOTAL CURRENT ASSETS	8,459,340	17,837,612
NON CURRENT ASSETS		
Property, plant and equipment	2,005,400	947,581
Investments accounted for using the equity method	250,700	-
Other	-	74,240
TOTAL NON-CURRENT ASSETS	2,256,100	1,021,821
TOTAL ASSETS	10,715,440	18,859,433
LIABILITIES		
CURRENT LIABILITIES		
Payables	720,809	1,243,982
Provisions	205,729	178,365
Interest-bearing liabilities	60,007	-
Other	282,243	170,759
TOTAL CURRENT LIABILITIES	1,268,788	1,593,106
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	203,522	-
TOTAL NON-CURRENT LIABILITIES	203,522	-
TOTAL LIABILITIES	1,472,310	1,593,106
NET ASSETS	9,243,130	17,266,327
EQUITY		
Contributed equity	33,034,058	33,034,058
Foreign currency translation reserve	(46,609)	-
Retained profits (Accumulated losses)	(23,744,319)	(16,024,536)
Outside equity interests in controlled entities	-	256,805
TOTAL EQUITY	9,243,130	17,266,327

STARPHARMA POOLED DEVELOPMENT Ltd
Preliminary consolidated statement of cash flows
For the year ended 30 June 2003

	Consolidated	
	2003	2002
	\$	\$
CASH FLOWS FROM OPERATIONS		
Receipts from trade and other debtors	86,981	1,057
Grant Income (Inclusive of GST)	948,285	880,109
Interest received	684,782	888,419
Interest expense	(15,529)	-
Payments to suppliers and employees (Inclusive of GST)	(8,687,731)	(9,080,254)
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	(6,983,212)	(7,310,669)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash movement on deconsolidation	(933,239)	-
Proceeds from sale of property, plant and equipment	40,411	-
Payments for property, plant and equipment	(1,610,181)	(884,713)
NET CASH INFLOWS (OUTFLOWS) FROM INVESTING ACTIVITIES	(2,503,009)	(884,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	242,151
Share issue transaction costs	-	(25,000)
Lease repayments	(56,471)	-
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES	(56,471)	217,151
NET INCREASE (DECREASE) IN CASH HELD	(9,542,692)	(7,978,231)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	17,434,235	25,412,466
CASH AT THE END OF THE FINANCIAL YEAR	7,891,543	17,434,235

STARPHARMA POOLED DEVELOPMENT Ltd
Notes to the preliminary consolidated financial statements
For the year ended 30 June 2003

Material factors affecting the revenues and expenses of the economic entity for the current period

Investigational New Drug application (IND) for VivaGel™

Expenditure for the period included significant abnormal outlays by the controlled entity Starpharma Ltd for Scale-up GMP synthesis, pre-clinical toxicology studies and preparation of a successful Investigational New Drug application (IND) to the US Food and Drug Administration for VivaGel™ a topical microbicide gel containing the dendrimer SPL7013 that has been developed to be used as a preventative against the transmission of HIV during sexual intercourse.

Loss of Control of Dendritic Nanotechnologies Ltd

The issue of new shares in the controlled entity Dendritic Nanotechnologies Ltd (“DNT Ltd”) together with a change in the directors and management structure of that entity at the time of its conversion to a US entity on 27th March 2003 resulted a change in the level of control of that entity. From 27th March 2003 DNT Ltd became a wholly owned subsidiary of the US entity Dendritic Nanotechnologies Inc. (“DNT Inc”) and the Company held 49.99% of the issued shares in DNT Inc. The revenues and expenses of DNT Ltd have been included in the consolidated results from the beginning of the current period until 27th March 2003. The Directors of the Company have resolved that control in DNT Ltd ceased on 27th March 2003 and that the accounts of DNT Ltd and DNT Inc be excluded from the consolidated accounts from that date.

Material factors affecting the assets, liabilities and equity of the economic entity for the current period

Capital investments

The following capital outlays affected the assets of the Consolidated entity during the period:

- Expenditure of \$1,195,769 for fit-out of the new chemistry laboratory and corporate headquarters on Level 6 of the Baker Heart Research Building;
- Equity investment in the then, subsidiary company DNT Ltd and subsequently in the associated company DNT Inc. The amount invested during the current period was \$2,507,660 which brought the total investment by the Company in DNT Inc. to \$3,868,048 at the end of the current period.
- Write-down of investments in controlled entities of \$1,000,000.

DNT Inc – Associated Entity

DNT Inc has been treated as an associated company with effect from 28th March 2003, and the investment in DNT Inc has been valued in the accounts of the consolidated entity at the cost of the investment at that date, less equity accounted losses incurred from that date until the end of the current period.

There were no other material factors affecting the assets, liabilities and equity of the consolidated entity for the current period not otherwise disclosed in this report.

Reconciliation of cash

	Consolidated	
	2003	2002
	\$	\$
Cash at bank and on hand	1,444,750	3,965,225
Deposits at call	6,446,793	13,469,010
	7,891,543	17,434,235
Balance of cash as shown in the statement of cash flows	7,891,543	17,434,235

DEPOSITS AT CALL

The deposits are bearing floating interest rates of 4.75% (2002: 4.77%).

Cash flow information

	Consolidated	
	2003	2002
	\$	\$
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT/(LOSS) AFTER INCOME TAX		
Operating profit/(loss) after income tax	(7,544,721)	(7,959,289)
Depreciation and amortisation	604,642	173,372
CHANGE IN OPERATING ASSETS AND LIABILITIES, NET OF EFFECTS OF ACQUISITIONS AND DISPOSALS OF ENTITIES		
(Increase) decrease in receivables and other assets	(260,726)	154,824
(Increase) decrease in other operating assets	47,356	(113,641)
Increase (decrease) in trade creditors	(184,243)	149,809
Increase (decrease) in employee provisions	27,364	113,497
Increase (decrease) in deferred income	111,484	170,759
Share of results of associates accounted for using the equity method	230,530	-
Gain on sale of property, plant & equipment	(14,898)	-
Net cash inflows (outflows) from operating activities	(6,983,212)	(7,310,669)

Income tax

The consolidated entity has recorded a nil income tax expense for the period and has substantial future income tax benefits attributable to controlled entities but not brought to account at balance date because the directors do not believe it appropriate to regard the realisation of the future income tax benefit benefits as virtually certain.

Changes in accounting policies

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

Segment note

Business Segments

During the current period the consolidated entity operated in the following business segments:

- Virology – development and commercialisation of dendrimers for prevention and treatment of virus diseases, particularly sexually transmitted diseases.
- Angiogenesis – development and commercialisation of dendrimers that inhibit angiogenesis.
- Other Pharmaceuticals – development of dendrimers with novel pharmaceutical activity.
- Dendritic Nanotechnologies – development and commercialisation of dendrimers and dendritic polymer compounds with applications including pharmaceutical, drug delivery and other potential applications across a broad range of industry sectors.

Geographical Segments

Until the deconsolidation of DNT Inc. on 27th March 2003, the consolidated entity operated in two main geographical regions – Australia and the United States of America. From 28th March 2003 the consolidated entity has operated in the one geographical segment of Australia.

Equity Accounted Investment

The consolidated entity owns 49.99% of DNT Inc. a research, development and commercialisation company located in Michigan, USA which is accounted for using the equity method.

Segment Information – 2003

Primary Basis - Business Segments

REVENUE	Virology	Angiogenesis	Other Pharmaceuticals	Dendritic Nanotechnologies	Unallocated	Consolidated Total
External Revenue	134,700	704,551	-	77,627	568,029	1,484,907
Total Segment Revenue	134,700	704,551	-	77,627	568,029	1,484,907
SEGMENT RESULT						
Profit/(Loss) from Ordinary Activities before Income Tax	(3,216,985)	(966,975)	(1,689,574)	(2,118,634)	272,385	(7,719,783)
DEPRECIATION & AMORTISATION						
Depreciation	214,588	214,588	53,647	68,171	53,648	604,642

	Virology	Angiogenesis	Other Pharmaceuticals	Dendritic Nanotechnologies	Unallocated	Consolidated Total
LIABILITIES						
Total Segment Liabilities	-	282,243	-	-	1,190,067	1,472,310
ASSETS						
Total Segment Assets	4,437,793	4,437,793	1,109,448	-	730,406	10,715,440
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD						
Property, Plant & Equipment	644,072	644,072	161,018	-	161,019	1,610,181

Secondary Basis - Geographic Segments

	Australia	USA	Consolidated Total
REVENUE			
External Revenue	1,407,280	77,627	1,484,907
SEGMENT RESULT			
Profit/Loss from Ordinary Activities before Income Tax	(5,601,149)	(2,118,634)	(7,719,783)
ASSETS			
Total Segment Assets	10,715,440	-	10,715,440
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD			
Property, Plant & Equipment	1,610,181	-	1,610,181

Segment Information – 2002

Primary Basis - Business Segments

REVENUE	Virology	Angiogenesis	Other Pharmaceuticals	Dendritic Nanotechnologies	Unallocated	Consolidated Total
External Revenue	-	383,646	-	1,057	943,915	1,328,618
Total Segment Revenue	-	383,646	-	1,057	943,915	1,328,618
SEGMENT RESULT						
Profit/(Loss) from Ordinary Activities before Income Tax	(4,104,037)	(1,415,488)	(1,232,156)	(1,089,255)	(118,353)	(7,959,289)
DEPRECIATION & AMORTISATION						
Depreciation	58,618	58,618	14,655	26,827	14,654	173,372
LIABILITIES						
Total Segment Liabilities	-	-	-	66,906	1,284,050	1,350,956

	Virology	Angiogenesis	Other Pharmaceuticals	Dendritic Nanotechnologies	Unallocated	Consolidated Total
ASSETS						
Total Segment Assets	531,562	885,081	737,252	637,740	16,067,798	18,859,433
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD						
Property, Plant & Equipment	259,880	259,880	64,969	235,014	64,970	884,713

Secondary Basis - Geographic Segments

	Australia	USA	Consolidated Total
REVENUE			
External Revenue	1,327,561	1,057	1,328,618
SEGMENT RESULT			
Profit/Loss from Ordinary Activities before Income Tax	(6,870,034)	(1,089,255)	(7,959,289)
ASSETS			
Total Segment Assets	18,221,693	637,740	18,859,433
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD			
Property, Plant & Equipment	649,699	235,014	884,713

Events occurring after balance date

Success of US FDA Application for Human Trials of VivaGel™

On 31st July 2003 the Company announced that it had gained clearance to proceed with human clinical trials of a new dendrimer nano-drug product - VivaGel™ - which has been developed to be used as a preventative against the transmission of HIV during sexual intercourse.

New Chairman

On 6th August 2003 the Company announced the appointment of Mr Peter T. Bartels as a Director and Chairman of the Board, to replace Mr Richard Oliver who resigned on that date.

Share Placement

On 10th September 2003 the Company announced the placement of 13,335,000 new shares at \$0.52 per share to Australian institutional and sophisticated investors, raising \$6.9 million before issue expenses.

STARPHARMA POOLED DEVELOPMENT Ltd
Supplementary Appendix 4E information

Additional dividend/distribution information

No dividends have been paid or declared by the entity since the beginning of the current reporting period.

No dividends were paid during the previous corresponding period.

Retained Earnings

	2003	2002
	\$	\$
Retained earnings at the beginning of the financial year	(16,024,536)	(8,118,405)
Adjustment resulting from change in accounting policy for providing for dividends	-	-
Adjustment resulting from change in accounting policy for profit sharing bonus plans	-	-
Net profit (loss) attributable to members of STARPHARMA POOLED DEVELOPMENT Ltd	(7,719,783)	(7,906,131)
Transfer from share capital on buy-back of preference shares	-	-
Dividends provided for or paid	-	-
Retained earnings at the end of the financial year	<u>(23,744,319)</u>	<u>(16,024,536)</u>

NTA Backing

	2003	2002
Net tangible asset backing per ordinary share	\$0.10	\$0.19

Controlled entities acquired or disposed of

Disposed of	Dendritic Nanotechnologies Ltd.
Date control lost	27 March 2003
Contribution to profit (loss) from ordinary activities after tax in current period, where material	(2,118,634)
Profit (loss) from ordinary activities after tax during the whole of the previous corresponding period, where material	(1,089,255)

Associates and Joint Venture entities

Name	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net profit (loss), where material	
	2003	2002	2003	2002	2003	2002
	%	%	\$	\$	\$	\$
Dendritic Nanotechnologies Inc.	49.99	Nil	(230,530)	Nil	(230,530)	Nil

Other significant information

Earnings per share

	2003 Cents	2002 Cents
Basic Earnings/(Loss) per share	(8.6)	(8.9)
Diluted Earnings/(Loss) per Share	(8.6)	(8.6)

Weighted average number of shares used as the denominator

	2003 Number	2002 Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	88,900,000	88,900,000

Potential ordinary shares not considered dilutive:

As at 30th June 2003 the company had on issue:

480,000 options over unissued capital exercisable on or before the 31st December 2005 at the price of 93.75 cents per ordinary share. These options are not considered dilutive.

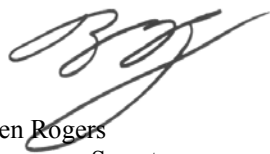
200,000 options over unissued capital exercisable on or before the 30th June 2007 at the price of 93.75 cents per ordinary share. These options are not considered dilutive.

Audit

This report is based on accounts which are in the process of being audited.

Compliance Statement

This preliminary final report was approved by a resolution of the Board of Directors of the Company on 11th September 2003.



Ben Rogers
Company Secretary
11th September 2003