



30 April 2003

## **UPDATE AND QUARTERLY CASH FLOW REPORT FOR PERIOD ENDED 31 MARCH 2003**

Starpharma Pooled Development Limited (ASX:SPL) is pleased to present its update and quarterly cashflow report for the period ended 31 March 2003.

### **SUMMARY**

- Starpharma dendrimer compounds being tested against SARS virus in the US.
- Starpharma advances HIV prevention (VivaGel™).
- Anti-viral and anti-toxin bio-defence – grant opportunities in the pipeline.
- Starpharma investee company DNT successful in securing second significant US Defense Department grant.
- DNT incorporated in the US and financially independent.
- Starpharma cash reserves still provide over 2 years of current level operations without any further income.

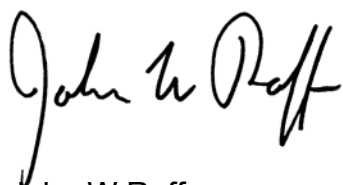
The cash balance for the Starpharma group as at the end of the period was \$8.7m. The most significant impact on cash outflow during the quarter was payment of the final balance of our investment in Dendritic Nanotechnologies Ltd (DNT). Conversion of DNT into a US entity has taken place and Starpharma now holds 49.99% of Dendritic Nanotechnologies Inc., incorporated in Delaware.

DNT has been successful in securing a second significant US Defense Department grant, the details of which remain confidential at this stage. DNT is also working with industry to introduce dendrimer technology in a range of commercially significant applications. Starpharma has no further funding obligations to DNT and from this point DNT will be financially independent of Starpharma. We believe Starpharma's equity investment in DNT has significant current value and that the value of this asset will continue to increase. The commercialisation rights over pharmaceutical applications arising from DNT's intellectual property have been licensed to Starpharma and we are confident that this will be extremely valuable in the future. DNT is also important in raising Starpharma's profile in the US at both government and industry level.

Excluding the final equity payment to DNT, the cash outflow for the quarter was \$1.4m as previously projected. This amount included overseas and local expenditure associated with the preparation of the submission of an IND to the US Food and Drug Administration (FDA) for approval to begin human clinical safety trials of our vaginal microbicide product VivaGel™, of which the active ingredient is SPL7013. Additional studies have been completed, results have been reviewed and Starpharma has been advised by its toxicology and regulatory consultants that it will be in a position to lodge its IND submission to the FDA in June 2003. VivaGel™ is recognised internationally as a major product opportunity for HIV prevention as well as for the prevention of other significant diseases such as Chlamydia. Additional primate studies have commenced to investigate the range of applications for VivaGel™, and these are being carried out at no cost to Starpharma.

Starpharma's strategy is to maintain its current level of core operations in Australia, and we have sufficient funds to continue at this level until at least June 2005 without additional funding. We have every expectation that we will continue to obtain significant additional external funding support. We are focusing our development programs on areas where we can attract major international grant funding, in particular HIV prevention and anti-viral and anti-toxin bio-defence. We also have significant dendrimer based anti-cancer and HBV programs. Starpharma's compounds are currently being tested for specific high priority applications in the US, and a number of large grant opportunities that would allow accelerated development of our projects, are in the pipeline.

For example, in relation to SARS virus, Starpharma's collaborative projects with US respiratory virus leaders have previously shown several of our dendrimer compounds have broad spectrum activity against a wide range of RNA viruses. The SARS virus belongs to this group and we have therefore been requested to urgently provide these compounds for testing at high security SARS testing facilities in the US. Starpharma has already despatched these compounds for testing against SARS.



John W Raff  
Chief Executive Officer

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**CONTACTS:**

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**Mr Ben Rogers**  
Company Secretary  
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## Appendix 4C

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

Name of entity

|  |
|--|
| <b>Starpharma Pooled Development Limited</b> |
|--|

ABN

|                       |
|-----------------------|
| <b>20 078 532 180</b> |
|-----------------------|

Quarter ended ("current quarter")

|                      |
|----------------------|
| <b>31 March 2003</b> |
|----------------------|

#### Consolidated statement of cash flows

| Cash flows related to operating activities |   | Current Quarter<br>\$A'000 | Year to Date<br>\$A'000 |
|--|---|----------------------------|-------------------------|
| 1.1  | Receipts from customers                                 | 66                         | 389                     |
| 1.2  | Payments for  |                            |                         |
|  | (a) staff costs   | (581)                      | (2,634)                 |
|  | (b) advertising and marketing                           | (6)                        | (45)                    |
|  | (c) research and development                            | (821)                      | (4,180)                 |
|  | (d) leased assets                                       | (2)                        | (6)                     |
|  | (e) other working capital                               | -                          | -                       |
| 1.3  | Dividends received                                      | -                          | -                       |
| 1.4  | Interest and other items of a similar nature received   | 117                        | 526                     |
| 1.5  | Interest and other costs of finance paid                | -                          | -                       |
| 1.6  | Income taxes paid                                       | -                          | -                       |
| 1.7  | Other - GST recovered                                   | 66                         | 66                      |
|  | <b>Net operating cash flows</b>                         | <b>(1,161)</b>             | <b>(5,884)</b>          |
| Cash flows related to investing activities |   |                            |                         |
| 1.9  | Payment for acquisition of:                             |                            |                         |
|  | (a) businesses (item 5)                                 | -                          | -                       |
|  | (b) equity investments (Dendritic Nanotechnologies Ltd) | (1,140)                    | (1,140)                 |
|  | (c) intellectual property                               | -                          | -                       |
|  | (d) physical non-current assets                         | (241)                      | (1,711)                 |
|  | (e) other non-current assets                            | -                          | -                       |
| 1.10                                       | Proceeds from disposal of:                              |                            |                         |
|  | (a) businesses (item 5)                                 | -                          | -                       |
|  | (b) equity investments                                  | -                          | -                       |
|  | (c) intellectual property                               | -                          | -                       |
|  | (d) physical non-current assets                         | -                          | 27                      |
|  | (e) other non-current assets                            | -                          | -                       |
| 1.11                                       | Loans to other entities                                 | -                          | -                       |
| 1.12                                       | Loans repaid by other entities                          | -                          | -                       |
| 1.13                                       | Other   | -                          | -                       |
|  | <b>Net investing cash flows</b>                         | <b>(1,381)</b>             | <b>(2,824)</b>          |
| 1.14                                       | <b>Total operating and investing cash flows</b>         | <b>(2,542)</b>             | <b>(8,708)</b>          |

**Cash flows related to financing activities**

|      |  |                |                |
|------|--|----------------|----------------|
| 1.15 | Proceeds from issues of shares (including oversubscriptions) | -              | -              |
| 1.16 | Proceeds from sale of forfeited shares                       | -              | -              |
| 1.17 | Proceeds from borrowings                                     | -              | -              |
| 1.18 | Repayment of borrowings                                      | -              | -              |
| 1.19 | Dividends paid   | -              | -              |
| 1.20 | Other:   | -              | -              |
|      | <b>Net financing cash flows</b>                              | -              | -              |
|      | <b>Net increase (decrease) in cash held</b>                  | <b>(2,542)</b> | <b>(8,708)</b> |
| 1.21 | Cash at beginning of quarter/year to date                    | <b>11,268</b>  | <b>17,434</b>  |
| 1.22 | Exchange rate adjustments                                    | -              | -              |
| 1.23 | <b>Cash at end of quarter</b>                                | <b>8,726</b>   | <b>8,726</b>   |

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

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | (64)                       |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11   | -                          |
| 1.26 | Explanation necessary for an understanding of the transactions   |                            |

Item 1.24 consists of the following:

(a) Remuneration paid to the Chief Executive Officer.

(b) Payments to Biomolecular Research Institute Ltd:

A Director, Prof. P M Colman, is a Director of the Biomolecular Research Institute Ltd which provided some administrative services to the entity. These dealings with the entity are in the ordinary course of business and on normal terms of business.

The aggregate amount of these transactions for this supplier included in item 1.24 is \$550.

**Non-cash financing and investing activities**

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

Nil

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

Nil

### Financing facilities available

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

|   | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---|-----------------------------|------------------------|
| 3.1 Loan facilities   | -                           | -                      |
| 3.2 Credit standby arrangements - Credit card facility (total facility \$120,000) | 120                         | 6                      |

### Reconciliation of cash

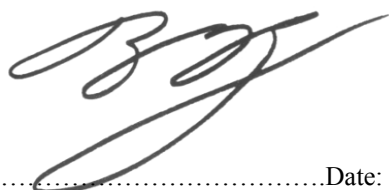
| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous<br>quarter<br>\$A'000 |
|---|----------------------------|--------------------------------|
| 4.1 Cash on hand and at bank  | 1,047                      | 1,075                          |
| 4.2 Deposits at call  | 7,679                      | 10,193                         |
| 4.3 Bank overdraft  | -                          | -                              |
| 4.4 Other (provide details)   | -                          | -                              |
| <b>Total: cash at end of quarter</b> (item 1.23)  | <b>8,726</b>               | <b>11,268</b>                  |

### Acquisitions and disposals of business entities

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

### Compliance statement

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



.....Date: 30 April 2003

B P Rogers  
Company Secretary