



Preliminary final report and annual results

Melbourne, Australia. Wednesday 29th August 2007. Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today announced its full year financial results for the year ended 30 June 2007.

This is the first reported annual result that includes the wholly owned US subsidiary DNT which was acquired on 20th October 2006. Prior to that date DNT was a 33% held associate of the group and was accounted for using the equity accounting method.

The net loss for the period was A\$7.2 million, down from A\$7.5 million for the previous year.

Cash burn for the 12 months was A\$4.2 million, resulting in cash on hand at the end of the period of A\$10.1 million.

Revenue from ordinary activities increased by 156% to A\$1.5 million over the period, consisting of royalty and licensing revenue of A\$0.9 million from DNT from acquisition date, and interest revenue of A\$0.6 million for the group.

Grant income for the period was A\$8.1 million, an increase of A\$1.7 million. This includes United States and Australian Government grants, with US Government funding from divisions of the National Institutes of Health (NIH) including the National Cancer Institute (NCI).

Expenses, excluding equity accounted losses from associates for 2007 were A\$17.3 million, an increase of A\$3.4 million on the previous year. This increase was largely attributable to VivaGel™ development costs which are reimbursed under the NIH funded microbicide program, together with the inclusion of DNT as a wholly owned subsidiary from October 2006. Administration expense increased due to non-cash amortization expenses of A\$1.4 million related to patent intellectual property.

Since the end of the financial year Starpharma raised an additional A\$3.8 million through a private placement to a US based institution and an existing Australian institutional shareholder.

Further details of the financial results are included in the attached Preliminary Final Report to ASX.

About Starpharma:

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) is a world leader in the development of dendrimer nanotechnology for pharmaceutical, life-science and other applications. SPL is principally composed of two operating companies, Starpharma Pty Ltd in Melbourne, Australia and Dendritic Nanotechnologies, Inc in Michigan, USA. Products based on SPL's dendrimer technology are already on the market in the form of diagnostic elements and laboratory reagents.

The Company's lead pharmaceutical development product is VivaGel™ (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of HIV and genital herpes.

In the pharmaceutical field Starpharma has additional specific programs in the areas of Drug Delivery and ADME Engineering™ (using dendrimers to control where and when drugs go when introduced to



the body), Polyvalency (using the fact that dendrimers can activate multiple receptors simultaneously) and Targeted Diagnostics (using dendrimers as a scaffold to which both location-signalling and targeting groups are added to allow location of specific cell type, such as cancer cells).

More broadly the company is exploring dendrimer opportunities in materials science with applications as diverse as adhesives, lubricants and water remediation.

SPL has a comprehensive IP portfolio that comprises more than 180 patents/applications issued and pending across 32 patent families - a unique level of IP concentration among nanotechnology companies.

Dendrimers: A type of precisely-defined, branched nanoparticle. Dendrimers have applications in the medical, electronics, chemicals and materials industries.

Microbicides: A microbicide inactivates, kills or destroys microbes such as viruses and bacteria. Microbicides may be formulated as gels, creams, sponges, suppositories or films with the purpose of reducing significantly the incidence of STIs. They are intended for vaginal or rectal use to afford protection for varying periods, from several hours up to days. Microbicides may also be designed to have a contraceptive function.

American Depositary Receipts (ADRs): Starpharma's ADRs trade under the code **SPHRY** (CUSIP number 855563102). Each Starpharma ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. The Bank of New York is the depositary bank.

Forward Looking Statements

This document contains certain forward-looking statements, relating to Starpharma's business, which can be identified by the use of forward-looking terminology such as "promising", "plans", "anticipated", "will", "project", "believe", "forecast", "expected", "estimated", "targeting", "aiming", "set to", "potential", "seeking to", "goal", "could provide", "intends", "is being developed", "could be", "on track", or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Starpharma is providing this information as of the date of this document and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

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Starpharma Holdings Limited

ABN 20 078 532 180

ASX Preliminary Final Report – 30 June 2007

Lodged with the ASX under Listing Rule 4.3A

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STARPHARMA HOLDINGS Ltd

Year ended 30 June 2007

(Previous corresponding period:

Year ended 30 June 2006)

Results for Announcement to the Market

				\$
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	up/ down	156%	to	\$1,462,771
Loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up /down <i>(decrease)</i>	4%	to	\$7,244,996
Loss for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up /down <i>(decrease)</i>	4%	to	\$7,244,996

Dividends/distributions <i>(Appendix 4E items 2.4, 2.5 and 2.6)</i>	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

(Appendix 4E item 2.6)

Total revenue of \$1,462,771 (2006: \$571,837), consisted of royalty and licensing revenue from Dendritic Nanotechnologies Inc. (DNT) after the acquisition date of 20th October 2006 of \$861,746 and interest revenue on cash held of \$598,917 (2006: \$571,337).

Other income of \$8,090,536 (2006: \$6,422,066) consisted of grant income from United States and Australian Government grants. The majority of US Government grants were from the US National Institutes of Health.

Explanation of Net Profit/(loss)

(Appendix 4E item 2.6)

The consolidated loss of \$7,244,996 (2006: 7,522,789) includes DNT expenses as a wholly owned subsidiary since acquisition in October 2006. All research and development expenditure and patenting costs are fully expensed to the profit and loss. The significant increase in R&D expenditure compared with the previous corresponding period was offset by increased grant and contract funding from the US National Institutes of Health. The net loss was impacted by the amortisation of patent intangibles after the acquisition of DNT.

STARPHARMA HOLDINGS Ltd
Preliminary consolidated income statement
For the year ended 30 June 2007

	Notes	Consolidated	
		2007	2006
		\$	\$
Revenue from continuing operations	1	1,462,771	571,837
Other income	1	8,090,536	6,422,066
Administration expense		(5,325,403)	(3,906,186)
Research and development expense		(11,983,590)	(9,945,396)
Finance costs		(32,738)	(23,285)
Share of results of associates accounted for using the equity method		(178,446)	(641,825)
Loss before income tax		(7,966,870)	(7,522,789)
Income tax expense	8	721,874	-
Loss for the year		(7,244,996)	(7,522,789)
Loss attributable to minority interests		-	-
Loss attributable to members of Starpharma Holdings Limited		(7,244,996)	(7,522,789)
Loss per share for loss from continuing operations attributable to ordinary equity holders of the company			
Basic loss per share	11	(4.5) cents	(5.7) cents
Diluted loss per share		(4.5) cents	(5.7) cents

The above income statement should be read in conjunction with the accompanying notes.

STARPHARMA HOLDINGS Ltd
Preliminary consolidated balance sheet
As at 30 June 2007

	Notes	Consolidated	
		2007	2006
		\$	\$
Current Assets			
Cash and cash equivalents.	6	10,072,893	14,283,824
Trade and other receivables		1,334,725	2,824,267
Total current assets		11,407,618	17,108,091
Non-current assets			
Property, plant and equipment		1,110,801	1,431,124
Intangible assets	9	17,785,573	4,086,538
Investments accounted for using the equity method		76,286	2,387,312
Deferred tax assets		43,201	-
Other financial assets		-	-
Total non-current assets		19,015,861	7,904,974
Total assets		30,423,479	25,013,065
Current Liabilities			
Trade and other payables		1,854,515	1,897,819
Borrowings		68,587	142,092
Provisions		356,463	331,447
Deferred income		980,161	661,337
Total current liabilities		3,259,726	3,032,695
Non-current liabilities			
Borrowings		260,147	315,412
Provisions		57,257	107,630
Deferred income		168,946	241,342
Deferred tax liabilities		953,373	-
Total non-current liabilities		1,439,723	664,384
Total liabilities		4,699,449	3,697,079
Net assets		25,724,030	21,315,986
Equity			
Contributed equity	4	76,226,627	65,375,467
Reserves	4	1,299,253	497,374
Accumulated losses		(51,801,850)	(44,556,855)
Total equity		25,724,030	21,315,986

The above balance sheet should be read in conjunction with the accompanying notes.

STARPHARMA HOLDINGS Ltd
Preliminary consolidated statement of changes in equity
For the year ended 30 June 2007

	Notes	Consolidated	
		2007	2006
		\$	\$
Total equity at the beginning of the year		21,315,986	9,965,965
Exchange differences on translation of foreign operations	4	(1,688,014)	116,075
Share of revaluation of IP within subsidiary	4	2,214,520	-
Net income recognised directly in equity		526,506	116,075
Loss for the year		(7,244,996)	(7,522,789)
Total recognised income and expense for the year		(6,718,490)	(7,406,714)
Transactions with equity holders in their capacity as equity holders:			
Employee share options	4	275,374	203,223
Contributions of equity, net of transaction costs	4	10,851,160	18,553,512
Total equity at the end of the year		25,724,030	21,315,986

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

STARPHARMA HOLDINGS Ltd
Preliminary consolidated statement of cash flows
For the year ended 30 June 2007

	Notes	Consolidated	
		2007	2006
		\$	\$
Cash flow from operating activities			
Receipts from trade and other debtors		1,042,324	110
Grant income (inclusive of GST)		10,567,298	4,360,527
Payments to suppliers and employees (inclusive of GST)		(15,591,264)	(12,405,980)
Interest received		636,152	574,151
Interest paid		(34,704)	(18,756)
Net cash outflows from operating activities	7	(3,380,194)	(7,489,948)
Cash flow from investing activities			
Loans advanced to subsidiaries		-	-
Loans advanced from subsidiaries		-	-
Receipts from property, plant and equipment		1,010	25,904
Payments for property, plant and equipment		(182,185)	(463,184)
Payments for transaction costs on acquisition of subsidiary (net of cash acquired)		(90,986)	-
Net cash outflows from investing activities		(272,161)	(437,280)
Cash flow from financing activities			
Proceeds from issue of shares		-	14,990,045
Share issue transaction costs		-	(810,413)
Lease repayments		(126,739)	(134,839)
Net cash inflows / (outflows) from financing activities		(126,739)	14,044,793
Net increase / (decrease) in cash and cash equivalents held		(3,779,094)	6,117,565
Cash and cash equivalents at the beginning of the period		14,283,824	8,166,259
Effects of exchange rate changes on cash and cash equivalents		(431,837)	-
Cash and cash equivalents at the end of the period		10,072,893	14,283,824

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

STARPHARMA HOLDINGS Ltd
Notes to the preliminary final report
For the period ended 30 June 2007

1. Material factors affecting the revenues and expenses of the consolidated entity for the current period

There was a decrease of 4% in the operating loss of the consolidated entity during the current period compared with the previous year. This is attributable to the following factors:

Revenue and Other Income

Total revenue and other income for the year was \$9,553,307, an increase of \$2,559,404 over the previous year.

Revenue of \$1,462,771 (2006: 571,837), consisted royalty and licensing revenue since acquisition of DNT Inc in October 2006 of \$859,465, and interest revenue of \$598,917.

Other income of \$8,090,536 (2006: \$6,422,066) consisted of grant income from United States and Australian Government grants. The majority of US Government grants were from the US National Institutes of Health for development of Starpharma's microbicide development programs. The Australian Government grants consisted of the P3 grant for eligible expenditure on research & development and an Export Market Development grant.

	Consolidated	
	2007	2006
Consolidated Revenue and Other Income	\$	\$
Customer & License Revenue	859,465	-
Interest Revenue	598,917	571,337
Other Revenue	4,389	500
Total Revenue	1,462,771	571,837
Aust Government Grants	276,278	554,003
US Government Grants	7,814,258	5,868,063
Total Other Income	8,090,536	6,422,066
Total Revenue/Other Income	9,553,307	6,993,903

Operating costs

Expenses, excluding equity accounted losses from associates for 2007 were \$17,341,731, an increase of \$3,466,864 on the previous year. The increase in research costs was attributable to the development of VivaGel™ under the NIH funded microbicide program; and the inclusion of DNT as a wholly owned subsidiary from October 2006. Administration expenses for the year include amortization of patent IP of \$1,372,880 (2006: \$530,736)

Share of results of associates

The application of equity accounting methods in relation to the results of DNT up to the 100% acquisition in October 2006 and Dimerix Bioscience Pty Ltd for the year resulted in an expense of \$178,446 (2006: \$641,825).

2. Material factors affecting the assets, liabilities and equity of the consolidated entity for the current period

On 20th October 2006, Starpharma Holdings Ltd acquired the remaining 67% of equity in DNT. The fair value of the identifiable assets and liabilities of DNT has been recorded as a wholly owned subsidiary since acquisition. See Note 9 Business Combination below for additional detail.

Current Assets

The decrease in cash reflects the group's cash burn for the year to progress the group's development programs, the decrease in receivables is associated with timing differences in relation to grant receipts.

Non-current Assets

With the acquisition of DNT, the patents have been recognised at fair value at the date of the transaction, with the value held on the balance sheet as a finite life intangible asset. Further detail on the business combination is included in Note 9.

Pre the acquisition, Starpharma Holdings Ltd was a 33% shareholder in DNT. The reduction in investments accounted for using the equity method reflects the outright purchase of DNT.

Current Liabilities

There has been an increase in deferred income balances as at 30 June 2007 due to the timing difference relating to the receipt of cash from grant bodies and customers, and the recognition of associated income.

Non-current Liabilities

A deferred tax liability was created on the acquisition of DNT due to the differences in fair value of the patent IP and its associated tax base.

Equity

There was a placement of 20,094,741 shares for the remaining equity of DNT, the table below in Note 4 details the movements in contributed equity and reserves. The movement in Foreign Currency Translation Reserve (FCTR) and Asset Revaluation reserve reflects the incorporation of the US-based DNT previously accounted for under the equity method.

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.

3. Basis of preparation of preliminary final report

This financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

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

4. Contributed equity

(a) Share Capital

	2007	2006	2007	2006
	Shares	Shares	\$	\$
Share Capital				
Ordinary shares - fully paid	167,833,986	147,739,245	76,226,627	65,375,467

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	\$
1-Jul-06	Opening Balance	147,739,245		65,375,467
20-Oct-06	DNT acquisition share placment	20,094,741	\$0.54	10,851,160
	Balance at 30 June 2007	167,833,986		76,226,627

(c) Reserves

Reserves	Consolidated	
	2007	2006
	\$	\$
Share-based payments reserve	697,213	421,838
Foreign currency translation reserve	(1,612,478)	75,536
Asset revaluation reserve	2,214,518	-
Total reserves	1,299,253	497,374

5. Material factors affecting the cash flows of the consolidated entity for the current period

Receipts from customers

Receipts from trade debtors include receipts by DNT of royalties and licensing revenue since the acquisition date of DNT.

Grant Revenue

Proceeds from the receipt of grant arrangements totalling \$10,567,298 were received during the year ending 30 June 2007.

Payments to Suppliers

There was an increase in supplier payments associated with increased levels of research costs primarily attributable to the NIH grants for which the company is receiving funding and the inclusion of DNT as a wholly owned subsidiary since October 2006.

6. Reconciliation of cash

	Consolidated	
	2007	2006
	\$	\$
Cash at bank and on hand	4,018,903	1,500,259
Deposits at call	6,053,990	12,783,565
	10,072,893	14,283,824

The deposits at call are bearing floating interest rates ranging from 6.10% to 6.26% (2006: 5.00% to 5.86%).

7. Cash flow information

Reconciliation of net cash flows from operating activities to operating loss after income tax

	Consolidated	
	2007	2006
	\$	\$
Operating loss after tax:	(7,244,996)	(7,522,789)
Depreciation and amortisation	2,019,437	965,333
Exchange rates movement	501,542	0
Non-cash employee benefits -share-based payments	275,374	203,223
Change in operating assets and liabilities, net of effects of		
(Increase) decrease in receivables and other assets	1,846,929	(2,602,581)
(Increase) decrease in deferred tax assets	(43,201)	-
(Decrease) increase in trade creditors	(217,316)	250,637
Increase (decrease) in deferred tax liabilities	(852,127)	-
Increase (decrease) in employee provisions	(86,686)	70,304
Increase in deferred income	246,428	524,616
Share in results of associates	178,446	641,825
Gain on sale of property, plant and equipment	(4,024)	(20,516)
Net cash outflows from operating activities	(3,380,194)	(7,489,948)

8. Income tax

The consolidated entity has recorded a \$721,874 income tax credit for the period. Amortisation charged against the DNT patent IP reduces the corresponding deferred tax liability initially booked through the business combination. The reduction in this deferred tax liability is credited to the income statement.

The Group has other substantial future income tax benefits 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 probable.

9. Business Combination

(Appendix 4E item 10)

On 20th October 2006, Starpharma Holdings Ltd acquired the remaining 67% of equity in Dendritic Nanotechnologies Inc. (DNT), an unlisted USA Delaware corporation, located in Michigan state, USA. DNT focuses on dendrimer nanotechnology applications, within the life-science and other sectors. Pre the acquisition, Starpharma Holdings Ltd was a 33% shareholder in DNT.

The total cost of the acquisition was \$11,082,790 comprising the issue of ordinary shares in Starpharma Holdings Ltd and the costs directly attributable to the acquisition. The Group issued 20,094,741 shares with a fair value of \$0.5400 per share, based on the closing quoted price of Starpharma Holdings Ltd shares at the date of the exchange.

The fair value of the identifiable assets and liabilities of DNT as at the date of acquisition are:

	100% Acquiree's carrying value	Recognised on 67% of acquisition
Assets		
Cash and cash equivalents	140,644	94,607
Trade & other receivables	357,387	240,403
Other assets	52,918	35,596
Property, plant & equipment	150,841	101,466
Intangible assets	5,837,456	10,022,747
Deferred tax asset	-	918,801
Liabilities		
Trade & other payables	(157,813)	(106,156)
Other current liabilities	(38,654)	(26,001)
Employee provisions	(61,329)	(41,254)
Deferred tax liability	-	(2,129,156)
Fair Value of identifiable net assets	6,281,450	9,111,053
Goodwill arising on consolidation		1,971,737
Cost of the combination:		
Shares issued at fair value		10,851,160
Costs associated with the acquisition		231,630
Total cost of the acquisition		11,082,790
The cash outflow on the acquisition is as follows:		
Net cash acquired with the subsidiary		140,644
Costs associated with the acquisition		(231,630)
Net cash outflow		(90,986)

The interim financial statements at 31 December 2006 disclosed provisional deferred tax assets acquired of \$217,794 and goodwill on acquisition of \$2,677,216.

Adjustment to the provisional values recognised on initial acquisition accounting has resulted in an adjusted deferred tax asset balance on acquisition of \$918,801 and an adjusted goodwill balance on acquisition of \$1,971,737.

From the date of acquisition, DNT contributed a net loss after tax of \$3,124,898 to the end of the year based on the average USD:AUD exchanges rate.

Prior to the business combination, Starpharma held 33% of the identifiable intangible assets of DNT. The identifiable net assets have been uplifted to fair value; this has been recognised through the revaluation reserve.

The intellectual property acquired through the DNT business combination was valued at \$14,900,000. The carrying value of \$12,342,147 at 30 June 2007 is adjusted for the year end closing USD:AUD exchange rate of \$0.8487 and is net of amortization charged from 20 October 2006 to year end.

Following the business combination, intangible assets are stated as follows:

	Consolidated	
	2007	2006
Movements in Intangibles	\$	\$
Intellectual Property acquired through DNT transaction	14,900,000	-
Impact of foreign exchange	(1,582,831)	-
Amortisation charged	(975,022)	-
Intellectual Property at 30 June	<u>12,342,147</u>	-
Patents and licenses	4,086,538	4,373,880
Amortisation charged	(397,858)	(287,342)
Patents and licenses at 30 June	<u>3,688,680</u>	4,086,538
Goodwill on DNT Acquisition	1,971,737	-
Impact of foreign exchange	(216,991)	-
Goodwill at 30 June	<u>1,754,746</u>	-
Total Intangible assets at 30 June	<u>17,785,573</u>	<u>4,086,538</u>

10. Segment note

Business Segment

The consolidated entity operates in one business segment, being the discovery, development and commercialisation of dendrimers for pharmaceutical and other life science applications.

Geographic Segment

The consolidated entity operates in Australia, with the exception of Dendritic Nanotechnologies Inc. (DNT) which operates in the United States of America (USA). The results of DNT were accounted for by the equity method up until it became a wholly owned subsidiary of the consolidated group.

Following the 100% acquisition of DNT, it has been determined that on the basis of monitoring of the US operations, these operations represent a separate geographical segment. In prior periods, the results of DNT were equity accounted.

Secondary reporting format -geographical segments

2007	Inter-segment			Total
	Australia	USA	Eliminations	
	\$	\$	\$	\$
Revenue and other income	8,362,199	1,246,346	(55,238)	9,553,307
Expenses	(13,992,334)	(3,404,635)	55,238	(17,341,731)
	(5,630,135)	(2,158,289)	-	(7,788,424)
Share of results of associates				(178,446)
Loss before income tax				(7,966,870)
Segment net assets	13,354,060	12,404,984	(35,014)	25,724,030

11. Earnings per share

	Consolidated	
	2007	2006
	Cents	Cents
Basic loss per share	(4.48) cents	(5.69) cents
Diluted loss per share	(4.48) cents	(5.69) cents
Net loss attributable to members of Starpharma Holdings Ltd used as the numerator in calculating diluted and basic earnings per share	(7,244,996)	(7,522,789)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	161,667,928	132,297,514

12. Contingent liabilities

The group has no contingent liabilities.

13. Events occurring after balance date

On 22 August 2007 Starpharma Holdings Limited raised an additional A\$3.8M in capital on the issue of 11,881,167 ordinary shares in a private placement to a US-based institution and an existing Australian institutional shareholder at a price of \$0.3212 per share. Attached to the placement are unlisted options of 7,567,119. The options have an exercise price of \$0.4346 per option with an expiry date of 21 August 2012.

The proceeds of the placement will principally be used to support the further development of Starpharma's dendrimer programs, in particular drug delivery, its PrioFect™ siRNA delivery technology and the condom coating line extension of VivaGel™.

There are no other significant events occurring after balance date.

STARPHARMA HOLDINGS 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.

Accumulated Losses

	Consolidated	
	2007	2006
	\$	\$
Accumulated losses balance 1 July	(44,556,855)	(37,034,066)
Net loss for the year	(7,244,996)	(7,522,789)
Accumulated losses balance 30 June	(51,801,850)	(44,556,855)

NTA Backing

	2007	2006
Net tangible asset backing per ordinary share	\$0.05	\$0.12

Associates and Joint Venture entities

Name of entity	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net profit/(loss), where material	
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
Dendritic Nanotechnologies Inc.	100.0%	32.9%	(241,662)	(613,038)	(241,662)	(609,888)
Dimerix Bioscience Pty Ltd	8.7%	22.0%	(28,600)	(84,352)	63,216	(31,937)
			(270,262)	(697,390)	(178,446)	(641,825)

	Consolidated	
	2007	2006
	\$	\$
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	2,387,312	2,913,061
Acquisition of associate previously equity accounted	(2,057,044)	-
Gain on issue of equity by associate	91,816	55,566
Share of losses from ordinary activities after related income tax	(270,262)	(697,390)
Foreign currency reserve	(75,536)	116,075
Carrying amount at the end of the financial year	76,286	2,387,312

Other significant information

Potential ordinary shares not considered dilutive:

As at 30th June 2007 the company had on issue:

200,000 options over unissued capital exercisable on or before the 31st December 2008 at the price of 73.00 cents per ordinary share.

45,000 options over unissued capital exercisable on or before the 2nd January 2009 at the price of 52.00 cents per ordinary share.

410,000 options over unissued capital exercisable on or before the 8th February 2009 at the price of 93.75 cents per ordinary share.

500,000 options over unissued capital exercisable on or before the 30th June 2009 at the price of 45.08 cents per ordinary share.

147,000 options over unissued capital exercisable on or before the 31st December 2009 at the price of 93.75 cents per ordinary share.

300,000 options over unissued capital exercisable on or before the 4th July 2010 at the price of 93.75 cents per ordinary share.

100,000 options over unissued capital exercisable on or before the 18th July 2010 at the price of 93.75 cents per ordinary share.

1,194,000 options over unissued capital exercisable on or before the 6th October 2010 at the price of 50.13 cents per ordinary share.

20,000 options over unissued capital exercisable on or before the 2nd January 2011 at the price of 52.00 cents per ordinary share.

590,000 options over unissued capital exercisable on or before the 4th April 2011 at the price of 50.35 cents per ordinary share.

Other Supplementary Information

Appendix 4E items 6, 7, 13, 16 and 17 are not applicable.

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 29th August 2007.



Ben Rogers
Company Secretary
29th August 2007