



Preliminary final report and annual results

Melbourne, Australia. Wednesday 27th August 2008. Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today announced its full year financial results for the year ended 30 June 2008.

Total operating and investing outflows for the year were A\$5.4 million, and at the end of June 2008 the Company held cash reserves of A\$7.5 million. Net cash outflows for the year of A\$2.0 million included a financing inflow of A\$3.4 million.

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

Revenue from ordinary activities increased by 17% to A\$1.7 million over the period, consisting of royalty and licensing revenue of A\$1.4 million, and interest revenue on cash held. Other income of A\$8.2 million consisted of grant income from United States and Australian Government grants. The majority of US Government grants were from the National Institutes of Health (NIH).

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

During this reporting period the Company has made substantial progress as highlighted by the following announcements over the year:

Commercial development

- The signing of an agreement with leading condom company SSL International plc, owner of the Durex[®] brand, for co-development of VivaGel[®]-coated condoms.
- The signing of a collaborative research agreement with Stiefel – the world's largest privately-owned dermatology pharmaceutical company.
- First commercial product launch of Priostar[®] Dendrimers – EMD Chemicals Inc. launch a research reagent kit called NanoJuice[™] Transfection Kit.

VivaGel[®]: Clinical Development and New Indications

- Clinical trial demonstrates that VivaGel[®] is safe and well-tolerated in women following twice daily dosing for 14 days – 54 sexually abstinent women tested in double-blind study in US and Kenya.
- Potential to expand VivaGel[®] applications to genital warts and cervical cancer – pre-clinical data demonstrates the active ingredient in VivaGel[®], SPL7013, inhibits clinically-relevant strains of human papillomavirus (HPV).

Pipeline and Application development

- SPL7013, the active ingredient in VivaGel[®], found to have potential application for arthritis and dermatology treatments.
- Starpharma and Baker IDI Heart and Diabetes Institute awarded funding for co-development of arterial disease imaging agent.

- US\$1.3 million US Defense Department contract awarded to DNT and Central Michigan University Research Corporation to develop water purification technology.
- Dendrimer technology applications expanded to food science with Unilever agreement to co-develop a research tool using Starpharma's Priostar® dendrimer technology.

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 STIs, including HIV and genital herpes.

In the wider pharmaceutical field Starpharma has specific programs in the areas of Drug Delivery and Drug Optimisation technologies (using dendrimers to control where and when drugs go when introduced to the body) 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 224 patents/applications issued and pending across 56 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.

American Depository 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 Securities Exchange (ASX). The Bank of New York Mellon is the depository bank. Starpharma's ADRs are listed on International OTCQX (www.otcqx.com), a premium market tier in the U.S. for international exchange-listed companies, operated by Pink OTC Markets, Inc.

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 2008

Lodged with the ASX under Listing Rule 4.3A

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Starpharma Holdings Limited
Year ended 30 June 2008
(Previous corresponding period:
Year ended 30 June 2007)

Results for Announcement to the Market

				\$'000
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	up/ down	17%	to	\$1,709
Loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up/ down <i>(increase)</i>	3%	to	\$7,491
Loss for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up/ down <i>(increase)</i>	3%	to	\$7,491

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 \$1,709,000 (2007: \$1,463,000), consisted of royalty and licensing revenue of \$1,408,000 (2007: \$860,000) and interest revenue on cash held.

Other income of \$8,212,000 (2007: \$8,091,000) 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 \$7,491,000 (2007: \$7,245,000) is after fully expensing all research and development expenditure and patenting costs. R&D expenditure which is similar to the previous corresponding period was significantly offset by grant and contract funding from the US National Institutes of Health. Administration expense includes the amortisation of patent intangibles after the acquisition of Dendritic Nanotechnologies Inc (DNT).

Starpharma Holdings Limited
Preliminary consolidated income statement
For the year ended 30 June 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Revenue from continuing operations	1,709	1,463
Other income	8,212	8,091
Administration expense	(5,816)	(5,325)
Research and development expense	(12,224)	(11,985)
Finance costs	(27)	(33)
Impairment of Financial Assets	(76)	-
Share of results of associates accounted for using the equity method	-	(178)
Loss before income tax	(8,222)	(7,967)
Income tax credit	731	722
Loss attributable to members of Starpharma Holdings Limited	(7,491)	(7,245)

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

Starpharma Holdings Limited
Preliminary consolidated balance sheet
As at 30 June 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	7,482	10,073
Trade and other receivables	1,773	1,335
Total current assets	9,255	11,408
Non-current assets		
Property, plant and equipment	758	1,111
Intangible assets	14,640	17,786
Investments accounted for using the equity method	-	76
Deferred tax assets	-	43
Total non-current assets	15,398	19,016
Total assets	24,653	30,424
Current Liabilities		
Trade and other payables	1,623	1,855
Borrowings	124	69
Provisions	417	356
Deferred income	1,551	980
Total current liabilities	3,715	3,260
Non-current liabilities		
Borrowings	293	260
Provisions	37	57
Deferred income	97	169
Deferred tax liabilities	128	954
Total non-current liabilities	555	1,440
Total liabilities	4,270	4,700
Net assets	20,383	25,724
Equity		
Contributed equity	78,667	76,227
Reserves	1,009	1,299
Accumulated losses	(59,293)	(51,802)
Total equity	20,383	25,724

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

Starpharma Holdings Limited
Preliminary consolidated statement of changes in equity
For the year ended 30 June 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Total equity at the beginning of the year	25,724	21,316
Exchange differences on translation of foreign operations	(1,532)	(1,688)
Share of revaluation of IP within subsidiary	-	2,215
Net income recognised directly in equity	(1,532)	527
Loss for the year	(7,491)	(7,245)
Total recognised income and expense for the year	(9,023)	(6,718)
Transactions with equity holders in their capacity as equity holders:		
Employee share options	209	275
Fair value of options granted in private placement	1,033	-
Contributions of equity, net of transaction costs	2,440	10,851
Total equity at the end of the year	20,383	25,724

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

Starpharma Holdings Limited
Preliminary consolidated statement of cash flows
For the year ended 30 June 2008

	Consolidated	
	2008	2007
	\$'000	\$'000
Cash flow from operating activities		
Receipts from trade and other debtors	1,168	1,042
Grant income (inclusive of GST)	8,566	10,567
Payments to suppliers and employees (inclusive of GST)	(15,357)	(15,590)
Interest received	298	636
Interest paid	(27)	(35)
Net cash outflows from operating activities	(5,352)	(3,380)
Cash flow from investing activities		
Receipts from property, plant and equipment	-	1
Payments for property, plant and equipment	(36)	(182)
Payments for transaction costs on acquisition of subsidiary (net of cash acquired)	-	(91)
Net cash outflows from investing activities	(36)	(272)
Cash flow from financing activities		
Proceeds from issue of shares	3,817	-
Share issue transaction costs	(344)	-
Lease repayments	(75)	(127)
Net cash inflows / (outflows) from financing activities	3,398	(127)
Net decrease in cash and cash equivalents held	(1,990)	(3,779)
Cash and cash equivalents at the beginning of the period	10,073	14,284
Effects of exchange rate changes on cash and cash equivalents	(601)	(432)
Cash and cash equivalents at the end of the period	7,482	10,073

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

Starpharma Holdings Limited
Notes to the preliminary final report
For the period ended 30 June 2008

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

There was an increase of 3% 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 \$9,921,000, an increase of \$367,000 over the previous year.

Revenue of \$1,709,000 (2007: \$1,463,000), consisted of royalty and licensing revenue of \$1,408,000 (2007: \$860,000) and interest revenue of \$297,000 (2007: \$599,000).

Other income of \$8,212,000 (2007: \$8,091,000) 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	
	2008	2007
Consolidated Revenue and Other Income	\$ '000	\$ '000
Royalty, Customer & License revenue	1,408	860
Interest Revenue	297	599
Other Revenue	4	4
Total Revenue	1,709	1,463
Aust Government Grants	108	276
USA Government Grants	8,104	7,815
Total Other Income	8,212	8,091
Total Revenue/Other Income	9,921	9,554

Operating costs

Expenses, excluding impairment of associates for 2008 were \$18,067,000, an increase of \$724,000 on the previous year. A large component of the research costs were for the continuation of the development of VivaGel® under the NIH funded microbicide program. Administration expenses for the year included amortization of patent IP of \$1,546,000 (2007: \$1,373,000).

Results of associates

The carrying value of Dimerix Bioscience Pty Ltd at 30 June 2008 has been written down to nil, with a \$76,000 impairment charge to profit and loss. In the previous year there was an equity accounted loss of \$178,000.

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

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 and royalty receipts.

Non-current Assets

Acquired patents with a finite useful life, including those acquired with the acquisition of DNT in October 2006, are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit. The carrying value at 30 June 2008 is \$14,640,000 (2007: \$17,786,000). See note 8 for a movement schedule of intangibles.

Current Liabilities

The decrease in trade payables is associated with timing differences in relation to R&D expenditure; and the increase in deferred income balance as at 30 June 2008 is 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. The decrease in the deferred tax liability reflects the amortisation of the underlying patents.

Equity

On 22 August 2007 Starpharma Holdings Limited raised an additional \$3.8 million in capital through 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 were 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.

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.

For the year ended 30 June 2008, the consolidated entity has incurred losses of \$7,491,000 (2007: \$7,245,000) and experienced net cash outflows of \$5,352,000 from operations (2007: \$3,381,000), as disclosed in the balance sheet and cash flow statement, respectively. This is consistent with the consolidated entity's strategic plans and budget estimates, and the directors are satisfied regarding the availability of working capital (including ongoing royalty revenue and the remaining balance of the contracted NIH grant funding) for the period up to at least October 2009. Accordingly the directors have prepared the financial report on a going concern basis in the belief that the consolidated entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

4. Contributed equity

(a) Share Capital

		Parent Entity	Parent Entity	
	2008	2007	2007	
	Shares	Shares	\$'000	\$'000
Share Capital				
Ordinary shares - fully paid	179,715,153	167,833,986	78,667	76,227

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	\$'000
1-Jul-06	Opening Balance			65,376
20-Oct-06	DNT acquisition share placement	20,094,741	\$0.54	10,851
	Balance at 30 June 2007	167,833,986		76,227
22-Aug-07	Share Placement	11,881,167	\$0.32	3,817
	less Fair value of options granted on share placement			(1,033)
	less Transaction costs			(344)
	Balance at 30 June 2008	179,715,153		78,667

(c) **Reserves**

	Consolidated	
	2008	2007
	\$'000	\$'000
Share-based payments reserve	1,939	697
Foreign currency translation reserve	(3,145)	(1,613)
Asset revaluation reserve	2,215	2,215
	1,009	1,299

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

Receipts from customers

Receipts from trade debtors include receipts of royalties and licensing revenue.

Grant Revenue

Proceeds from the receipt of grant arrangements totalling \$8,566,000 were received during the year ending 30 June 2008.

Payments to Suppliers

The decrease in supplier payments results from the timing of research costs primarily attributable to the NIH grants for which the company is receiving funding.

6. Reconciliation of cash

	Consolidated	
	2008	2007
	\$'000	\$'000
Cash at bank and on hand	4,506	4,019
Deposits at call	2,976	6,054
	7,482	10,073

7. Income tax

The consolidated entity has recorded a \$731,000 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.

8. Intangibles

Consolidated	Patents & Licences	Goodwill	Total Intangibles
	\$'000	\$'000	\$'000
At 1 July 2006			
Cost	4,374	-	4,374
Accumulated depreciation and amortisation	(287)	-	(287)
Net book amount	4,087	-	4,087
Year ended 30 June 2007			
Opening net book amount	4,087	-	4,087
Acquisition of subsidiary	14,900	1,972	16,872
Exchange differences	(1,583)	(217)	(1,800)
Depreciation and amortisation	(1,373)	-	(1,373)
Closing net book amount	16,031	1,755	17,786
At 30 June 2007			
Cost	17,634	1,755	19,389
Accumulated depreciation and amortisation	(1,603)	-	(1,603)
Net book amount	16,031	1,755	17,786
Year ended 30 June 2008			
Opening net book amount	16,031	1,755	17,786
Exchange differences	(1,392)	(208)	(1,600)
Depreciation and amortisation	(1,546)	-	(1,546)
Closing net book amount	13,093	1,547	14,640
At 30 June 2008			
Cost	16,065	1,547	17,612
Accumulated depreciation and amortisation	(2,972)	-	(2,972)
Net book amount	13,093	1,547	14,640

9. 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). 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.

Secondary reporting format -geographical segments

2008	Australia	USA	Inter-segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue and other income	8,486	1,696	(261)	9,921
Expenses	(14,261)	(4,067)	261	(18,067)
	(5,775)	(2,371)	-	(8,146)
Impairment of associate				(76)
Loss before income tax				(8,222)
Segment net assets	11,879	8,425	79	20,383

2007	Australia	USA	Inter-segment Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue and other income	8,363	1,246	(55)	9,554
Expenses	(13,993)	(3,405)	55	(17,343)
	(5,630)	(2,159)	-	(7,789)
Share of results of associates				(178)
Loss before income tax				(7,966)
Segment net assets	13,354	12,405	(35)	25,724

10. Earnings per share

	Consolidated	
	2008	2007
Basic loss per share	(\$0.04)	(\$0.04)
Diluted loss per share	(\$0.04)	(\$0.04)
Net loss attributable to members of Starpharma Holdings Ltd used as the numerator in calculating diluted and basic earnings per share (\$'000)	(7,491)	(7,245)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share ('000)	177,995	161,668

11. Contingent liabilities

The group has no contingent liabilities.

12. Events occurring after balance date

There are no significant events occurring after balance date.

Starpharma Holdings Limited 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	
	2008	2007
	\$'000	\$'000
Accumulated losses balance 1 July	(51,802)	(44,557)
Net loss for the year	(7,491)	(7,245)
Accumulated losses balance 30 June	(59,293)	(51,802)

NTA Backing

	2008	2007
Net tangible asset backing per ordinary share	\$0.03	\$0.05

Other significant information

As at 30 June 2008 the consolidated entity had on issue the following options over ordinary shares of Starpharma Holdings Limited:

Expiry Date	Exercise Price \$	Number of Options
31 December 2008	0.7300	200,000
02 January 2009	0.5200	45,000
08 February 2009	0.9375	368,000
31 May 2009	0.4346	10,000
30 June 2009	0.4508	500,000
30 June 2009	0.4346	10,000
31 July 2009	0.4346	10,000
31 August 2009	0.4346	10,000
31 December 2009	0.9375	101,000
04 July 2010	0.9375	300,000
18 July 2010	0.9375	100,000
06 October 2010	0.5013	838,000
06 October 2010	0.5013	250,000
02 January 2011	0.5200	20,000
04 April 2011	0.5035	150,000
04 April 2011	0.5035	590,000
07 August 2011	0.5035	690,000
08 August 2011	0.5035	200,000
21 August 2012	0.4346	7,567,119
		<u>11,959,119</u>

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 27th August 2008.

A handwritten signature in black ink, appearing to read 'BR', is centered within a light gray rectangular box.

Ben Rogers
Company Secretary
27th August 2008