ASX ANNOUNCEMENT

Starpharma Interim Report and Half-year Financial Results

Melbourne, Australia; 20 February 2012: Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today released its interim report and financial results for the half-year ended 31 December 2011.

Financial Results

- Cash position at 31 December 2011 $49.0M
- Net cash outflows from operations $3.9M
- Net cash inflows from financing $33.8M
- Reported loss $4.7M

Operational Highlights

- Commencement of Phase 2 bacterial vaginosis (BV) prevention study of VivaGel®
- FDA and European (EMA) agreement on BV treatment Phase 3 design including Special Protocol Assessment (SPA) by FDA
- VivaGel®-coated condom agreement signed with Ansell
- Dendrimer-docetaxel formulation shows significantly greater efficacy than docetaxel in breast cancer animal model
- Drug delivery collaboration with Lilly advances
- Priostar® dendrimers result in significant improvement in performance of glyphosate (Roundup®)
- Completion of A$35 million placement and share purchase plan (SPP)
- Starpharma elevated to S&P/ASX300 index

Commenting on the results, Starpharma CEO Dr Jackie Fairley said:

"This is a very exciting year for Starpharma, as we advance VivaGel® into phase 3 clinical trials for bacterial vaginosis. Strong support for our capital raising in November places the Company in a strong cash position, allowing us to advance the VivaGel® portfolio optimally, as well as more aggressively exploit our platform technology in drug delivery and agrochemicals."

The cash balance at 31 December 2011 was $49.0 million, compared with $18.9 million at 30 June 2011, with net equity proceeds of $33.8 million during the period. Net cash outflows from operations were $3.9 million (Dec 2010: $3.8 million).

The net loss after tax of $4.7 million (Dec 2010: $4.2 million) was consistent with the company's strategic plans and budget estimates. The net loss includes the expenses of the VivaGel® clinical program, particularly in relation to treatment and prevention of bacterial vaginosis (BV), and the internal drug delivery and agrochemical programs. There was a corresponding decrease in reimbursable research and development expenditure associated with lower US National Institutes of Health income due to the finalisation of these grants.

ABOUT STARPHARMA

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) is a world leader in the development of dendrimer products for pharmaceutical, life science and other applications.

Starpharma's underlying technology is built around dendrimers – a type of synthetic nanoscale polymer that is highly regular in size and structure and well suited to pharmaceutical uses. Starpharma has three core development programs: VivaGel® portfolio, drug delivery and agrochemicals with the Company developing a number of products internally and others via commercial partnerships. In addition, products for diagnostics and laboratory reagents are already on market through licence arrangements with partners including Siemens Healthcare and Merck KGaA.

Starpharma's lead product is VivaGel® (SPL7013 Gel), a gel-based formulation of a proprietary dendrimer. VivaGel® is under clinical development for the treatment and prevention of bacterial vaginosis (BV) and also as a vaginal microbicide to prevent the transmission of sexually transmitted infections including HIV and genital herpes.

Starpharma has also signed separate licence agreements with Ansell Limited (ASX:ANN) and Okamoto Industries Inc (TSE) to market a value-added, VivaGel® -coated condom. Ansell manufactures and sells leading condom brands worldwide, including Lifestyles®, ZERO® and SKYN®. Okamoto is the market leader for condoms sold in Japan, the world's second largest condom market.

In the wider pharmaceutical and life science fields, Starpharma has both partnered and internal programs in Drug Delivery. Most recently Starpharma announced pre-clinical results in its Docetaxel (Taxotere®) program demonstrating significant improvements in that agent's anticancer efficacy and the enhancement of solubility offering potential safety benefits as well. The company is also exploring dendrimer opportunities in agrochemicals in a series of industry partnerships as well as with internal programs including an enhanced version of glyphosate (the active ingredient in Roundup®).

FOR FURTHER INFORMATION

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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.

Starpharma Holdings Limited

ABN 20 078 532 180

Interim Report – 31 December 2011

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2011 Annual Report.

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Results for Announcement to the Market

Starpharma Holdings Limited ABN 20 078 532 180

Half-year ended 31 December 2011

Previous corresponding period: Half-year ended 31 December 2010

				$
Revenue from ordinary activities *(Appendix 4D item 2.1)*	Down	2%	to	$1,044,000
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	Up (increased loss)	11%	to	$4,681,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Up (increased loss)	11%	to	$4,681,000

Dividends/distributions *(Appendix 4D items 2.4 and, 2.5)*	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 4D item 2.6)

Revenue from ordinary activities includes royalty, licensing and research revenue from commercial partners and interest income on cash invested in term deposits. See note 4 for additional information on revenue and other income.

Explanation of net loss

(Appendix 4D item 2.6)

The consolidated loss after tax of $4,681,000 is after fully expensing all research and development expenditure and patenting costs. All research and development expenditure, including patenting costs, were fully expensed in the current and previous corresponding period. Research and development expenses include the costs of the VivaGel® clinical program, particularly in relation to treatment and prevention of bacterial vaginosis (BV), and the internal drug delivery and agrochemical programs. There was a corresponding decrease in reimbursable research and development expenditure associated with lower US National Institutes of Health income due to the finalisation of these grants. Administration expenditure includes the amortisation of patent intangibles, with the previous corresponding period impacted by unfavourable foreign exchange movements on US dollar denominated cash held.

Directors' Report

Your directors have pleasure in presenting this report on the consolidated entity (referred to hereafter as the Group) consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

Directors

The following persons were directors of Starpharma Holdings Limited ("the Company") during the whole of the half-year and up to the date of this report:

P T Bartels (Chairman)
P J Jenkins (Deputy Chairman)
J K Fairley (Chief Executive Officer)
R Dobinson
R A Hazleton

Z Peach was appointed a director from 1 October 2011 and continues in office at the date of this report.

Principal activities

The principal activities of the group consist of development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications. Activities within the group are directed towards the development of precisely defined nano-scale materials, with a particular focus on the development of its topical vaginal microbicide VivaGel® for the treatment and prevention of bacterial vaginosis, and prevention of genital herpes and HIV, and the application of dendrimers to drug delivery and other life science applications. More broadly, through partners the group is exploring dendrimer opportunities in materials science with applications in areas such as cosmetics, agrochemicals, coatings, adhesives and water. Products based on the group's dendrimer technology are on the market in the form of diagnostic elements and laboratory reagents.

Business objective

The Company aims to create value for shareholders through the commercial exploitation of proprietary products based on its dendrimer technology in pharmaceutical, life science and other applications.

Dividends

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.

Review of operations

Achievements and significant events during the half-year included:

July 2011 Advances agrochemical program with improved performance of major product

Starpharma announced encouraging results from studies applying its Priostar® dendrimer technology to the improvement of globally significant agrochemicals.

Starpharma's studies have demonstrated a number of improvements in these preliminary studies including the ability to increase the effectiveness of agrochemicals such as glyphosate, the most commonly used herbicide globally (also known by the trade name Roundup®) with annual sales in excess of US$5bn. In the past year Starpharma's internal agrochemical program has explored a number of key off-patent agrochemical agents in combination with the company's proprietary dendrimer technology.

August 2011 Commencement of Phase 2 Bacterial Vaginosis Prevention Study of VivaGel®

Starpharma announced the commencement of its Phase 2 study of VivaGel® for the prevention of bacterial vaginosis (BV), following receipt of ethics approval.

The prevention of BV is the second area of investigation of the VivaGel® product for this condition. This new phase of the program will investigate the ability of VivaGel® to prevent recurrence of BV, which clinicians identify as a major unmet need. The trial will be conducted in women with a prior history of recurrent BV, and the product will be used every second day. The study will be conducted under an investigational new drug application (IND) at sites in US and will enroll approximately 200 women.

August 2011 Terminates condom coating agreement with Reckitt Benckiser & executes condom coating agreement with Ansell

Starpharma terminated the Licence granted to Reckitt Benckiser (RB; formerly SSL International plc) to commercialise the VivaGel®-coated condom and all of RB's rights to the product.

Starpharma executed a Licence Agreement with Ansell Limited (ASX:ANN) giving Ansell marketing rights to the VivaGel®-coated condom. The Agreement covers marketing rights to the coated condom in countries which exclude Japan and a number of Asian markets.

August 2011 GSK Awarded Funds to Advance Dermal Treatment with Starpharma's Dendrimers

Starpharma, and GlaxoSmithKline (GSK), announced that GSK was awarded a grant to advance a dermal treatment based on Starpharma's dendrimer drug delivery technology.

The funds will be used to support Starpharma's synthesis of dendrimer-based drug candidates which will then be tested by Stiefel, a GSK company with a view to further development towards a dermal product. The funding has been provided under a grant program run by the Victorian Government.

September 2011 Starpharma elevated to S&P/ASX300 index

Starpharma was elevated to the S&P/ASX 300 Index. The S&P/ASX 300 index provides additional depth and coverage to the S&P/ASX 200. It provides up to an additional 100 small-cap stocks to the S&P/ASX 200, and is designed to address investment managers' needs to benchmark against a portfolio characterized by sufficient size and liquidity.

October 2011 Starpharma secures FDA agreement on BV treatment Phase 3

Starpharma announced that the Phase 3 clinical trial program for the VivaGel® bacterial vaginosis (BV) treatment program has been agreed with the US Food and Drug Administration (FDA) following recent positive trial results and subsequent End of Phase 2 (EOP2) Meeting.

With very positive Phase 2 results for VivaGel® in the treatment of BV (announced May 2011), Starpharma recently presented to the FDA the proposed design of Phase 3 studies and associated aspects of the development program to support a New Drug Application (NDA) for VivaGel® for the treatment of BV. Following these EOP2 meeting discussions, Starpharma and the FDA are now in agreement on Phase 3 clinical trial design, including definition of primary and secondary endpoints, patient numbers and other design parameters.

November 2011 Starpharma completes A$32 million placement

Starpharma announced it successfully raised A$32 million via a placement to international and domestic institutional, sophisticated and professional investors. It was also announced that eligible existing shareholders would be offered the opportunity to participate via a Share Purchase Plan to raise up to a further A$3 million.

The Placement was conducted at the last closing price prior to Trading Halt (A$1.075 per share), and was significantly oversubscribed. There was strong participation in the Placement from existing institutions including large global funds and local investors. The Company is also pleased to welcome to the register a major new international institution which will become a significant shareholder via the Placement.

November 2011 Starpharma secures European (EMA) agreement on BV treatment Phase 3

Starpharma announced that the Phase 3 clinical trial program for VivaGel® bacterial vaginosis (BV) treatment has now also been agreed with the European Medicines Agency (EMA).

This European scientific advice is in addition to the agreement recently reached with the US Food and Drug Administration (FDA) announced by the Company on 10 October, 2011. Starpharma recently presented to the EMA the proposed design of Phase 3 studies and associated aspects of the development program to support a (European) Marketing Authorisation Application (MAA) for VivaGel® for the treatment of BV. Following these discussions, Starpharma now has reached agreement on Phase 3 clinical trial design with the regulatory authorities for both the US and Europe.

The significance of the EMA feedback is that Starpharma has now confirmed for both major global markets – Europe and the US – that its Phase 3 program is acceptable, and positive results (as recently achieved for the Phase 2) would support approval of the product.

December 2011 Starpharma Share Purchase Plan closes heavily oversubscribed

Starpharma announced that its Share Purchase Plan (SPP) was oversubscribed by more than 430% with the SPP capped at $3 million.

The SPP follows a placement in November to international and domestic institutional, sophisticated and professional investors which raised A$32 million. The SPP and placement were conducted at the last closing price prior to Trading Halt on 14 November (A$1.075 per share).

December 2011 Starpharma's drug delivery program with Lilly advances

Starpharma announced the advancement of its drug delivery collaboration with US pharmaceutical corporation Eli Lilly and Company.

Starpharma has a number of projects underway with Lilly to improve the delivery of small molecule and protein-based pharmaceuticals using Starpharma's dendrimer technology.

Based on results in the companies' dendrimer-drug conjugate program, the parties have agreed to an expanded development program, incorporating further in vivo studies followed by clinical testing, as well as potential commercial terms should a product ultimately be brought to market. The nature of the product and the associated commercial terms have not been disclosed due to confidentiality restrictions.

Financial summary

For the half-year ended 31 December 2011 the consolidated entity incurred an operating loss after income tax of $4,681,000 (December 2010: $4,222,000).

	Half-Year Ended 31 December	
Summary of consolidated results	**2011 $'000**	2010 $'000
Revenue from continuing operations	**1,044**	1,066
Other income, including grants	**168**	900
Research & development	**(3,504)**	(3,240)
Administration and finance costs	**(2,389)**	(3,135)
Income tax credit	**-**	187
Loss attributable to members	**(4,681)**	(4,222)

Income statement
Revenue consists of royalty, licensing and research revenue from commercial partners ($422,000) and interest income on cash invested in term deposits ($600,000). The majority of other income consists of grant income from the US National Institutes of Health for VivaGel® development, with the current period lower compared with the previous corresponding period due to the finalisation of these grants.

The consolidated loss after tax of $4,681,000 is after fully expensing all research and development expenditure and patenting costs. All research and development expenditure, including patenting costs, were fully expensed in the current and previous corresponding period. Research and development expenses include the costs of the VivaGel® clinical program, particularly in relation to treatment and prevention of bacterial vaginosis (BV), and the internal drug delivery and agrochemical programs. There was a corresponding decrease in reimbursable research and development expenditure associated with lower US National Institutes of Health income due to the finalisation of these grants. Administration expenditure includes the amortisation of patent intangibles, with the previous corresponding period impacted by unfavourable foreign exchange movements on US dollar denominated cash held.

Balance sheet
At 31 December 2011 the Group's cash position was $48,955,000 (June 2011: $18,918,000) after receiving the net proceeds from the $35 million equity placement and share purchase plan undertaken during the half year.

Statement of cash flows
Net operating cash outflow for the half-year of $3,895,000 (December 2010: $3,750,000) included costs associated with the Company's VivaGel®, drug delivery and agrochemical programs. Net cash inflows from financing activities of $33,807,000 included the issue of shares on the equity placement, the share purchase plan and on the exercise of share options (December 2010: inflow of $1,356,000 on the proceeds from the exercise of share options).

Earnings per share

	Half-year ended 31 December	
	2011	2010
Basic loss per share	**($0.02)**	($0.02)
Diluted loss per share	**($0.02)**	($0.02)

Net tangible assets

	Half-year ended 31 December	
	2011	2010
Net tangible asset backing per ordinary share	**$0.17**	$0.08

Matters subsequent to the end of the financial half-year

In January, the Company received final written agreement from the FDA on the design of its Phase 3 clinical studies of VivaGel® for the treatment of bacterial vaginosis (BV) under the FDA's Special Protocol Assessment (SPA) scheme. The SPA is a binding declaration from the FDA that the Phase 3 clinical study design, endpoints, statistical analyses, and other aspects of the planned studies are acceptable to support regulatory approval of the product.

On 1 February, Starpharma released animal data which demonstrated that its dendrimer-docetaxel formulation applying Starpharma's dendrimer technology to the leading chemotherapy drug docetaxel was significantly more efficacious than docetaxel (Taxotere®) in a breast cancer model.

No other matters or circumstances have arisen since 31 December 2011 that have significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or
(b) the results of the operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the directors' report and financial report. Amounts in the directors' report and interim financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the directors.

Peter T Bartels, *AO*
Director
Melbourne, 20 February 2012

Auditors' Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Starpharma Holdings Limited and the entities it controlled during the period.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
20 February 2012

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Interim Financial Report

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Starpharma Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Consolidated income statement

For the half-year ended 31 December 2011

		Half-year	
		2011	2010
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**1,044**	1,066
Other income	4	**168**	900
Administration expense		**(2,386)**	(3,123)
Research and development expense		**(3,504)**	(3,240)
Finance costs		**(3)**	(12)
Loss before income tax		**(4,681)**	(4,409)
Income tax credit		**-**	187
Loss from continuing operations attributable to members of Starpharma Holdings Limited		**(4,681)**	(4,222)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share	11	**($0.02)**	($0.02)
Diluted loss per share	11	**($0.02)**	($0.02)

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

Consolidated statement of comprehensive income

For the half-year ended 31 December 2011

		Half-year	
		2011	2010
	Notes	**$'000**	$'000
Loss for the period		**(4,681)**	(4,222)
Other comprehensive income (loss), net of income tax			
Foreign currency translation differences on translating foreign subsidiaries	8	**464**	(2,015)
Other comprehensive income (loss) for the half-year, net of income tax		**464**	(2,015)
Total comprehensive income (loss) for the half-year, net of income tax		**(4,217)**	(6,237)

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

Consolidated balance sheet

As at 31 December 2011

	Notes	31 December 2011 $'000	30 June 2011 $'000
Current assets			
Cash and cash equivalents		**48,955**	18,918
Trade and other receivables		**1,030**	1,023
Total current assets		**49,985**	19,941
Non-current assets			
Property, plant and equipment		**226**	280
Intangible assets	6	**9,464**	9,586
Total non-current assets		**9,690**	9,866
Total assets		**59,675**	29,807
Current liabilities			
Trade and other payables		**1,344**	1,227
Borrowings		**42**	49
Provisions (employee entitlements)		**426**	416
Deferred income		**508**	349
Total current liabilities		**2,320**	2,041
Non-current liabilities			
Borrowings		**-**	17
Provisions (employee entitlements)		**69**	56
Total non-current liabilities		**69**	73
Total liabilities		**2,389**	2,114
Net assets		**57,286**	27,693
Equity			
Contributed equity	7	**139,095**	105,399
Reserves	8	**1,600**	1,022
Accumulated losses		**(83,409)**	(78,728)
Total equity		**57,286**	27,693

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

Consolidated statements of changes in equity

For the half-year ended 31 December 2011

					Half-year December 2011
		Contributed capital	Reserves	Accumulated losses	Total equity
	Notes	$'000	$'000	$'000	$'000
Balance at 1 July 2011		105,399	1,022	(78,728)	27,693
Loss for the half-year		-	-	(4,681)	(4,681)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations	8	-	464	-	464
Total comprehensive income (loss) for the half-year		-	464	(4,681)	(4,217)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	7	33,696	-	-	33,696
Employee share rights scheme	8	-	114	-	114
Total transactions with owners		33,696	114	-	33,810
Balance at 31 December 2011		139,095	1,600	(83,409)	57,286

For the half-year ended 31 December 2010

					Half-year December 2010
		Contributed capital	Reserves	Accumulated losses	Total equity
	Notes	$'000	$'000	$'000	$'000
Balance at 1 July 2010		101,766	2,876	(69,798)	34,844
Loss for the half-year		-	-	(4,222)	(4,222)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations	8	-	(2,015)	-	(2,015)
Total comprehensive income (loss) for the half-year		-	(2,015)	(4,222)	(6,237)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	7	1,425	-	-	1,425
Employee share options scheme	8	-	8	-	8
Employee share rights scheme	8	-	218	-	218
Total transactions with owners		1,425	226	-	1,651
Balance at 31 December 2010		103,191	1,087	(74,020)	30,258

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

Consolidated statement of cash flows

For the half-year ended 31 December 2011

	Notes	Half-year 2011 $'000	Half-year 2010 $'000
Cash flow from operating activities			
Receipts from trade and other debtors		**753**	831
Grant income (inclusive of GST)		**402**	393
Payments to suppliers and employees (inclusive of GST)		**(5,559)**	(5,492)
Interest received		**512**	530
Interest paid		**(3)**	(12)
Net cash outflows from operating activities		**(3,895)**	(3,750)
Cash flow from investing activities			
Payments for property, plant and equipment		**(10)**	(94)
Net cash outflows from investing activities		**(10)**	(94)
Cash flow from financing activities			
Proceeds from issue of shares	7	**35,106**	1,425
Share issue transaction costs	7	**(1,273)**	-
Lease repayments		**(26)**	(69)
Net cash inflows from financing activities		**33,807**	1,356
Net increase (decrease) in cash and cash equivalents held		**29,902**	(2,488)
Cash and cash equivalents at the beginning of the half-year		**18,918**	22,851
Effects of exchange rate changes on cash and cash equivalents		**135**	(645)
Cash and cash equivalents at the end of the half-year		**48,955**	19,718

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

Notes to the consolidated financial statements

31 December 2011

Contents

1. Basis of preparation of half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Starpharma Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

For the half-year ended 31 December 2011, the consolidated entity has incurred losses of $4,681,000 (December 2010: $4,222,000) and experienced net cash outflows of $3,895,000 from operations (December 2010: $3,750,000), as disclosed in the balance sheet and statement of cash flows, respectively. After raising $35,000,000 from an equity placement and share purchase plan during the half year, the consolidated cash and cash equivalents at the period end stood at $48,955,000 (June 2011: $18,918,000). This is consistent with the consolidated entity's strategic plans and budget estimates, and the directors are satisfied regarding the availability of working capital for the period up to at least February 2013. Accordingly the directors have prepared the interim 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 interim financial report.

3. Segment information

Management has determined the operating segments based on separate reportable segments to the Chief Executive Officer, who is the chief operating decision maker. There are two reportable segments within the group, with companies operating across two jurisdictions - in Australia and United States of America ("USA"). Dendritic Nanotechnologies Inc. ("DNT") is domiciled in the USA and it has been determined that on the basis of internal reporting and monitoring of the USA operations. The principal activities of the group consist of development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications.

31 December 2011	Australia $'000	USA $'000	Inter-segment Eliminations $'000	**Total $'000**
Revenue and other income	1,300	142	(230)	**1,212**
Expenses	(5,466)	(657)	230	**(5,893)**
Loss before income tax	(4,166)	(515)	-	**(4,681)**
Segment net assets	53,860	3,571	(145)	**57,286**

31 December 2010	Australia $'000	USA $'000	Inter-segment Eliminations $'000	**Total $'000**
Revenue and other income	1,938	361	(333)	**1,966**
Expenses	(5,618)	(1,090)	333	**(6,375)**
Loss before income tax	(3,680)	(729)	-	**(4,409)**
Segment net assets	25,707	4,760	(209)	**30,258**

4. Revenue and other income

Consolidated

	Half-year	
Revenue and other income	**2011 $'000**	2010 $'000
Royalty, customer & license revenue	**422**	562
Interest revenue	**600**	504
Other Revenue	**22**	**-**
Total revenue	**1,044**	1,066
Australian government grants	**5**	**-**
USA government grants	**163**	900
Total other income	**168**	900
Total revenue and other income	**1,212**	1,966

5. Expenses

Consolidated

	Half-year	
	2011 $'000	2010 $'000
Loss from continuing operations before income tax expense includes the following items:		
Depreciation	**65**	82
Amortisation	**564**	701
Rental expense on operating leases	**139**	145
Defined contribution superannuation expense	**169**	208

6. Intangible assets

Consolidated	Patents & Licences $'000	Goodwill $'000	Total Intangibles $'000
At 30 June 2011			
Cost	14,854	1,387	16,241
Accumulated depreciation and amortisation	(6,655)	–	(6,655)
Net book amount	8,199	1,387	9,586
At 31 December 2011			
Cost	15,455	1,466	16,921
Accumulated depreciation and amortisation	(7,457)	–	(7,457)
Net book amount	7,998	1,466	9,464
Half-year ended 31 December 2011			
Opening net book amount (1 July 2011)	8,199	1,387	9,586
Exchange differences	363	79	442
Depreciation and amortisation	(564)	–	(564)
Closing net book amount (31 December 2011)	7,998	1,466	9,464

7. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	December 2011 Shares	June 2011 Shares	**December 2011 $'000**	June 2011 $'000
Share Capital				
Ordinary shares – fully paid	**280,635,325**	247,743,578	**139,095**	105,399

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
01 Jul 2009	Opening balance	207,218,113		85,640
24 Nov 2009	Share placement	30,000,000	$0.52	15,600
	less transaction costs			(563)
	Balance at 31 December 2009	237,218,113		100,677
25 Jan 2010	Employee share plan ($1,000) issue	25,524	$0.70	18
31 Mar 2010	CEO equity incentive plan share issue	1,428,571	$0.69	986
Various	Issue on exercise of employee options	170,000	$0.50[1]	85
	Balance at 30 June 2010	238,842,208		101,766
Various	Issue on exercise of unlisted options	1,370,000	$0.44[1]	597
Various	Issue on exercise of employee options	1,965,000	$0.42[1]	828
	Balance at 31 December 2010	242,177,208		103,191
10 Jan 2011	CEO equity incentive plan share issue	487,000	$ –	–
01 Feb 2011	Employee share plan ($1,000) issue	28,560	$0.84	24
Various	Issue on exercise of unlisted options	4,532,310	$0.43[1]	1,970
Various	Issue on exercise of employee options	518,000	$0.41[1]	214
	Balance at 30 June 2011	247,743,578		105,399
14 Jul 2011	Share issue under Employee Performance Rights Plan	13,000	$ –	–
21 Nov 2011	Share placement	29,767,442	$1.075	32,000
14 Dec 2011	Share Purchase Plan	2,791,305	$1.075	3,000
	less transaction costs			(1,425)
Various	Issue on exercise of employee options	320,000	$0.38[1]	121
	Balance at 31 December 2011	280,635,325		139,095

[1] Weighted average of options exercised.

(c) Ordinary shares

As at 31 December 2011 there were 280,635,325 issued ordinary shares. On 21 November 2011 the Company issued 29,767,442 ordinary shares under a share placement to institutional and sophisticated investors at an issue price of $1.075 per share, and a further 2,791,305 ordinary shares were issued under a subsequent Share Purchase Plan at the same issue price.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. There is no current on-market share buy-back.

(d) Employee Share Plan ($1,000 Plan)

On 01 February 2011, 28,560 shares were issued under the Starpharma Holdings Limited Employee Share Plan ($1,000 Plan) to eligible staff. The shares are granted for no consideration and are escrowed for 3 years while participants are employed by the Company. A further allocation of 22,126 shares were issued on 24 January 2012, subsequent to reporting date.

(e) Employee Performance Rights Plan

There were 13,000 shares issued on the vesting on performance rights during the financial half year. Information relating to the Starpharma Holdings Limited Employee Performance Rights Plan, including shares under rights outstanding at the end of the financial half-year is set out in note 11.

(f) Options

There were 320,000 shares issued on the exercise of share options during the financial half year. Information relating to the Starpharma Holdings Limited Employee Share Option Plan and Individual option deeds, including options outstanding at the end of the financial half-year is set out in note 11.

(g) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

8. Reserves

(a) Reserves

	Consolidated	
	31 December 2011 $'000	30 June 2011 $'000
Share-based payments reserve	**2,956**	2,842
Foreign currency translation reserve	**(3,571)**	(4,035)
Asset revaluation reserve	**2,215**	2,215
	1,600	1,022

(b) Nature and purpose of reserves

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

(ii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign associate/subsidiary are taken to the foreign currency translation reserve. The reserve is recognised in the income statement when the net investment is disposed of.

(iii) Asset revaluation reserve
The uplift in fair value of the identifiable net assets of DNT on the company's acquisition of the remaining share in October 2006 was recognised in reserves.

9. Contingencies

The Company has no contingent assets or liabilities at 31 December 2011 (2010: nil).

10. Events occurring after the balance sheet date

In January, the Company received final written agreement from the FDA on the design of its Phase 3 clinical studies of VivaGel® for the treatment of bacterial vaginosis (BV) under the FDA's Special Protocol Assessment (SPA) scheme. The SPA is a binding declaration from the FDA that the Phase 3 clinical study design, endpoints, statistical analyses, and other aspects of the planned studies are acceptable to support regulatory approval of the product.

On 1 February, Starpharma released animal data which demonstrated that its dendrimer-docetaxel formulation applying Starpharma's dendrimer technology to the leading chemotherapy drug docetaxel was significantly more efficacious than docetaxel (Taxotere®) in a breast cancer model.

There are no other significant events occurring since 31 December 2011 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group.

11. Earnings per share

	Half-year	
	2011 $	2010 $
Basic loss per share	**(0.02)**	(0.02)
Diluted loss per share	**(0.02)**	(0.02)
Net loss attributable to members of Starpharma Holdings Limited used as the numerator in calculating diluted and basic earnings per share ($'000)	**(4,681)**	(4,222)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	**254,691,838**	239,630,420

As at 31 December 2011 the Company had on issue 2,923,809 (30 June 2011: 3,243,809) share options and 1,575,300 (30 June 2011: 750,800) rights that are not considered dilutive.

The options and rights have not been included in the determination of basic earnings per share. The options and rights granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Given the entity is currently loss making, the potential shares are anti-dilutive and have therefore not been included in the diluted earnings per share calculation.

As at 31 December 2011 the Company had on issue the following share options:

Expiry date	Issue price of shares (Option exercise price)	Number under options
21 August 2012	$0.43	1,684,809
28 August 2012	$0.29	395,000
28 June 2014	$0.37	844,000

As at 31 December 2011 the Company had on issue the following Employee Performance Rights

Grant date	Vesting date	Holding Lock date	Number under rights
2 September 2010	31 August 2012	31 August 2013	732,800
10 November 2011[#]	30 September 2012	30 September 2013	375,000
25 November 2011	25 November 2013	25 November 2014	467,500

[#] Approved by shareholders at the Annual General Meeting on 10 November 2011; securities allotted on 25 November 2011.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with *Accounting Standards*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Peter T Bartels, *AO*
Director
Melbourne, 20 February 2012

Independent auditor's review report to the members

Independent auditor's review report to the members of Starpharma Holding Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Starpharma Holdings Limited, which comprises the balance sheet as at 31 December 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Starpharma Holdings Limited Group (the consolidated entity). The consolidated entity comprises both Starpharma Holdings Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Starpharma Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Starpharma Holdings Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Anton Linschoten
Partner

20 February 2012