ASX ANNOUNCEMENT

Starpharma Interim Report and Half-year Financial Results

Melbourne Australia; 14 February 2013: Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today released its interim report and financial results for the half-year ended 31 December 2012.

Financial Highlights

- Reported loss $1.8M (Dec 2011: $4.7 million)
- R&D tax incentives of $6.8M reported in the half-year
- Cash position at 31 December 2012 $33.2M
- R&D tax incentive receivables at 31 December 2012 $8.1M

Operational Highlights

- Completion of Phase 2 and Phase 3 Trials of VivaGel®
- Crop protection agreement signed with Nufarm
- Cancer drug agreement signed with AstraZeneca
- Starpharma's docetaxel demonstrates targeted tumour delivery
- Starpharma's docetaxel superior to Taxotere® across multiple cancer types
- Starpharma's new formulations demonstrate further improvement in crop protection
- Awarded Janssen 2012 Company of the Year
- Successful application to recoup $6 million cash for overseas R&D

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

“In 2012 the Company achieved a number of significant advances across its portfolio and whilst gross R&D expenditure has increased compared to last year, a significant proportion of this expenditure is non-recurrent and will be re-couped under the R&D Tax Incentive Program. Starpharma is in a strong cash position as we continue to expand and advance our portfolio into a range of large global markets.”

The net loss after tax of $1.8 million (Dec 2011: $4.7 million) includes the expenses of the VivaGel® clinical program, together with development expenses in drug delivery and agrochemical programs. In the half-year, R&D tax incentives of $6.8 million (Dec 2011: Nil) were reported as a contra expense, of which $4.1 million related to FY2012 expenditure.

The cash balance at 31 December 2012 was $33.2 million, compared with $42.8 million at 30 June 2012. This balance excludes the anticipated $8.1 million receivable under the R&D Tax Incentive Program - $5.3 million to be received this financial year. Net cash outflows

from operations were $10.2 million, largely relating to the two bacterial vaginosis (BV) clinical programs for VivaGel® (treatment and prevention of recurrence). A significant proportion (>50%) of the Company's YTD cash flow is attributable to the non-recurrent costs for these two clinical programs.

In the half-year, Starpharma secured a number of important new commercial relationships and its proprietary dendrimer-docetaxel formulation was shown to be superior to Taxotere® in a range of models, in addition to demonstrating significant tumour targeting. The Company's agrochemical programs, both partnered and internal, continue to advance well.

The Company completed a Phase 2 clinical trial assessing VivaGel® performance as therapy to prevent Bacterial Vaginosis (BV) recurrence and these results are on track to report before the end of Q1 2013. Starpharma's Phase 3 clinical trials of VivaGel® for the treatment of BV announced in the half-year, whilst not meeting the primary FDA endpoint, did demonstrate statistically significant Clinical Cure at the end of treatment (EOT), effectiveness in treating patient symptoms, and an excellent safety profile. Accordingly, the Company is currently undertaking further analysis of the trial data as well as exploring alternative claim strategies and jurisdictions.

ABOUT STARPHARMA

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY), located in Melbourne Australia, is an ASX 300 company and 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.

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 (Tokyo Stock Exchange) 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. Partners include GSK, Lilly and AstraZeneca. In its internal program Starpharma has announced significant tumour-targeting results in its docetaxel (Taxotere®) program, with animal studies showing its dendrimer-enhanced version of docetaxel to have significantly superior anti-cancer effects across a range of important cancer types including breast, prostate, lung and ovarian tumour, when compared to Taxotere® (docetaxel)." The company is also exploring dendrimer opportunities in agrochemicals in a series of industry partnerships with leading industry players including Nufarm (ASX:NUF) 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 2012

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2012 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 2012

Previous corresponding period: Half-year ended 31 December 2011

				$
Revenue from ordinary activities *(Appendix 4D item 2.1)*	Up	24%	to	$1,292,000
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	Down (reduced loss)	61%	to	$1,832,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Down (reduced loss)	61%	to	$1,832,000

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 $1,832,000 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.

A contra research and development expense of $6,828,000 has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program. Of the total, $4,071,000 relates to FY2012 expenditure not previously booked due to the uncertainty of its eligibility. However, subsequent to the FY2102 results, Starpharma received an advance finding from AusIndustry that covers certain overseas activities over a 3 year period from 1 July 2011.

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 2012.

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 A Hazleton	Z Peach	P R Turvey

R Dobinson was a director from the beginning of the financial year until his resignation on 28 November 2012.

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 2012 Reports rapid advancement of drug delivery program

Starpharma reported its program to enhance the blockbuster cancer drug docetaxel is advancing rapidly and plans are underway for clinical trials to commence in 2013.

Starpharma also demonstrated its dendrimer technology's applicability to hormones such as insulin, and antibodies, further diversifying drug delivery product potential into these high-growth segments of the market. Analysis shows Starpharma's dendrimers applicable to more than 50% of top-selling pharmaceuticals - highlighting versatility and potential to develop improved formulations

August 2012 Starpharma and Nufarm sign crop protection agreement

Starpharma and Nufarm Australia (ASX:NUF) announced the signing of an agreement under which the parties will apply Starpharma's Priostar® dendrimer technology to develop innovative crop protection formulations for Nufarm's product portfolio.

September 2012 Starpharma signs cancer drug agreement with AstraZeneca

Starpharma announced the signing of an agreement with global pharmaceutical company AstraZeneca giving AstraZeneca the right to test certain proprietary Starpharma oncology molecules based on Starpharma's dendrimer technology.

Under the agreement AstraZeneca will undertake oncology studies using specific Starpharma drug-dendrimer conjugate molecules. The primary objective of the program is to assess the suitability of the dendrimer constructs for particular applications within the cancer field.

October 2012 Starpharma reports recruitment complete in VivaGel® BV 3 trials

Starpharma announced completion of recruitment in its two Phase 3 trials investigating VivaGel® as a treatment for bacterial vaginosis (BV). The Phase 3 treatment trials were conducted across more than 30 international sites, and recruited 250 patients per trial.

Recruitment is also complete for Starpharma's Phase 2 study for the prevention of BV recurrence. Completion of this trial is on track for Q4 2012 with results expected early in 2013.

October 2012 Starpharma's docetaxel demonstrates targeted tumour delivery

Starpharma reported significant tumour-targeting results with its proprietary dendrimer-docetaxel formulation.

In animal studies Starpharma's docetaxel formulation resulted in levels of the cancer drug docetaxel in tumour tissue more than 40 times greater than levels seen with the conventional formulation of docetaxel (Taxotere®). This far greater accumulation of the drug in the tumour tissue compared to the current Taxotere® formulation is evidence of the significant tumour-targeting effect of Starpharma's dendrimer formulation.

October 2012 Starpharma's new formulations demonstrate further improvement in crop protection

Starpharma announced that its new agrochemical dendrimer formulations have shown further improved features compared to commercially available products.

Starpharma has conducted a whole range of new studies in its internal agrochemical program including with its lead program, an enhanced reformulation of the best-selling herbicide glyphosate (marketed under a variety of trade names including Roundup®).

The new dendrimer glyphosate reformulations have confirmed previously reported higher efficacy than existing marketed glyphosate formulations. In addition, Starpharma's dendrimer formulations demonstrated up to a 150%-250% improvement in efficacy when rain was applied four hours after treatment with the test formulations.

November 2012 Starpharma recognised for outstanding year with Janssen 2012 Company of the Year Award

Starpharma was awarded the industry's 2012 Australian Company of the Year at the Janssen 2012 Industry Excellence Awards at Australia's largest industry conference AusBiotech 2012.

The Janssen 2012 Industry Excellence Awards - Company of the Year award - recognises a biotechnology or life sciences company that has demonstrated a significant achievement or achievements during the year with reference to commercial deals, advancement of product pipeline, intellectual property, company strategy or revenue.

November 2012 Starpharma to recoup $6 million cash for overseas R&D

Starpharma announced that following a submission to AusIndustry, it is eligible to receive approximately $6 million cash in R&D tax incentive for overseas R&D activities.

Starpharma made a submission for an advance finding in relation to VivaGel® activities to AusIndustry in relation to overseas R&D activities under the 45% R&D Tax Incentive Program. The submission supports the VivaGel® bacterial vaginosis clinical and regulatory program. The finding covers certain overseas activities over a 3 year period from 1 July 2011. It is estimated that $3.3 million of the total $6 million cash refund relates to the 2011/12 financial year.

November 2012 VivaGel® phase 3 study results

Starpharma announced the results of its two phase 3 studies of 1% SPL7013 Gel (VivaGel®) for the treatment of bacterial vaginosis (BV). Both studies showed that VivaGel® achieved statistically significant Clinical Cure and resolution of patient-reported symptoms of BV at the End of Treatment visit (EOT, 2-5 days post treatment). However, the primary endpoint of Clinical Cure 2-3 weeks after the cessation of treatment (Test of Cure, TOC visit) was not met.

A new drug application (NDA) for VivaGel® for the treatment of BV will not be filed with the FDA at this time due to the lack of statistical significance at TOC, although other claim strategies (e.g. symptomatic relief) and other regulatory jurisdictions may well be available and will be fully explored.

December 2012 Starpharma's docetaxel superior to Taxotere® across multiple cancer types

Starpharma announced the results of animal trials which show its dendrimer-enhanced version of docetaxel had significantly superior anti-cancer effects across a range of important cancer types when compared to Taxotere® (docetaxel).

Breast, prostate, lung and ovarian tumour types were tested. In each case the company's dendrimer-docetaxel formulation was seen to significantly outperform the leading drug Taxotere®.

Financial summary

For the half-year ended 31 December 2012 the consolidated entity incurred an operating loss after income tax of $1,832,000 (December 2011: $4,681,000).

	Half-Year Ended 31 December	
Summary of consolidated results	**2012 $'000**	2011 $'000
Revenue from continuing operations	**1,292**	1,044
Other income, including grants	**3**	168
Research & development (net of R&D tax incentive)	**(696)**	(3,504)
Administration and finance costs	**(2,431)**	(2,389)
Loss attributable to members	**(1,832)**	(4,681)

Income statement
Revenue consists predominately of royalty, licensing and research revenue from commercial partners of $377,000 (December 2011: $422,000) and interest income on cash invested in term deposits of $895,000 (December 2011: $600,000).

The consolidated loss after tax of $1,832,000 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.

A contra research and development expense of $6,828,000 has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program. Of the total, $4,071,000 relates to FY2012 expenditure not previously booked due to the uncertainty of its eligibility. However, subsequent to the FY2102 results, Starpharma received an advance finding from AusIndustry that covers certain overseas activities over a 3 year period from 1 July 2011.

Balance sheet
At 31 December 2012 the Group's cash position was $33,182,000 (June 2012: $42,812,000). Trade and other receivables of $9,017,000 (June 2012: $2,053,000) includes $8,151,000 receivable from the Australian Government under the R&D Tax Incentive program, of which $5,395,000 is anticipated to be received this financial year.

Statement of cash flows
Net operating cash outflows for the half-year of $10,241,000 (December 2011: $3,895,000) included costs associated with the Company's VivaGel®, drug delivery and agrochemical programs. Net cash inflows from financing activities of $788,000 included $822,000 on the issue of shares from the exercise of share options.

Earnings per share

	Half-year ended 31 December	
	2012	2011
Basic loss per share	**($0.01)**	($0.02)
Diluted loss per share	**($0.01)**	($0.02)

Net tangible assets

	Half-year ended 31 December	
	2012	2011
Net tangible asset backing per ordinary share	**$0.14**	$0.17

Matters subsequent to the end of the financial half-year

No matters or circumstances have arisen since 31 December 2012 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, 14 February 2013

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 2012, 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
14 February 2013

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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 2012 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 2012

		Half-year	
		2012	2011
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**1,292**	1,044
Other income	4	**3**	168
Administration expense	5	**(2,426)**	(2,386)
Research and development expense	5	**(696)**	(3,504)
Finance costs		**(5)**	(3)
Loss before income tax		**(1,832)**	(4,681)
Income tax		**-**	-
Loss from continuing operations attributable to members of Starpharma Holdings Limited		**(1,832)**	(4,681)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share	9	**($0.01)**	($0.02)
Diluted loss per share	9	**($0.01)**	($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 2012

	Half-year	
	2012	2011
	$'000	$'000
Loss for the period	**(1,832)**	(4,681)
Other comprehensive income (loss), net of income tax		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences on translating foreign subsidiaries	**(145)**	464
Other comprehensive income (loss) for the half-year, net of income tax	**(145)**	464
Total comprehensive loss for the half-year, net of income tax	**(1,977)**	(4,217)

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

Consolidated balance sheet

As at 31 December 2012

	Notes	31 December 2012 $'000	30 June 2012 $'000
Current assets			
Cash and cash equivalents		**33,182**	42,812
Trade and other receivables		**9,017**	2,053
Total current assets		**42,199**	44,865
Non-current assets			
Property, plant and equipment		**435**	414
Intangible assets		**8,404**	8,989
Total non-current assets		**8,839**	9,403
Total assets		**51,038**	54,268
Current liabilities			
Trade and other payables		**2,120**	4,492
Borrowings		**24**	40
Provisions (employee entitlements)		**570**	506
Deferred income		**299**	397
Total current liabilities		**3,013**	5,435
Non-current liabilities			
Borrowings		**88**	100
Provisions (employee entitlements)		**48**	82
Total non-current liabilities		**136**	182
Total liabilities		**3,149**	5,617
Net assets		**47,889**	48,651
Equity			
Contributed equity	6	**139,993**	139,171
Reserves		**2,114**	1,866
Accumulated losses		**(94,218)**	(92,386)
Total equity		**47,889**	48,651

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 2012

					Half-year December 2012
	Notes	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2012		139,171	1,866	(92,386)	48,651
Loss for the half-year		-	-	(1,832)	(1,832)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		-	(145)	-	(145)
Total comprehensive income (loss) for the half-year		-	(145)	(1,832)	(1,977)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	822	-	-	822
Employee share rights scheme		-	393	-	393
Total transactions with owners		822	393	-	1,215
Balance at 31 December 2012		139,993	2,114	(94,218)	47,889

For the half-year ended 31 December 2011

					Half-year December 2011
	Notes	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'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		-	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	6	33,696	-	-	33,696
Employee share rights scheme		-	114	-	114
Total transactions with owners		33,696	114	-	33,810
Balance at 31 December 2011		139,095	1,600	(83,409)	57,286

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 2012

	Notes	Half-year 2012 $'000	Half-year 2011 $'000
Cash flow from operating activities			
Receipts from trade and other debtors		**269**	753
Grant income (inclusive of GST)		**53**	402
Payments to suppliers and employees (inclusive of GST)		**(11,315)**	(5,559)
Interest received		**757**	512
Interest paid		**(5)**	(3)
Net cash outflows from operating activities		**(10,241)**	(3,895)
Cash flow from investing activities			
Payments for property, plant and equipment		**(109)**	(10)
Net cash outflows from investing activities		**(109)**	(10)
Cash flow from financing activities			
Proceeds from issue of shares	6	**822**	35,106
Share issue transaction costs	6	**-**	(1,273)
Lease repayments		**(34)**	(26)
Net cash inflows from financing activities		**788**	33,807
Net increase (decrease) in cash and cash equivalents held		**(9,562)**	29,902
Cash and cash equivalents at the beginning of the half-year		**42,812**	18,918
Effects of exchange rate changes on cash and cash equivalents		**(68)**	135
Cash and cash equivalents at the end of the half-year		**33,182**	48,955

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

Notes to the consolidated financial statements

31 December 2012

Contents

1. Basis of preparation of half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2012 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 2012 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.

The group research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from 1 July 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive program. For the half-year to 31 December 2012, the group has recorded a contra research and development expense of $6,828,000.

Of the total, $4,071,000 relates to R&D incentives associated with FY2012 expenditure not previously booked due to the uncertainty of its eligibility ($1,323,000 was recorded as a contra expense in FY2012). Subsequent to the FY2102 results, Starpharma received an advance finding from AusIndustry that covers certain overseas activities over a 3 year period from 1 July 2011 which has resulted in the additional contra expense to be recorded this half-year. The remaining balance of $2,757,000 has been assessed to be eligible from R&D activities undertaken in the half-year to 31 December 2012. Trade and other receivables include $8,151,000 receivable from the Australian Government under the R&D tax incentive program, of which $5,395,000 is anticipated to be received this financial year.

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, it has been determined as a reportable segment.. The principal activities of the group consist of development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications.

31 December 2012	Australia $'000	USA $'000	Inter-segment Eliminations $'000	**Total $'000**
Revenue and other income	1,465	27	(197)	**1,295**
Expenses	(2,831)	(493)	197	**(3,127)**
Loss before income tax	(1,366)	(466)	-	**(1,832)**

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)**

4. Revenue and other income

Consolidated

	Half-year	
Revenue and other income	**2012 $'000**	2011 $'000
Royalty, customer & license revenue	**377**	422
Interest revenue	**895**	600
Other Revenue	**20**	22
Total revenue	**1,292**	1,044
Australian government grants	**3**	5
USA government grants	**-**	163
Total other income	**3**	168
Total revenue and other income	**1,295**	1,212

5. Expenses

Consolidated

	Half-year	
	2012 $'000	2011 $'000
Loss from continuing operations before income tax expense includes the following items:		
R&D Tax Incentive (contra expense)	**(6,828)**	-
Depreciation	**87**	65
Amortisation	**443**	564
Rental expense on operating leases	**233**	139
Defined contribution superannuation expense	**183**	169

6. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	December 2012 Shares	June 2012 Shares	**December 2012 $'000**	June 2012 $'000
Share Capital				
Ordinary shares – fully paid	**283,640,060**	280,802,451	**139,993**	139,171

(b) Movements in ordinary share capital

Date	**Details**	**Number of shares**	**Issue Price**	**$'000**
01 Jul 2010	Opening balance	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

6. Contributed equity (continued)

	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
24 Jan 2012	Employee share plan ($1,000) issue	22,126	$1.18	26
Various	Issue on exercise of employee options	125,000	$0.32[1]	40
Various	Issue on exercise of unlisted options	20,000	$0.29	6
	Balance at 30 June 2012	280,802,451		139,171
Various	Share issue under Employee Performance Rights Plan	842,800	$ –	–
Various	Issue on exercise of unlisted options	1,684,809	$0.43[1]	732
Various	Issue on exercise of employee options	310,000	$0.29[1]	90
	Balance at 31 December 2012	283,640,060		139,993

[1] Weighted average of options exercised.

(c) Ordinary shares

As at 31 December 2012 there were 283,640,060 issued ordinary shares.

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)

Shares issued under the Starpharma Holdings Limited Employee Share Plan ($1,000 Plan) to eligible staff are granted for no consideration and are escrowed for 3 years while participants are employed by the Company. An allocation of 25,888 shares was issued to eligible staff on 18 January 2013, subsequent to the reporting date.

(e) Employee Performance Rights Plan

There were 842,800 shares issued on the vesting on performance rights and 1,623,400 performance rights issued 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 9.

(f) Options

There were 1,994,809 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 9.

(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.

7. Contingencies

The Company has no contingent assets or liabilities at 31 December 2012 (2011: nil).

8. Events occurring after the balance sheet date

There are no significant events occurring since 31 December 2012 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group.

9. Earnings per share

	Half-year	
	2012 $	2011 $
Basic loss per share	**(0.01)**	(0.02)
Diluted loss per share	**(0.01)**	(0.02)
Net loss attributable to members of Starpharma Holdings Limited used as the numerator in calculating diluted and basic earnings per share ($'000)	**(1,832)**	(4,681)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	**282,897,700**	254,691,838

As at 31 December 2012 the Company had on issue 784,000 (30 June 2012: 2,778,809) share options and 2,073,400 (30 June 2012: 1,550,300) 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 2012 the Company had on issue the following share options:

Expiry date	Issue price of shares (Option exercise price)	Number under options
28 June 2014	$0.37	784,000

As at 31 December 2012 the Company had on issue the following Employee Performance Rights

Grant date	Vesting date	Holding Lock date	Number under rights
25 November 2011	25 November 2013	25 November 2014	450,000
19 September 2012	19 September 2014	19 September 2015	663,400
30 November 2012[#]	30 September 2013	30 September 2014	400,000
30 November 2012[#]	30 November 2014	30 November 2015	200,000
30 November 2012[#]	30 November 2015	30 November 2016	360,000

[#] Approved by shareholders at the Annual General Meeting on 30 November 2012; securities allotted on 17 December 2012.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 18 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 2012 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, 14 February 2013

Independent auditor's review report to the members

Independent auditor's review report to the members of Starpharma Holdings 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 2012, 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 internal 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 2012 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 2012 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

Melbourne
14 February 2013