ASX ANNOUNCEMENT

Starpharma Interim Report and Half-year Financial Results

Melbourne, Australia; 16 February 2015: Starpharma Holdings Ltd (ASX: SPL, OTCQX: SPHRY) today released its interim report and financial results for the half-year ended 31 December 2014.

Financial Summary

- Reported loss of $8.5M (Dec 2013: $5.6M)
- Cash position at 31 December 2014 of $39.3M
- R&D tax incentives of $1.6M reported in the half-year (Dec 2013: $2.6M)
- Receipt of $4.2M R&D tax incentive refund
- $20.5M net proceeds from equity placement and share purchase plan

Operational Highlights:

- Launch of the VivaGel® condom in Australia by Starpharma's marketing partner, Ansell, under its LifeStyles® Dual Protect™ brand: product now on sale in Woolworths stores nationally
- Grant of FDA Special Protocol Assessment (SPA) for VivaGel® phase 3 trials
- Commencement of VivaGel® phase 3 trials for prevention of recurrent bacterial vaginosis
- DEP™ docetaxel phase 1 trial approaching 50% recruitment with encouraging initial results
- Marketing clearance for the VivaGel® condom achieved in New Zealand
- Starpharma's Priostar® glyphosate patent allowed in China

The net loss after tax of $8.5 million (Dec 2013: $5.6 million) includes expenses for the VivaGel® clinical program, together with development expenses in the drug delivery and agrochemical programs. The company has two clinical programs underway; a phase 1 study of DEP™ docetaxel recruiting 25-30 patients in Australian hospitals, and two phase 3 studies for VivaGel® for the prevention of recurrent bacterial vaginosis, each recruiting around 600 patients across North America, Europe and Asia.

Commenting on the Company's achievements and outlook, Starpharma CEO Dr Jackie Fairley said:

"During the half year, we saw the launch of the VivaGel® condom in Australia, and the commencement of pivotal clinical trials for recurrent bacterial vaginosis (BV), which are progressing well after receiving the SPA from the US FDA. We have also had particularly exciting developments across our drug delivery programs including in the DEP™ docetaxel trial where we have seen some important improvements in pharmacokinetics, good tolerability and a lack so far of dose limiting side effects of docetaxel, including neutropenia. Apart from the relevance to DEP™ docetaxel, these data from human studies of the DEP™ drug delivery dendrimer platform are proving important in highlighting the value of the portfolio more broadly, including with partners and potential licensees."

"Starpharma is well placed financially and operationally to capitalise on upcoming important milestones in 2015 with substantial progress across our three portfolio areas, VivaGel®, drug delivery and agrochemicals."

Financial results
The cash balance at 31 December 2014 was $39.3 million, compared with $24.0 million at 30 June 2014. The cash balance includes the net proceeds from the completion of an equity placement and share purchase plan in the half year, raising $20.5M of net proceeds after transaction costs.

Clinical trial costs for both VivaGel® and DEP™ docetaxel programs contributed to the net cash outflows from operations of $5.1 million (Dec 2013: $6.0 million). These programs include the phase 1 clinical trial of DEP™ docetaxel and the VivaGel® phase 3 trials for prevention of recurrent BV.

Phase 1 DEP™ docetaxel clinical trial
The phase 1 trial of DEP™ docetaxel is progressing well and preliminary findings to-date have shown the drug is well tolerated with no neutropenia nor hair loss observed. Significant improvements in the pharmacokinetic profile of docetaxel have also been shown, and these improvements align with the predicted benefits of the DEP™ drug delivery technology and results in preclinical studies.

Patients are being enrolled at two sites in Melbourne and one in Brisbane – The Alfred Hospital, Austin Hospital/Olivia Newton John Cancer Centre and Royal Brisbane & Women's Hospital, with a Sydney site opening shortly. The clinical trial is open label and its objectives are to determine the maximum tolerated dose (MTD), dose limiting toxicities (DLTs) and assess the safety and tolerability of DEP™ docetaxel in patients with various solid tumours. Patients are currently being enrolled in a dose escalation phase of the trial, with some now having received as many as 5 cycles of treatment. Despite several dose escalations, the MTD has not yet been reached. The trial is approaching 50% of anticipated recruitment.

Phase 3 clinical trials of VivaGel® for prevention of recurrent bacterial vaginosis
The phase 3 trials of VivaGel® to prevent recurrent BV are progressing well. Up to 600 women will be recruited into each trial across North America, Europe and Asia.

The two phase 3, double blind, randomised, placebo-controlled trials are identical in design and are comparing the rate of recurrent BV in women using VivaGel® to the rate of recurrent BV in women using a placebo gel during a 16-week treatment period. The primary endpoint of the trials is prevention of recurrent BV at or by the 16-week visit.

VivaGel® condom
In late October 2014, sales commenced for the VivaGel® condom by Starpharma's marketing partner, Ansell, under its LifeStyles® Dual Protect™ brand, with the product available in Woolworths' stores across Australia.

The VivaGel® condom is a world-first product based on Australian innovation. It is the only condom available that incorporates an antiviral agent, VivaGel®, which has been shown in laboratory studies to achieve viral inactivation rates of up to 99.9%.

Marketing clearance for the VivaGel® condom was also achieved in New Zealand in November. Launch of the VivaGel® condom in Japan was delayed last year by a classification review by the Japanese Ministry of Health following changes to device regulations. Starpharma and Okamoto are working closely with the authorities to expedite this process. Regulatory processes are ongoing in a number of other markets and these are unaffected by the Japanese classification review.

The availability of the VivaGel® condom in Australia represents the first of three women's health and sexual wellness products incorporating VivaGel® that are in various advanced stages of development and commercialisation. The focus over the December quarter was to rollout the product to Woolworths stores nationally, with distribution via other retail channels to commence during 2015. The agreement with Ansell includes the typical commercial terms, including the receipt of royalties based on sales occurring in arrears. Given the timing of the launch in late October, there was no receipt of royalties in the current half year period.

Agrochemical Program
In agrochemicals, internal and partnered programs continue to progress and Starpharma's Priostar® glyphosate patent was allowed in China, further strengthening and expanding the Company's patent portfolio for the use of its proprietary dendrimers in agrochemical products.

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 and medical uses. Starpharma has three core development programs: VivaGel® portfolio, DEP™ drug delivery, and agrochemicals with the Company developing a number of products internally and others via commercial partnerships.

Starpharma's lead products are based on VivaGel® (SPL7013, astodrimer sodium), a proprietary dendrimer which is a potent microbicidal agent. VivaGel® formulated as a water based gel and delivered vaginally is under clinical development for the management and prevention of bacterial vaginosis (BV). Starpharma has also signed separate licence agreements with Ansell Limited (ASX:ANN) and Okamoto Industries. Inc., (TSE: JP3192800005) to market a value-added, VivaGel® condom. The VivaGel® condom is available for purchase in Australia under Ansell's Lifestyles® Dual Protect™ brand. Ansell manufactures and sells leading condom brands worldwide, including LifeStyles®, ZERO® and SKYN®. Okamoto is the market leader for condoms sold in Japan, which is 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. Drug Delivery partners include GSK, Lilly and AstraZeneca. A number of dendrimer-enhanced, or DEP™ versions of existing drugs are under development. The most advanced of these is DEP™docetaxel, a dendrimer-enhanced version of docetaxel (Taxotere®), which is in clinical development. In preclinical studies DEP™ docetaxel has shown significant tumour-targeting and superior anti-cancer effects across a range of important cancer types including breast, prostate, lung and ovarian tumour, when compared to Taxotere® (docetaxel).

In agrochemicals Starpharma has a series of partnerships with leading industry players including global leader Adama (formerly Makhteshim Agan) as well as 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 authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any 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 trial results, including additional analysis of existing data, and new 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 2014

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2014 Annual Report 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*.

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Results for Announcement to the Market

Starpharma Holdings Limited ABN 20 078 532 180

Half-year ended 31 December 2014

Previous corresponding period: Half-year ended 31 December 2013

				$
Revenue from ordinary activities *(Appendix 4D item 2.1)*	Up	2%	to	$730,000
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	Up (increased loss)	53%	to	$8,538,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Up (increased loss)	53%	to	$8,538,000

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 of $258,000 (December 2013: $154,000) and interest income on cash invested in term deposits of $472,000 (December 2013: $564,000). See note 4 for additional information.

Explanation of net loss

(Appendix 4D item 2.6)

The consolidated loss after tax for the half-year to 31 December 2014 was $8,538,000 (December 2013: $5,574,000). Research and development expenses include the costs of the VivaGel®, drug delivery and agrochemical programs, with the increase reflecting the costs associated with the VivaGel® phase 3 clinical trials for the prevention of recurrent bacterial vaginosis.

A contra research and development expense of $1,603,000 (December 2013: $2,640,000) has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program. The R&D Tax Incentive is lower than the previous corresponding period due to a reduction in the expenditure eligible for the refundable tax offset in the current period and the proposed reduction in the refundable tax offset rate from 45% to 43.5% from 1 July 2014.

Net tangible assets

(Appendix 4D item 3)

	Half-year ended 31 December	
	2014	2013
Net tangible asset backing per ordinary share	**$0.12**	$0.11

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2014 half-year financial statements. This report is based on the consolidated 2014 half-year financial statements which have been reviewed by PricewaterhouseCoopers with the Independent Auditor's Review Report included in the 31 December 2014 half-year financial statements. The above NTA backing calculation is considered a non-IFRS value and has not been audited or reviewed in accordance with Australian Accounting Standards.

Directors' Report

The directors have pleasure in presenting this report on the consolidated entity (referred to hereafter as the Group, the Company or Starpharma) consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

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

R B Thomas (Chairman)
R A Hazleton
J K Fairley (Chief Executive Officer)
Z Peach
P J Jenkins
P R Turvey

Principal activities

The principal activities of the Group consist of research, 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 VivaGel® for the management and prevention of bacterial vaginosis, as a condom coating and for prevention of sexually transmitted infections. Starpharma is also applying dendrimers to drug delivery and in agrochemicals.

Business strategy, future developments and prospects

There is no change to Starpharma's strategy from the previous period. 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. The Company's key focus is to advance and broaden its product development pipeline for VivaGel®, drug delivery and agrochemicals. It is intended to achieve this by continuing to utilise a combination of internally funded and partnered projects across the portfolio. The Company commercialises its development pipeline with corporate partners via licensing agreements at various stages in a product's development lifecycle; depending on the product, a partner's relative strength of product and market expertise, comparison of current and future potential returns, and the risks involved in advancing the product to the next value inflection point or milestone.

Starpharma remains well positioned to create value in the medium term, due to its deep expertise, strong intellectual property portfolio, diverse development portfolio, a culture and ability to innovate and adapt its technology platform to product opportunities, proven risk management practices, and a solid cash position. The Company will continue using its cash resources to invest in selected research and development activities to achieve its objectives.

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous corresponding period.

Review of operations

Key highlights and significant events during the half-year included:

- VivaGel® condom receiving TGA Certification with the product on retail shelves in Australia;
- Commencement of VivaGel® phase 3 trials for prevention of recurrent BV after SPA granted by US FDA;
- DEP™ docetaxel showing encouraging early results including intended longer duration and increased exposure in humans;
- Completion of A$21.5 million equity placement and share purchase plan;
- VivaGel® condom receiving marketing clearance in New Zealand;
- Receipt of A$4.2M R&D tax incentive refund; and
- Glyphosate patent allowed in China.

VivaGel® Program

Starpharma commenced two pivotal phase 3 clinical trials of VivaGel® for the prevention of recurrent bacterial vaginosis (R-BV) after receiving a Special Protocol Assessment (SPA) designation for the trial program in July. The SPA agreement is a binding declaration received from the US Food and Drug Administration (FDA) that stipulates 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. The SPA significantly reduces development risk by effectively removing US FDA regulatory risk associated with the phase 3 studies. Approximately 600 women will be recruited to each trial where the primary efficacy endpoint is recurrence of BV over a 16 week treatment period. The double-blinded, randomised trial will compare VivaGel® with a placebo gel, with trial sites in North America, Europe and Asia. Bacterial vaginosis (BV) is the most common cause of vaginal infection worldwide and existing treatments for BV are considered suboptimal and recurrence is a major issue. There are currently no approved products to prevent R-BV, so VivaGel® has the potential to be a first in class therapeutic for prevention of R-BV.

Following high levels of patient acceptability for a VivaGel® product for the symptomatic relief of BV, Starpharma is also pursuing this commercial opportunity for VivaGel® in selected markets. This is supported by strong efficacy data from previous BV clinical trials, and regulatory input and feedback, as well as commercial interest in the product concept.

The VivaGel® condom achieved TGA device certification for Australia in July and has been available for purchase from Woolworth stores since late October under Ansell's Lifestyles® Dual Protect™ brand. The LifeStyles® Dual Protect™ condom lubricant contains VivaGel®, Starpharma's patented antiviral agent that has been shown in laboratory studies to achieve viral inactivation rates of up to 99.9%. In November, marketing clearance was also received for the VivaGel® condom in New Zealand. The VivaGel® condom is currently undergoing regulatory review in a number of markets. In

Japan the planned launch of the product by Okamoto was delayed following a review in December by the Japanese regulatory authorities of the specific category of medical device classification.

Drug Delivery Program
A key development for Starpharma's internal drug delivery program during the half-year was promising early data in the DEP™ docetaxel phase 1 clinical trial both in terms of tolerability and activity. Preliminary pharmacokinetics (PK) findings in humans confirm a number of beneficial product features that were also seen in earlier preclinical studies. These beneficial features of DEP™ docetaxel, when compared with the reference drug, Taxotere®, include substantially extended duration of exposure, greatly increased extent of total exposure to drug, and reduced peak levels of drug.

DEP™ docetaxel is an enhanced version of the blockbuster anti-cancer drug docetaxel (Taxotere®), which has reported annual sales of US$3.1 billion in 2010. The DEP™ docetaxel phase 1 trial, of approximately 25-30 cancer patients across 3 sites in Australia. Patients are currently being enrolled in the dose-escalation phase of the study with a number having received multiple (up to 6) cycles of treatment. To date, no neutropenia (docetaxel dose-limiting toxicity) or hair loss has been observed. The expansion phase of the study will follow once the maximum tolerated dose (MTD) is determined, and provides the opportunity for dosing of multiple patients at the MTD level.

The phase 1 trial is an unblinded clinical study where all patients receive treatment with DEP™ docetaxel (an open label study) allowing progressive results to be evaluated. Despite not having yet reached the MTD in the study, a number of patients treated with DEP™ docetaxel have exhibited potential anti-cancer activity.

The encouraging PK data indicate that when equivalent doses (mg/m^2 of docetaxel) of Taxotere® and DEP™ docetaxel are intravenously administered to patients, DEP™ docetaxel results in a much greater exposure to the cancer drug, docetaxel. This outcome could be expected to result in higher levels of exposure of cancer tissue to the drug. This increased drug exposure is in addition to the significant cancer-tissue targeting observed with DEP™ docetaxel in preclinical studies.

In the broader drug delivery program, important progress was also made in the Company's confidential partnered drug delivery programs and Starpharma's internal pipeline of additional DEP™ candidates. These programs continue to progress well.

Agrochemical Program
Further field trials have also been completed demonstrating the effectiveness of Starpharma's dendrimer technology when applied to certain agrochemicals for the treatment of hard to control weeds and insects. These field trials run across both Starpharma's internal programs, including glyphosate, and the partnered programs. Starpharma and its partners have seen positive results from these trials, which is leading to the ongoing advancement of these programs.

Review of Financials

For the half-year ended 31 December 2014 the consolidated entity incurred an operating loss after income tax of $8,538,000 (December 2013: $5,574,000).

	Half-Year Ended 31 December	
Summary of consolidated results	**2014 $'000**	2013 $'000
Revenue from continuing operations	**730**	718
Other income, including grants	**3**	3
Research & development (net of R&D tax incentive)	**(7,097)**	(4,223)
Administration and finance costs	**(2,174)**	(2,072)
Loss attributable to members	**(8,538)**	(5,574)

Income statement
Revenue consists predominately of royalty, licensing and research revenue from commercial partners of $258,000 (December 2013: $154,000) and interest income on cash invested in term deposits of $472,000 (December 2013: $564,000).

The consolidated loss after tax for the half-year to 31 December 2014 was $8,538,000 (December 2013: $5,574,000). Research and development expenses include the costs of the VivaGel®, drug delivery and agrochemical programs, with expenditure (including patenting costs) fully expensed in the current and previous corresponding periods. The increase in research and development expenditure reflects the costs associated with the VivaGel® phase3 clinical trials for the prevention of R-BV.

A contra research and development expense of $1,603,000 (December 2013: $2,640,000) has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program. The R&D Tax Incentive is lower than the previous corresponding period due to a reduction in the expenditure eligible for the refundable tax offset in the current period and the proposed reduction in the refundable tax offset rate from 45% to 43.5% from 1 July 2014.

Balance sheet
At 31 December 2014 the Group's cash position was $39,318,000 (June 2014: $24,028,000), the increase reflecting the completion of an equity placement and share purchase plan in the half year, raising $20,503,000 of net proceeds after transaction costs. Trade and other receivables of $2,065,000 (June 2014: $4,570,000) includes $1,550,000 receivable from the Australian Government under the R&D Tax Incentive program.

Statement of cash flows
Net operating cash outflows for the half-year of $5,125,000 (December 2013: $5,999,000) included costs associated with the Company's VivaGel®, drug delivery and agrochemical programs. Net cash inflows from financing activities of $20,487,000 include the net proceeds from Starpharma's A$21.5 million equity placement and share purchase plan.

Earnings per share

	Half-year ended 31 December	
	2014 Cents	2013 Cents
Basic loss per share	**(2.83)**	(1.96)
Diluted loss per share	**(2.83)**	(1.96)

Matters subsequent to the end of the financial half-year

No matters or circumstances have arisen since 31 December 2014 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Rob Thomas *AM*
Chairman
Melbourne, 16 February 2015

Auditor's Independence Declaration

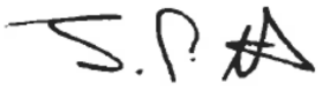
Auditor's Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half-year ended 31 December 2014, 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.



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Melbourne
16 February 2015

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Interim Financial Report

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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 2014 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 2014

		Half-year	
		2014	2013
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**730**	718
Other income	4	**3**	3
Administration expense	5	**(2,171)**	(2,068)
Research and development expense	5	**(7,097)**	(4,223)
Finance costs		**(3)**	(4)
Loss before income tax		**(8,538)**	(5,574)
Income tax		**-**	-
Loss from continuing operations attributable to members of Starpharma Holdings Limited		**(8,538)**	(5,574)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic loss per share	8	**(2.83)**	(1.96)
Diluted loss per share	8	**(2.83)**	(1.96)

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 2014

	Half-year	
	2014	2013
	$'000	$'000
Loss for the period	**(8,538)**	(5,574)
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	**1,078**	285
Other comprehensive income (loss) for the half-year, net of income tax	**1,078**	285
Total comprehensive loss for the half-year, net of income tax	**(7,460)**	(5,289)

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

Consolidated balance sheet

As at 31 December 2014

	Notes	31 December 2014 $'000	30 June 2014 $'000
Current assets			
Cash and cash equivalents		**39,318**	24,028
Trade and other receivables		**2,065**	4,570
Total current assets		**41,383**	28,598
Non-current assets			
Property, plant and equipment		**1,005**	509
Intangible assets		**8,341**	7,755
Total non-current assets		**9,346**	8,264
Total assets		**50,729**	36,862
Current liabilities			
Trade and other payables		**3,309**	3,114
Borrowings		**28**	27
Provisions (employee entitlements)		**692**	659
Deferred income		**3**	44
Total current liabilities		**4,032**	3,844
Non-current liabilities			
Borrowings		**33**	48
Provisions (employee entitlements)		**31**	19
Total non-current liabilities		**64**	67
Total liabilities		**4,096**	3,911
Net assets		**46,633**	32,951
Equity			
Contributed equity	6	**160,852**	140,349
Reserves		**6,569**	4,852
Accumulated losses		**(120,788)**	(112,250)
Total equity		**46,633**	32,951

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 2014

		Half-year December 2014			
		Contributed equity	Reserves	Accumulated losses	Total equity
	Notes	$'000	$'000	$'000	$'000
Balance at 1 July 2014		140,349	4,852	(112,250)	32,951
Loss for the half-year		-	-	(8,538)	(8,538)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		-	1,078	-	1,078
Total comprehensive income (loss) for the half-year		-	1,078	(8,538)	(7,460)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	20,503	-	-	20,503
Employee share rights scheme		-	639	-	639
Total transactions with owners		20,503	639	-	21,142
Balance at 31 December 2014		160,852	6,569	(120,788)	46,633

For the half-year ended 31 December 2013

		Half-year December 2013			
		Contributed equity	Reserves	Accumulated losses	Total equity
	Notes	$'000	$'000	$'000	$'000
Balance at 1 July 2013		140,081	3,502	(97,615)	45,968
Loss for the half-year		-	-	(5,574)	(5,574)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		-	285	-	285
Total comprehensive income (loss) for the half-year		-	285	(5,574)	(5,289)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	70	-	-	70
Employee share rights scheme		-	584	-	584
Total transactions with owners		70	584	-	654
Balance at 31 December 2013		140,151	4,371	(103,189)	41,333

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 2014

	Notes	Half-year 2014 $'000	Half-year 2013 $'000
Cash flow from operating activities			
Receipts from trade and other debtors		**183**	330
Grant income (inclusive of goods and services tax)		**4,212**	3
Payments to suppliers and employees (inclusive of goods and services tax)		**(10,026)**	(7,234)
Interest received		**509**	906
Interest paid		**(3)**	(4)
Net cash outflows from operating activities		**(5,125)**	(5,999)
Cash flow from investing activities			
Payments for property, plant and equipment		**(433)**	(156)
Net cash outflows from investing activities		**(433)**	(156)
Cash flow from financing activities			
Proceeds from issue of shares	6	**20,503**	70
Lease repayments		**(16)**	(16)
Net cash inflows from financing activities		**20,487**	54
Net decrease in cash and cash equivalents held		**14,929**	(6,101)
Cash and cash equivalents at the beginning of the half-year		**24,028**	33,840
Effects of exchange rate changes on cash and cash equivalents		**361**	93
Cash and cash equivalents at the end of the half-year		**39,318**	27,832

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

Notes to the consolidated financial statements

31 December 2014

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1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 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 2014 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's 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 2014, the Group has recorded a contra research and development expense of $1,603,000.

3. Segment information

The Group has determined that on the basis of internal reporting and monitoring to the Chief Executive Officer, who is the chief operating decision maker, the Group operates in one business segment, being the discovery, development and commercialisation of dendrimers for pharmaceutical, life science and other applications.

4. Revenue and other income

Consolidated

	Half-year	
Revenue and other income	**2014 $'000**	2013 $'000
Royalty, customer & license revenue	**258**	154
Interest revenue	**472**	564
Other Revenue	**-**	-
Total revenue	**730**	718
Australian government grants	**3**	3
Total other income	**3**	3
Total revenue and other income	**733**	721

5. Expenses

Consolidated

	Half-year	
	2014 $'000	2013 $'000
Loss from continuing operations before income tax expense includes the following items:		
R&D Tax Incentive (contra expense)	**(1,603)**	(2,640)
Depreciation	**96**	71
Amortisation	**479**	470
Rental expense on operating leases	**302**	216
Defined contribution superannuation expense	**209**	231

6. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	December 2014 Shares	June 2014 Shares	**December 2014 $'000**	June 2014 $'000
Share Capital				
Ordinary shares – fully paid	**319,080,325**	285,109,680	**160,852**	140,349

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
01 Jul 2012	Opening balance	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
18 Jan 2013	Employee share plan ($1,000) issue	25,888	$1.24	32
19 Jun 2013	Issue on exercise of employee options	149,000	$0.37	56
	Balance at 30 June 2013	283,814,948		140,081
Various	Share issue under Employee Performance Rights Plan	610,000	$ –	–
Various	Issue on exercise of employee options	190,000	$0.37	70
	Balance at 31 December 2013	284,614,948		140,151
30 Jan 2014	Employee share plan ($1,000) issue	39,732	$0.83	33
19 Feb 2014	Share issue under Employee Performance Rights Plan	10,000	$ –	–
Various	Issue on exercise of employee options	445,000	$0.37	165
	Balance at 30 June 2014	285,109,680		140,349
Various	Share issue under Employee Performance Rights Plan	1,018,400	$ –	–
29 Sep 2014	Share placement	27,692,308	$0.65	18,000
5 Nov 2014	Share Purchase Plan	5,259,937	$0.65	3,419
	less transaction costs			(916)
	Balance at 31 December 2014	319,080,325		160,852

[1] Weighted average of options exercised.

(c) Ordinary shares

As at 31 December 2014 there were 319,080,325 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 58,176 shares was issued to eligible staff on 22 January 2015, subsequent to the reporting date.

(e) Employee Performance Rights Plan

There were 1,018,400 shares issued on the vesting on performance rights and 1,500,000 performance rights issued during the financial half year. As at 31 December 2014 the Company had on issue the following Employee Performance Rights under the Starpharma Holdings Limited Employee Performance Rights Plan.

Grant date	Vesting date	Holding Lock date	Number under rights
30 November 2012[1]	30 November 2015	30 November 2016	360,000
16 September 2013	16 September 2015	16 September 2016	1,101,600
22 November 2013[2]	22 November 2015	22 November 2016	200,000
22 November 2013[2]	22 November 2016	22 November 2017	250,000
20 November 2014[3]	30 September 2015	30 September 2016	300,000
20 November 2014[3]	30 September 2016	30 September 2017	450,000
20 November 2014[3]	30 September 2017	30 September 2017	450,000
20 November 2014[3]	30 September 2017	30 September 2018	300,000

[1] Approved by shareholders at the Annual General Meeting on 30 November 2012; securities allotted on 17 December 2012.
[2] Approved by shareholders at the Annual General Meeting on 22 November 2013; securities allotted on 6 December 2013.
[3] Approved by shareholders at the Annual General Meeting on 20 November 2014; securities allotted on 3 December 2014.

An allocation of 3,097,500 performance rights was granted to eligible staff on 30 January 2015, subsequent to the reporting date.

(f) 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. Events occurring after the balance sheet date

There are no significant events occurring since 31 December 2014 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group.

8. Earnings per share

	Half-year	
	2014	2013
Basic loss per share (cents)	**(2.83)**	(1.96)
Diluted loss per share (cents)	**(2.83)**	(1.96)
Net loss attributable to members of Starpharma Holdings Limited used as the numerator in calculating diluted and basic earnings per share ($'000)	**(8,538)**	(5,574)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share (shares)	**301,254,395**	284,112,557

As at 31 December 2014 the Company had on issue 3,411,600 (30 June 2014: 3,161,000) performance rights that are not considered dilutive.

The rights have not been included in the determination of basic earnings per share. The 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.

9. Commitments and contingencies

In December 2014, the Group relocated premises after it leased laboratory and offices in Abbotsford with an initial term to December 2017. There are no further commitments or contingencies associated with the former premises.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 16 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 2014 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.

Rob Thomas *AM*
Chairman
Melbourne, 16 February 2015

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 (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Starpharma Holdings Limited group (the consolidated entity). The consolidated entity comprises 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 Australian 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 2014 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*.

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:

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Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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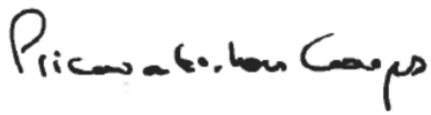
a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

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



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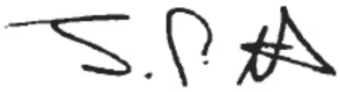

Jon Roberts
Partner

Melbourne
16 February 2015