ASX ANNOUNCEMENT

Starpharma Interim Report and Half-Year Financial Results

Melbourne, Australia; 17 February 2016: Starpharma Holdings Ltd (ASX: SPL, OTCQX: SPHRY) today released its interim report and financial results for the half-year ended 31 December 2015.

Financial Summary

- Reported loss of $10.0M (Dec 2014: $8.5M)
- Revenue of $3.7M (Dec 2014: $0.7M)
- R&D tax incentives of $1.8M reported in the half-year (Dec 2014: $1.6M)
- Cash position at 31 December 2015 of $54.7M (June 2015: $30.8M)
- Cash inflows of $7.2M from partners and grants, includes US$2.0M from AstraZeneca and $3.4M R&D tax incentive refund
- Proceeds from completion of $32.0M equity placement

Operational Highlights:

- Signing of a multiproduct drug delivery license with AstraZeneca with potential milestones payments of up to US$126M, plus royalties;
- AstraZeneca selected second DEP™ candidate under the drug delivery license;
- EU marketing approval granted for VivaGel® BV treatment and the rapid relief of BV including symptoms;
- Signing of Memorandum of Understanding to manufacture and sell the VivaGel® condom in the Chinese Government sector;
- Targeted DEP™ outperforms leading treatments in ovarian cancer model; and
- Additional US patent granted for VivaGel® BV with 7 year extension of term.

Starpharma concluded the half-year in a strong financial position with a cash balance of $54.7 million following the $32 million equity placement in the period, with a further $1.9 million received after the period from the closing of a share purchase plan. Cash receipts in the half-year totalled $7.2 million with $3.8 million received from partners, including AstraZeneca, and a further $3.4 million from R&D tax incentives.

The signing of the AstraZeneca DEP™ drug delivery licence agreement was a major highlight in the period triggering the receipt of the first US$2 million milestone under the multiproduct deal. Under the license, AstraZeneca has selected an oncology compound as the initial DEP™ candidate which provides for potential development, launch and sales milestones payable to Starpharma of up to US$126 million, plus royalties on net sales. In November AstraZeneca also nominated a second candidate for development, with potential milestones of up to US$93 million, plus royalties.

The net loss after tax for the half-year of $10.0 million reflects investment across the Company's VivaGel®, drug delivery and agrochemical portfolios, including the conduct of two clinical programs in parallel – the VivaGel® Phase 3 clinical trials for the prevention of recurrent bacterial vaginosis and the Phase 1 DEP™ docetaxel trial.

The double-blinded, placebo controlled Phase 3 trials of VivaGel® for prevention of recurrent bacterial vaginosis are actively enrolling participants across sites in the US, Canada, Mexico, Europe and Asia. Each trial will enrol around 600 women, with more than 75% of total participants enrolled to-date.

The Phase 1 clinical trial of DEP™ docetaxel in cancer patients, at four Australian sites continues to show very encouraging clinical data with more than 75% of patients having been recruited and administered multiple cycles of treatment. DEP™ docetaxel has been dosed at levels at and above the most commonly used dose for Taxotere® (75mg/m^2), with no bone marrow toxicities (including neutropenia) or hair loss reported. Patients treated with DEP™ docetaxel have also not required anti-nausea or cortisone pre-treatment.

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

"During the half year, we achieved several important milestones across our VivaGel®, drug delivery and agrochemicals programs, and Starpharma is very well placed financially to build upon these developments in 2016. Within the VivaGel® portfolio, the granting of EU marketing approval of VivaGel® BV treatment for the rapid relief of bacterial vaginosis and its symptoms, and the signing of a Memorandum of Understanding for the VivaGel® condom in the Chinese government sector were important regulatory and commercialisation achievements in the half-year. These achievements, combined with ongoing commercial and regulatory progress and the rollout of the VivaGel® condom with existing partners in additional geographies, strengthens VivaGel®'s commercial product opportunities.

"In addition to the signing of the AstraZeneca deal and the progress in the DEP™ docetaxel clinical programs, substantial progress has also been made in drug delivery, in both internal and partnered programs. Starpharma has built on its DEP™ pipeline of potential internal clinical candidates, with compelling pre-clinical results achieved in both DEP™ carbazitaxel and its novel Targeted DEP™ program, where complete tumour regression and 100% survival was achieved in an ovarian cancer model, significantly outperforming Roche's currently marketed antibody-drug conjugate, Kadcyla®."

"Finally, Starpharma's agrochemical partnerships have been extended and expanded in scope with existing and new agrochemical companies for the development of Priostar® dendrimer-improved crop protection formulations for the European, Asian and North American markets."

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 has antimicrobial properties. VivaGel® formulated as a water based gel and delivered vaginally now has EU regulatory approval for topical treatment and rapid relief of bacterial vaginosis (BV) and is under clinical development for the prevention of recurrent 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 field, Starpharma has both partnered and internal programs in Drug Delivery. 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 patients with solid tumours. 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). AstraZeneca has signed a licensing agreement with Starpharma for the use of its DEP® drug delivery platform in the development and commercialisation of an AstraZeneca oncology compound, with potential for follow on compounds directed at a defined family of targets.

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 more information please visit: www.starpharma.com

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 2015

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2015 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*.

Contents

Results for Announcement to the Market

Starpharma Holdings Limited ABN 20 078 532 180

Half-year ended 31 December 2015

Previous corresponding period: Half-year ended 31 December 2014

				$
Revenue from ordinary activities *(Appendix 4D item 2.1)*	Up	404%	to	$3,681,000
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	Up (increased loss)	18%	to	$10,034,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Up (increased loss)	18%	to	$10,034,000

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 $3,483,000 (December 2014: $258,000) of which US$2M (A$2.9M) is an upfront payment for the AstraZeneca drug delivery licence; and interest income on cash invested in term deposits of $198,000 (December 2014: $472,000).

Explanation of net loss

(Appendix 4D item 2.6)

The consolidated loss after tax for the half-year to 31 December 2015 was $10,034,000 (December 2014: $8,538,000). Research and development expenses include the costs of the VivaGel®, drug delivery and agrochemical programs, with the increase reflecting the costs associated with the conduct of two clinical programs in parallel - the VivaGel® Phase 3 clinical trials for the prevention of recurrent bacterial vaginosis and the Phase 1 DEP™ docetaxel trial - as well as preparations for the Phase 2 DEP™ docetaxel trial.

A contra research and development expense of $1,784,000 (December 2014: $1,603,000) has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program.

Net tangible assets

(Appendix 4D item 3)

	Half-year ended 31 December	
	2015	2014
Net tangible asset backing per ordinary share	**$0.14**	$0.12

The above NTA backing calculation is considered a non-IFRS value in accordance with Australian Accounting Standards and has not been audited or reviewed.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2015 half-year financial statements. This report is based on the consolidated 2015 half-year financial statements which have been reviewed by PricewaterhouseCoopers (the Company's auditors) with the Independent Auditor's Review Report included in the 31 December 2015 half-year financial statements.

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 2015.

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)
J K Fairley (Chief Executive Officer)
R A Hazleton
Z Peach
P R Turvey

P J Jenkins retired as a director at the conclusion of the AGM on 19 November 2015.

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:

- Signing of a multiproduct drug delivery license with AstraZeneca;
- EU marketing approval granted for VivaGel® BV for the rapid relief of BV including symptoms;
- Completion of A$32 million equity placement;
- Signing of Memorandum of Understanding to manufacture and sell the VivaGel® condom in the Chinese Government sector;
- AstraZeneca selected second DEP™ candidate under multiproduct drug delivery license;
- Targeted DEP™ outperforms leading treatments in ovarian cancer model;
- Receipt of A$3.4M R&D tax incentive refund; and
- Additional US patent granted and 7 year extension of term for VivaGel® BV.

VivaGel® Program

In September, Starpharma received marketing approval in the European Union (EU) for VivaGel® BV as a stand-alone gel for the topical treatment and rapid relief of bacterial vaginosis (BV) including symptoms. This indication is for the short term use of VivaGel® once a day for 7 days. The EU approval allows VivaGel® BV to be marketed in the European Economic Area (EEA), which includes the 28 countries of the EU plus the European Free Trade Association (EFTA) countries, providing access to a population of more than 260 million women. The approval was based on the efficacy and demonstrated excellent symptomatic relief shown in earlier VivaGel® Phase 3 clinical trials, with the EU approval also being used to support regulatory and marketing approvals for VivaGel® BV in other countries that recognise the approval. Negotiations regarding marketing rights for VivaGel® BV are well advanced with a number of potential commercial partners and have been further accelerated by the EU approval. These commercial discussions involve partners with extensive experience in women's health, and cover Western and Eastern Europe, Asia Pacific, Latin America, Canada and the Middle East.

Starpharma is also developing the VivaGel® BV product for the prevention of recurrent BV. There is no approved therapeutic option currently available for recurrent BV, which affects 50-60% of BV sufferers. Starpharma is conducting two double-blinded, placebo controlled Phase 3 trials across the US, Canada, Mexico, Europe and Asia, with each trial planned to enrol around 600 women. The trials are progressing well, with around 100 sites actively recruiting participants and over 75% of participants recruited. The study was granted a Special Protocol Assessment (SPA) by the US FDA which reduces Starpharma's regulatory risk through a binding trial design. In addition, there has been agreement on the trial design granted by the European regulatory authority.

In December, Starpharma signed a Memorandum of Understanding (MOU) with a Chinese company who is a major provider of condoms to the Chinese government. The MOU outlines the key commercial and other terms for Starpharma's partner to manufacture and sell a VivaGel® coated condom to the Government segment of the Chinese market. The Government market in China is open to local Chinese companies and manufacturers, with an annual demand estimated at approximately 3 billion condoms. The market spans both the Birth Control Department and the Disease Prevention Department of the Chinese Government. Following the signing of this MOU, Starpharma will work with its partner to proceed with the regulatory process in preparation for market launch and to finalise a complete and binding commercial agreement.

The VivaGel® condom is being marketed in Australia under Ansell's Lifestyles® Dual Protect™ brand. Starpharma and Ansell are working towards the further roll-out of the VivaGel® condom in additional territories, with a number of regulatory submissions under review. Commercial discussions are also occurring in several non-Ansell territories. Okamoto, licensee for the VivaGel® condom in the Japanese market, and Starpharma continue to actively work with the Japanese regulatory authorities to clarify the classification of the VivaGel® condom in Japan.

Drug Delivery Program
Important progress has also been achieved in both the partnered and internal drug delivery programs.

In September, Starpharma signed a multi-product licensing agreement with global pharmaceutical giant, AstraZeneca, for the development of DEP™ enhanced drugs from a defined family of targets. For the initial DEP™ product, which is an oncology compound, development and launch milestone payments of up to US$64 million, and sales milestone payments of up to an additional US$60 million (total US$124 million) are potentially payable, plus royalties on net sales. In December, AstraZeneca selected the second candidate, another oncology molecule, under the agreement. Potential milestones of up to US$93 million will be payable on the second, and each subsequent DEP™ product, plus royalties on net sales. AstraZeneca will fund all development and commercialisation costs for these two candidates and any further candidates under the agreement. Importantly, Starpharma's DEP™ platform remains unencumbered and available for licensing in the vast majority of oncology and other applications for additional partner deals.

The Phase 1 human clinical trial of a dendrimer enhanced version of docetaxel (DEP™ docetaxel) is progressing well and continues to show very encouraging clinical data. DEP™ docetaxel is a patented dendrimer enhanced version of the anti-cancer drug docetaxel (Taxotere®). DEP™ docetaxel has been dosed at levels in excess of the most commonly used dose for Taxotere® of 75mg/m^2, with no bone marrow toxicities (including neutropenia) or hair loss observed or reported to date. The trial is being conducted across four Australian sites with more than 75% of patients having been recruited and administered multiple cycles of treatment. The primary objective of the trial is to establish the maximum tolerated dose (MTD) and dose limiting toxicities of DEP™ docetaxel and to identify the dose for the Phase 2 trial.

Starpharma recently reported very positive preclinical results in relation to its targeted drug delivery technology, which combines unique targeting capabilities with cytotoxic drugs. One of Starpharma's novel antibody-targeted DEP™ conjugates resulted in complete tumour regression and 100% survival in an ovarian cancer model, significantly outperforming Roche's Kadcyla®. Targeted therapies for cancer had combined sales in excess of US$1 billion in 2014, and are expected to grow to US$9 billion annually by 2023, with Kadcyla® annual sales growing at 144% (source: Roots Analysis, Antibody Drug Conjugates Market, 2014-2024).

Substantial progress has also been made in building upon Starpharma's DEP™ pipeline of potential internal clinical candidates with several pre-clinical studies underway. The recent equity raising will also allow Starpharma to accelerate and broaden its drug delivery preclinical and clinical pipeline.

Agrochemical Program
Starpharma's Priostar® dendrimers are being developed and trialled in crop protection formulations under multiple agreements with industry leading global partners. In the half-year a number of new partner agreements have been signed or extended with major agrochemical companies for the European, Asian and North American markets; most recently a Priostar® collaboration was signed with a major Japanese agrochemical company. Negotiations are also underway for the licensing of commercial rights to Priostar® to enhance a number of existing agrochemical products.

In addition to arrangements with industry partners, Starpharma is developing a small number of its own formulations based on successful agrochemical products which are now generic. Recent regulatory compliant field trials on Priostar® enhanced versions of several major herbicide and fungicide formulations showed commercially compelling product benefits, including improved effectiveness and faster onset of action. Further, Starpharma has recently developed more environmentally friendly formulations of major herbicides and insecticides using Priostar®, which are also now the subject of commercial discussions.

Review of Financials

For the half-year ended 31 December 2015 the consolidated entity incurred an operating loss after income tax of $10,034,000 (December 2014: $8,538,000).

	Half-Year Ended 31 December	
Summary of consolidated results	**2015 $'000**	2014 $'000
Revenue from continuing operations	**3,681**	730
Other income, including grants	**59**	3
Research & development (net of R&D tax incentive)	**(11,685)**	(7,097)
Administration and finance costs	**(2,089)**	(2,174)
Loss attributable to members	**(10,034)**	(8,538)

Income statement
Revenue consists of royalty, licensing and research revenue from commercial partners of $3,483,000 (December 2014: $258,000) which includes the US$2M (A$2.9M) upfront payment for the AstraZeneca drug delivery licence; and interest income on cash invested in term deposits of $198,000 (December 2014: $472,000).

The consolidated loss after tax for the half-year to 31 December 2015 was $10,034,000 (December 2014: $8,538,000). 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 conduct of two clinical programs in parallel - the VivaGel® Phase 3 clinical trials for the prevention of recurrent bacterial vaginosis and the Phase 1 DEP™ docetaxel trial – as well as preparations for the Phase 2 DEP™ docetaxel trial.

A contra research and development expense of $1,784,000 (December 2014: $1,603,000) has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program.

Balance sheet
At 31 December 2015 the Group's cash position was $54,688,000 (June 2015: $30,848,000), the increase reflecting the completion of an equity placement in the half year, raising $30,697,000 of net proceeds after transaction costs. Trade and other receivables of $2,399,000 (June 2015: $4,232,000) includes $1,788,000 receivable from the Australian Government under the R&D Tax Incentive program.

The cash balance does not include the $1,915,000 proceeds from the Share Purchase Plan that closed in January 2016.

Statement of cash flows
Net operating cash outflows of $7,632,000 (December 2014: $5,125,000) for the half-year reflects receipts from partners and grants, offset by costs associated with the Company's VivaGel®, drug delivery and agrochemical programs. Net cash inflows from financing activities include the net proceeds from Starpharma's equity placement.

Earnings per share

	Half-year ended 31 December	
	2015 Cents	2014 Cents
Basic loss per share	**(3.10)**	(2.83)
Diluted loss per share	**(3.10)**	(2.83)

Matters subsequent to the end of the financial half-year

On 22 January 2016 the Company received $1,915,000 under the completed Share Purchase Plan (SPP) and shareholders were issued 2,623,361 ordinary shares. No other matters or circumstances have arisen since 31 December 2015 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, 17 February 2016

Auditor's Independence Declaration

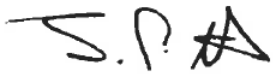
Auditor's Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half-year ended 31 December 2015, 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.



Jon Roberts
Partner
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Melbourne
17 February 2016

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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 2015 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 2015

		Half-year	
		2015	2014
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**3,681**	730
Other income	4	**59**	3
Administration expense	5	**(2,087)**	(2,171)
Research and development expense	5	**(11,685)**	(7,097)
Finance costs		**(2)**	(3)
Loss before income tax		**(10,034)**	(8,538)
Income tax		**-**	-
Loss from continuing operations attributable to members of Starpharma Holdings Limited		**(10,034)**	(8,538)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic loss per share	8	**(3.10)**	(2.83)
Diluted loss per share	8	**(3.10)**	(2.83)

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 2015

	Half-year	
	2015	2014
	$'000	$'000
Loss for the period	**(10,034)**	(8,538)
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	**438**	1,078
Other comprehensive income (loss) for the half-year, net of income tax	**438**	1,078
Total comprehensive loss for the half-year, net of income tax	**(9,596)**	(7,460)

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

Consolidated balance sheet

As at 31 December 2015

	Notes	31 December 2015 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents		**54,688**	30,848
Trade and other receivables		**2,399**	4,232
Total current assets		**57,087**	35,080
Non-current assets			
Property, plant and equipment		**775**	910
Intangible assets		**8,514**	8,393
Total non-current assets		**9,289**	9,303
Total assets		**66,376**	44,383
Current liabilities			
Trade and other payables		**6,180**	5,933
Borrowings		**31**	30
Provisions (employee entitlements)		**713**	732
Deferred income		**-**	74
Total current liabilities		**6,924**	6,769
Non-current liabilities			
Borrowings		**3**	18
Provisions (employee entitlements)		**32**	38
Total non-current liabilities		**35**	56
Total liabilities		**6,959**	6,825
Net assets		**59,417**	37,558
Equity			
Contributed equity	6	**191,581**	160,884
Reserves		**9,070**	7,874
Accumulated losses		**(141,234)**	(131,200)
Total equity		**59,417**	37,558

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 2015

		Half-year December 2015			
	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2015		160,884	7,874	(131,200)	37,558
Loss for the half-year		-	-	(10,034)	(10,034)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		-	438	-	438
Total comprehensive income (loss) for the half-year		-	438	(10,034)	(9,596)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	30,697	-	-	30,697
Employee share rights scheme		-	758	-	758
Total transactions with owners		30,697	758	-	31,455
Balance at 31 December 2015		191,581	9,070	(141,234)	59,417

For the half-year ended 31 December 2014

		Half-year December 2014			
	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'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

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 2015

	Notes	Half-year 2015 $'000	Half-year 2014 $'000
Cash flow from operating activities			
Receipts from trade and other debtors		**3,776**	183
Grant income (inclusive of goods and services tax)		**3,430**	4,212
Payments to suppliers and employees (inclusive of goods and services tax)		**(15,016)**	(10,026)
Interest received		**180**	509
Interest paid		**(2)**	(3)
Net cash outflows from operating activities		**(7,632)**	(5,125)
Cash flow from investing activities			
Payments for property, plant and equipment		**(9)**	(433)
Proceeds from sale of available-for-sale financial assets		**56**	-
Net cash outflows from investing activities		**47**	(433)
Cash flow from financing activities			
Proceeds from issue of shares	6	**32,000**	21,419
Share issue transaction costs		**(1,298)**	(916)
Lease repayments		**(16)**	(16)
Net cash inflows from financing activities		**30,686**	20,487
Net decrease in cash and cash equivalents held		**23,101**	14,929
Cash and cash equivalents at the beginning of the half-year		**30,848**	24,028
Effects of exchange rate changes on cash and cash equivalents		**739**	361
Cash and cash equivalents at the end of the half-year		**54,688**	39,318

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

Notes to the consolidated financial statements

31 December 2015

Contents

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 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 2015 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 2015, the Group has recorded a contra research and development expense of $1,784,000.

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	**2015 $'000**	2014 $'000
Royalty, customer & license revenue	**3,483**	258
Interest revenue	**198**	472
Total revenue	**3,681**	730
Total other income (including government grants)	**59**	3
Total revenue and other income	**3,740**	733

Royalty, customer & license revenue includes a non-refundable signature payment of US$2 million (A$2.9 million) from a multi-product licencing agreement signed with AstraZeneca in September 2015 for the use of the DEP® drug delivery platform in the development and commercialisation of certain AstraZeneca compounds. Interest revenue predominately relates to interest earned on Australian dollar cash deposits.

5. Expenses

Consolidated

	Half-year	
	2015 $'000	2014 $'000
Loss from continuing operations before income tax expense includes the following items:		
R&D Tax Incentive (contra expense)	**(1,784)**	(1,603)
Depreciation	**155**	96
Amortisation	**312**	479
Rental expense on operating leases	**266**	302
Defined contribution superannuation expense	**240**	209

6. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	December 2015 Shares	June 2015 Shares	**December 2015 $'000**	June 2015 $'000
Share Capital				
Ordinary shares – fully paid	**364,440,928**	319,138,501	**191,581**	160,884

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
01 Jul 2013	Opening balance	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
22 Jan 2015	Employee share plan ($1,000) issue	58,176	$0.55	32
	Balance at 30 June 2015	319,138,501		160,884
Various	Share issue under Employee Performance Rights Plan	1,466,810	$ –	–
16 Dec 2015	Share placement	43,835,617	$0.73	32,000
	less transaction costs			(1,303)
	Balance at 31 December 2015	364,440,928		191,581

(c) Ordinary shares

As at 31 December 2015 there were 364,440,928 issued fully paid ordinary shares. A further 2,623,361 ordinary shares were issued on 22 January 2016 following completion of a Share Purchase Plan.

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. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(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 43,232 shares was issued to eligible staff on 25 January 2016, subsequent to the reporting date.

(e) Employee Performance Rights Plan

There were 1,466,810 shares issued on the vesting on performance rights and 3,709,246 performance rights issued during the financial half-year.

As at 31 December 2015 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
22 November 2013[1]	22 November 2016	22 November 2017	250,000
20 November 2014[2]	30 September 2016	30 September 2017	450,000
20 November 2014[2]	30 September 2017	N/A	450,000
20 November 2014[2]	30 September 2017	30 September 2018	300,000
30 January 2015	30 September 2016	N/A	996,625
30 January 2015	30 September 2017	N/A	996,625
30 January 2015	30 September 2018	N/A	854,250
11 November 2015	30 June 2017	N/A	519,200
11 November 2015	30 September 2018	N/A	2,076,800
19 November 2015[3]	30 June 2017	N/A	219,395
19 November 2015[3]	30 September 2018	N/A	893,851

[1] Approved by shareholders at the Annual General Meeting on 22 November 2013; securities allotted on 6 December 2013.
[2] Approved by shareholders at the Annual General Meeting on 20 November 2014; securities allotted on 3 December 2014.
[3] Approved by shareholders at the Annual General Meeting on 19 November 2015; securities allotted on 2 December 2015.

(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

On 22 January 2016 the Company received $1,915,000 under the completed Share Purchase Plan (SPP) and shareholders were issued 2,623,361 ordinary shares. There are no other significant events occurring since 31 December 2015 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	
	2015	2014
Basic loss per share (cents)	**(3.10)**	(2.83)
Diluted loss per share (cents)	**(3.10)**	(2.83)
Net loss attributable to members of Starpharma Holdings Limited used as the numerator in calculating diluted and basic earnings per share ($'000)	**(10,034)**	(8,538)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share (shares)	**323,420,707**	301,254,395

As at 31 December 2015 the Company had on issue 8,006,746 (30 June 2015: 6,469,100) 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.

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 2015 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, 17 February 2016

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 2015, 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 (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 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 half-year 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 2015 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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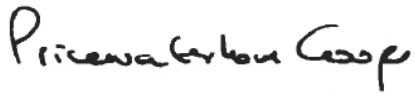
a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

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



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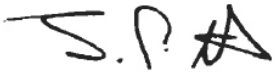

Jon Roberts
Partner

Melbourne
17 February 2016