



## Half Year Results Period ended 31 December 2007

**Melbourne, Australia; 21 February 2008:** Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today announced its financial results for the six months ending 31 December 2007.

The net loss after tax was A\$3.7 million for the half year, compared with A\$3.9 million for the same period in 2006. Cash at 31 December was A\$10.2 million. Total revenue and other income was A\$5.6 million for the half year with revenue from operations A\$0.93 million, up 69% compared to the same period in the prior year. This includes the first full half year of DNT licensing revenues.

In announcing the results, CEO Dr Jackie Fairley said: "Starpharma has achieved a number of commercially significant milestones in the six months to 31 December, and we are well positioned to continue with progress towards our stated objectives."

Highlights of the half year included the following:

- The signing of two co-development agreements with leading condom companies including SSL International plc, owner of the world's leading condom brand Durex<sup>®</sup>, for development of VivaGel<sup>®</sup>-coated condoms.
- Progress with the VivaGel<sup>®</sup> development program including commencement of the first trial in sexually active women, and successful completion of a study demonstrating that VivaGel<sup>®</sup> was well-tolerated in men.
- The signing of a collaborative research agreement with Stiefel Laboratories, Inc., the world's largest independent pharmaceutical company specializing in dermatology, to apply Starpharma's dendrimer nanotechnology to certain drugs used dermally.
- Awarding of a US\$1.3 million US Defense Department contract to DNT and Central Michigan University Research Corporation to develop water purification technology using DNT's Priostar<sup>™</sup> dendrimer-based nanotechnology.
- A private placement raising AU\$3.8 million and bringing US institution Platinum Partners LLC onto the register.

Further details of the financial results are included in the attached Half Year Report to the ASX.

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### About Starpharma

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) is a world leader in the development of dendrimer nanotechnology for pharmaceutical, life-science and other applications. SPL is principally composed of two operating companies, Starpharma Pty Ltd in Melbourne, Australia and Dendritic Nanotechnologies, Inc in Michigan, USA. Products based on SPL's dendrimer technology are already on the market in the form of diagnostic elements and laboratory reagents.

The Company's lead pharmaceutical development product is VivaGel<sup>®</sup> (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes.

In the wider pharmaceutical field Starpharma has specific programs in the areas of Drug Delivery and Drug Optimisation technologies (using dendrimers to control where and when drugs go when introduced to the body) and Targeted Diagnostics (using dendrimers as a scaffold to which both location-signalling and targeting groups are added to allow

location of specific cell type, such as cancer cells). More broadly the company is exploring dendrimer opportunities in materials science with applications as diverse as adhesives, lubricants and water remediation.

SPL has a comprehensive IP portfolio that comprises more than 224 patents/applications issued and pending across 56 patent families - a unique level of IP concentration among nanotechnology companies.

**Dendrimers:** A type of precisely-defined, branched nanoparticle. Dendrimers have applications in the medical, electronics, chemicals and materials industries.

**American Depositary Receipts (ADRs):** Starpharma's ADRs trade under the code **SPHRY** (CUSIP number 855563102). Each Starpharma ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. The Bank of New York Mellon is the depositary bank. Starpharma's ADRs are listed on International OTCQX ([www.otcqx.com](http://www.otcqx.com)), a premium market tier in the U.S. for international exchange-listed companies, operated by Pink Sheets, LLC.

### Forward Looking Statements

This document contains certain forward-looking statements, relating to Starpharma's business, which can be identified by the use of forward-looking terminology such as "promising", "plans", "anticipated", "will", "project", "believe", "forecast", "expected", "estimated", "targeting", "aiming", "set to", "potential", "seeking to", "goal", "could provide", "intends", "is being developed", "could be", "on track", or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Starpharma is providing this information as of the date of this document and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

### For further information:

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**STARPHARMA HOLDINGS Limited**  
**ABN 20 078 532 180**

**ASX Half-year information**

**31 December 2007**

Lodged with the ASX under Listing Rule 4.2A  
This information should be read in conjunction with the 30 June  
2007 Annual Report.

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STARPHARMA HOLDINGS Ltd  
Corporate Directory

**Directors**

P T Bartels AO  
*Chairman*

J W Raff  
*Deputy Chairman*

J K Fairley  
*Chief Executive Officer*

R Dobinson

R A Hazleton

P J Jenkins

**Company Secretary**

B P Rogers

**Registered office**

Baker Building  
75 Commercial Road, Melbourne, Victoria 3004 Australia

**Auditor**

PricewaterhouseCoopers

**Solicitors**

Blake Dawson  
Level 39, 101 Collins Street  
Melbourne, Victoria, 3000 Australia

Deacons  
RACV Tower, 485 Bourke Street  
Melbourne, Victoria, 3000 Australia

Greenberg Traurig LLP  
MetLife Building, 200 Park Avenue  
New York, NY 10166 USA

**Bankers**

Commonwealth Bank of Australia,  
National Australia Bank,  
Wachovia Bank, USA

**Stock exchange listing**

ASX Limited (ASX)  
ASX Code: SPL

Starpharma's American Depositary Receipts (ADRs) trade under the code SPHRY (CUSIP number 855563102). Each Starpharma ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. The Bank of New York Mellon is the depository bank. Starpharma's ADRs are listed on International OTCQX (www.otcqx.com), a premium market tier in the U.S. for international exchange-listed companies, operated by Pink Sheets, LLC.

**Website address**

www.starpharma.com

**STARPHARMA HOLDINGS Ltd**  
**Half-year ended 31 December 2007**  
(Previous corresponding period:  
Half-year ended 31 December 2006)

**Results for Announcement to the Market**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	Up	69%	to	\$931,896
<b>Loss</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Down (reduced loss)	6%	to	\$3,658,759
<b>Net Loss</b> for the period attributable to members <i>(Appendix 4D item 2.3)</i>	Down (reduced loss)	6%	to	\$3,658,759

<b>Dividends/distributions</b> <i>(Appendix 4D items 2.4 and, 2.5)</i>	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

**Record date** for determining entitlements to the dividend

Not Applicable

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

**Explanation of Revenue & Other Income**

*(Appendix 4D item 2.6)*

The increase in revenue from ordinary activities includes the recognition of licensing income associated with the Durex® condom coating and EMD Bioscience deals. Customer and royalty revenue from Dendritic Nanotechnologies, Inc (DNT) is included for the full half-year, compared with the previous half-year, where DNT became a wholly owned subsidiary from the 20 October 2006. See note 3 for additional information on revenue and other income.

**Explanation of Net Profit/(loss)**

*(Appendix 4D item 2.6)*

The consolidated loss of \$3,658,759 is after fully expensing all research and development expenditure and patenting costs. The result includes the consolidation of Dendritic Nanotechnologies, Inc (DNT) for the full half-year, compared to the previous half-year which included DNT from the date of acquisition on 20 October 2006.

STARPHARMA HOLDINGS Ltd  
Interim financial report – 31 December 2007

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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 2007 and any public announcements made by Starpharma Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## STARPHARMA HOLDINGS Ltd Directors' report

Your directors present their report on the consolidated entity consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

### **Directors**

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

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

L Gorr was a director from the beginning of the financial year until his resignation on 14 November 2007.

P M Colman was a director during the whole of the half-year and until his resignation on 11 February 2008.

### **Review of Operations**

#### Principal Activities

The principal activities of the Company consist of development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications. Activities within the Company are directed towards the development of precisely defined nano-scale materials, with a particular focus on the development of its topical vaginal microbicide VivaGel<sup>®</sup> for the prevention of genital herpes and HIV, and the application of dendrimers to drug delivery and other life science applications.

More broadly, through partners the company is also exploring dendrimer opportunities in materials science with applications in areas such as adhesives, lubricants and water remediation. These activities are managed by the Company's wholly owned subsidiaries Starpharma Pty Ltd. in Melbourne, Australia and Dendritic Nanotechnologies ("DNT"), Inc in Michigan, USA.

Products based on the Company's dendrimer technology are on the market in the form of diagnostic elements and laboratory reagents.

### Significant Events During the Half-year

#### **10 July 2007 U.S. NIH Funded Trial of VivaGel® in Sexually Active Young Women Commences**

A trial to assess the safety, acceptability and ease of use of VivaGel® in sexually active young women was announced.

The Microbicide Trials Network (MTN) would be leading the study, funded by the U.S. National Institutes of Health (NIH). The study would be conducted at the University of South Florida in Tampa, Florida, and the University of Puerto Rico in San Juan, Puerto Rico, through a collaboration between the MTN (an HIV/AIDS clinical trials network established by the National Institute of Allergy and Infectious Diseases, NIH), the Adolescent Medicine Trials Network for HIV/AIDS Interventions (of the National Institute of Child Health and Human Development, NIH), and Starpharma.

Previous clinical trials on the safety of VivaGel® had been conducted in sexually inactive women and men, but this was the first time the product would be used in sexually active women.

#### **18 July 2007 Starpharma Signs Agreement for Condom Coating Application of VivaGel®**

The Company announced the signing of an agreement with a leading condom company in relation to the use of VivaGel® as a condom coating.

The agreement includes a program of evaluation and development and also commercialisation rights covering condoms with VivaGel® coatings within a specified geographical region. The condom company, whose name may not be disclosed for reasons of confidentiality, holds the leading market position within that region. The market in question is in the developed world, and ranks within the top five globally, measured by GDP.

#### **24 July, 2007 Starpharma presents positive results of clinical study of VivaGel® in men at 4th International AIDS Society Conference**

The Company announced that it would be presenting results of a clinical trial indicating that 3% SPL7013 Gel (VivaGel®) was well-tolerated in men, and suitable for further development as a topical microbicide for the prevention of HIV and genital herpes.

The results were presented at the 4th International AIDS Society (IAS) Conference on HIV Pathogenesis, Treatment and Prevention, at which the research and development of microbicides is a key focus.

The study compared 36 circumcised and uncircumcised men who applied VivaGel® (24 men) or a placebo gel (12 men) topically to their penis once daily for seven days. The trial was double blinded so that the participants, principal investigator and study staff did not know who was receiving placebo or VivaGel®.

Overall, this study demonstrated that VivaGel® was safe and well tolerated, and comparable with placebo when applied to the penis of both circumcised and uncircumcised healthy male volunteers once daily for seven days, and left in place for approximately 9 hours. As seen in a previous completed clinical trial in women, there was no evidence of absorption of the active ingredient of VivaGel®, SPL7013, into the blood after topical application.

#### **8 August 2007 Starpharma's DNT to develop water purification technology under US Defense Dept contract**

Dendritic Nanotechnologies Inc (DNT) was awarded a contract with the US Department of Defense's (DoD) Strategic Environmental Research and Development Program to develop its proprietary technology to purify water.

The US\$1.3m DoD contract was awarded to DNT and the Central Michigan University Research Corporation to develop water remediation technology using DNT's Priostar™ dendrimer-based nanotechnology.

**21 August 2007 US institution Platinum Partners LLC invests in Starpharma**

Announcement of a AU\$2.8 million investment by Platinum Partners LLC, a large US-based institution. A follow-on investment of AU\$1.0 million on the same terms by a key existing institutional shareholder brought the total placement to AU\$3.8 million.

Platinum Partners LLC, agreed to acquire 8,768,389 ordinary shares in a private placement priced at AU\$0.32 per share. Platinum were also issued 5,261,033 options with an exercise price of AU\$0.44. San Francisco-based Merriman Curhan Ford and Co, served as corporate advisors to the placement.

A further 3,112,778 shares and 1,867,667 options were issued to the participating existing institutional shareholder.

**16 October 2007 Starpharma and Durex® sign co-development agreement for VivaGel®-coated condoms**

The Company announced the signing of an agreement with SSL International plc (LSE:SSL), owner of Durex®, the world's leading condom brand. The agreement, under which a commercial licence will be negotiated, sets out a co-development program for condoms with a VivaGel® coating. Undisclosed fees are payable to Starpharma under the co-development agreement, which also provides for the commencement of regulatory and market development activities by the two parties.

SSL is the world's largest manufacturer of condoms with approximately 30% share of the global market for branded condom sales, selling into over 100 countries around the world.

**31 October 2007 Arterial disease imaging agent - funding awarded to Starpharma & Baker Heart Research Institute**

Announcement that the National Health and Medical Research Council has agreed to provide \$327,000 to fund a joint project with the Baker Heart Research Institute to develop a novel imaging agent for vascular disease. The imaging agent will be based on Starpharma's dendrimer technology and will be developed for the early detection of unstable atherosclerotic plaques on arterial walls."

Starpharma and the Baker have also filed a patent application for the agent, based on positive laboratory results that have shown enhanced visibility of thrombi (clots resulting from the rupture of atherosclerotic plaques) *in vitro* using MRI scanning.

**8 November 2007 Resignation of Director**

Announcement that non-executive Director Mr Leon Gorr had decided not to stand for re-election. Mr Gorr's resignation was effective from the close of the AGM on 14 November 2007.

**19 November 2007 VivaGel® awarded international nanotech award**

Starpharma was presented with an international award for nanotechnology excellence for VivaGel®.

The winners of the third annual Nano 50™ Awards were presented with their awards at the National Nano Engineering Conference in Boston, USA. The awards recognize the top 50 international technologies, products, and innovators that have significantly impacted – or are expected to impact – the state of the art in nanotechnology. Nano 50 nominations were

judged by a panel of nanotechnology experts. The technologies, products, and innovators receiving the 50 highest scores were named Nano 50 award winners. VivaGel® was awarded under the Product Category successfully demonstrating a significant current or near-term commercial application.

**3 December 2007 Starpharma signs Collaborative Research Agreement with Stiefel Laboratories, Inc.**

Starpharma announced the signing of a collaborative research agreement with Stiefel Laboratories, Inc., the world's largest independent pharmaceutical company specializing in dermatology, to apply Starpharma's dendrimer nanotechnology to certain drugs used dermally.

The collaboration will apply Starpharma's dendrimer technology to deliver drugs through the skin with the aim of improving the effectiveness and tolerability of certain dermal treatments. Under the terms of the agreement Starpharma will receive staged payments on successful completion of technical milestones within the collaborative project. The agreement also deals with commercialization rights arising from the collaboration. Confidentiality provisions restrict disclosure of further details of the collaborative program and agreement.

Operating Loss

For the half-year ended 31 December 2007 the consolidated entity incurred an operating loss after income tax of \$3,658,759 (December 2006: \$3,891,866).

**Significant Changes in the State Of Affairs**

In the opinion of the directors there were no significant changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report or in the financial statements.

**Auditors' Independence Declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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



**Peter T Bartels, AO**  
Director

21 February 2008  
Melbourne

**STARPHARMA HOLDINGS Ltd**  
**Consolidated income statement**  
For the half-year ended 31 December 2007

	<b>Half-year</b>	<b>Half-year</b>
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	<b>931,896</b>	550,652
Other income	<b>4,698,837</b>	4,822,938
Administration expense	<b>(2,941,335)</b>	(2,649,815)
Research and development expense	<b>(6,782,837)</b>	(6,353,382)
Finance costs	<b>(11,011)</b>	(20,597)
Impairment of Financial Assets	<b>(36,282)</b>	-
Share of results of associates accounted for using the equity method	-	(241,662)
<b>Loss before income tax</b>	<b>(4,140,732)</b>	<b>(3,891,866)</b>
Income tax credit	<b>481,973</b>	-
<b>Loss for the year</b>	<b>(3,658,759)</b>	<b>(3,891,866)</b>
Loss attributable to minority interests	-	-
<b>Loss attributable to members of Starpharma Holdings Limited</b>	<b>(3,658,759)</b>	<b>(3,891,866)</b>
<b>Loss per share for loss from continuing operations attributable to ordinary equity holders of the company</b>		
Basic loss per share	(\$0.02)	(\$0.02)
Diluted loss per share	(\$0.02)	(\$0.02)

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

STARPHARMA HOLDINGS Ltd  
Consolidated balance sheet  
As at 31 December 2007

	31-Dec-2007	30-Jun-2007
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	10,189,703	10,072,893
Trade and other receivables	1,497,736	1,334,725
<b>Total current assets</b>	<b>11,687,439</b>	<b>11,407,618</b>
<b>Non-current assets</b>		
Property, plant and equipment	841,877	1,110,801
Intangible assets	16,551,435	17,785,573
Investments accounted for using the equity method	-	76,286
Deferred tax assets	60,505	43,201
Other financial assets	40,003	-
<b>Total non-current assets</b>	<b>17,493,820</b>	<b>19,015,861</b>
<b>Total assets</b>	<b>29,181,259</b>	<b>30,423,479</b>
<b>Current Liabilities</b>		
Trade and other payables	1,123,111	1,854,515
Borrowings	70,964	68,587
Provisions	346,137	356,463
Deferred income	1,645,127	980,161
<b>Total current liabilities</b>	<b>3,185,339</b>	<b>3,259,726</b>
<b>Non-current liabilities</b>		
Borrowings	224,059	260,147
Provisions	65,369	57,257
Deferred income	132,748	168,946
Deferred tax liabilities	472,400	953,373
<b>Total non-current liabilities</b>	<b>894,576</b>	<b>1,439,723</b>
<b>Total liabilities</b>	<b>4,079,915</b>	<b>4,699,449</b>
<b>Net assets</b>	<b>25,101,344</b>	<b>25,724,030</b>
<b>Equity</b>		
Contributed equity	78,666,824	76,226,627
Reserves	1,895,129	1,299,253
Accumulated losses	(55,460,609)	(51,801,850)
<b>Total equity</b>	<b>25,101,344</b>	<b>25,724,030</b>

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

**STARPHARMA HOLDINGS Ltd**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2007**

	<u>Half-year</u>	<u>Half-year</u>
	2007	2006
	\$	\$
<b>Total equity at the beginning of the year</b>	<b>25,724,030</b>	21,315,986
Exchange differences on translation of foreign operations	(512,098)	(93,118)
Share of revaluation of IP within subsidiary	-	1,898,066
<b>Net income recognised directly in equity</b>	<b>(512,098)</b>	1,804,948
<b>Loss for the year</b>	<b>(3,658,759)</b>	(3,891,866)
<b>Total recognised income and expense for the year</b>	<b>(4,170,857)</b>	<b>(2,086,918)</b>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	75,062	92,530
Fair value of options granted in private placement	1,032,912	-
Contributions of equity, net of transaction costs	2,440,197	10,851,160
<b>Total equity at the end of the year</b>	<b>25,101,344</b>	<b>30,172,758</b>

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

**STARPHARMA HOLDINGS Ltd**  
**Consolidated cash flow statement**  
**For the half-year ended 31 December 2007**

	<b>Half-year</b>	<b>Half-year</b>
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities</b>		
Receipts from trade and other debtors	436,902	175,521
Grant income (inclusive of GST)	4,913,878	4,751,230
Payments to suppliers and employees (inclusive of GST)	(8,431,532)	(8,061,370)
Interest received	211,389	354,349
Interest paid	(11,011)	(20,597)
<b>Net cash outflows from operating activities</b>	<b>(2,880,374)</b>	<b>(2,800,867)</b>
<b>Cash flow from investing activities</b>		
Receipts from property, plant and equipment	-	391
Payments for property, plant and equipment	(28,340)	(115,390)
Payments for transaction costs on acquisition of subsidiary (net of cash acquired)	-	(90,986)
<b>Net cash outflows from investing activities</b>	<b>(28,340)</b>	<b>(205,985)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	3,816,902	-
Share issue transaction costs	(343,793)	-
Lease repayments	(50,463)	(100,926)
<b>Net cash inflows / (outflows) from financing activities</b>	<b>3,422,646</b>	<b>(100,926)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>513,932</b>	<b>(3,107,778)</b>
Cash and cash equivalents at the beginning of the period	10,072,893	14,283,824
Effects of exchange rate changes on cash and cash equivalents	(397,122)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>10,189,703</b>	<b>11,176,046</b>

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

**STARPHARMA HOLDINGS Ltd**  
**Notes to the consolidated financial statements**  
**For the period ended 31 December 2007**

## 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 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 2007 and any public announcements made by Starpharma Holdings Ltd 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. Segment information

### Business Segment

The consolidated entity operates in one business segment, being the discovery, development and commercialisation of dendrimers for pharmaceutical and other life science applications.

### Geographic Segment

The consolidated entity operates in Australia, with the exception of Dendritic Nanotechnologies Inc. (DNT) which operates in the United States of America (USA).

Following the 100% acquisition of DNT, it has been determined that on the basis of monitoring of the USA operations, these operations represent a separate geographical segment. Until the acquisition on 20 October 2006 the results of DNT were equity accounted in the prior period.

### Secondary reporting format -geographical segments

Half-year 2007	Australia \$	Inter-segment		Total \$
		USA \$	Eliminations \$	
Revenue and other income	4,917,634	845,153	(132,054)	5,630,733
Expenses	(7,745,552)	(2,121,544)	95,631	(9,771,465)
	(2,827,918)	(1,276,391)	(36,423)	(4,140,732)
Share of results of associates				-
<b>Loss before income tax</b>				<b>(4,140,732)</b>
Segment net assets	14,984,938	10,170,082	(53,676)	25,101,344

Half-year 2006	Australia \$	Inter-segment		Total \$
		USA \$	Eliminations \$	
Revenue and other income	4,989,655	383,935	-	5,373,590
Expenses	(7,875,111)	(1,148,683)	-	(9,023,794)
	(2,885,456)	(764,748)	-	(3,650,204)
Share of results of associates				(241,662)
<b>Loss before income tax</b>				<b>(3,891,866)</b>
Segment net assets	14,145,075	16,027,684	-	30,172,759

### 3. Revenue and Other Income

	Half-year 2007	Half-year 2006
	\$	\$
<b>Consolidated Revenue and Other Income</b>		
Royalty, Customer & License revenue	724,179	197,600
Interest Revenue	203,758	351,652
Other Revenue	3,959	1,400
<b>Total Revenue</b>	<b>931,896</b>	<b>550,652</b>
Aust Government Grants	54,029	122,802
US Government Grants	4,644,808	4,700,136
<b>Total Other Income</b>	<b>4,698,837</b>	<b>4,822,938</b>
<b>Total Revenue/Other Income</b>	<b>5,630,733</b>	<b>5,373,590</b>

### 4. Expenses

	Half-year 2007	Half-year 2006
	\$	\$
<b>Loss from ordinary activities before income tax expense includes the following items:</b>		
Depreciation	293,250	311,877
Amortisation	715,387	734,989
Rental expense on operating leases	262,278	215,623

### 5. Equity securities issued

Date	Details	Number of shares	Issue Price	\$
1-Jul-05	Opening Balance	111,235,000		46,821,956
10-Oct-05	BRI Share Placement	7,112,000	\$0.62	4,373,880
17-Nov-05	Share Placement	9,573,250	\$0.51	4,882,358
	less Transaction costs			(244,118)
29-Dec-05	Share Placement & SPP	19,818,995	\$0.51	10,107,687
	less Transaction costs			(566,296)
	Balance at 30 June 2006	147,739,245		65,375,467
20-Oct-06	DNT acquisition share placement	20,094,741	\$0.54	10,851,160
	Balance at 30 June 2007	167,833,986		76,226,627
22-Aug-07	Share Placement	11,881,167	\$0.32	3,816,902
	less Fair value of options granted on share placement			(1,032,912)
	less Transaction costs			(343,793)
	<b>Balance at 31 December 2007</b>	<b>179,715,153</b>		<b>78,666,824</b>

## 6. Earnings per Share

	<b>Half-year 2007</b>	Half-year 2006
	<b>\$</b>	<b>\$</b>
Basic loss per share	(0.021)	(0.025)
Diluted loss per share	(0.021)	(0.025)
Net loss attributable to members of Starpharma Holdings Ltd used as the numerator in calculating diluted and basic earnings per share	<b>(3,658,759)</b>	(3,891,866)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	<b>176,339,084</b>	155,711,615

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

## 7. Contingent liabilities

The company has no contingent liabilities.

## 8. Events occurring after reporting date

On 12 February 2008 the company announced that Prof Peter Colman had elected to retire as a director of the company, effective from close of business on 11 February 2008.

There are no matters or circumstances which have arisen since 31 December 2007 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

STARPHARMA HOLDINGS Ltd  
Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 15 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 2007 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Starpharma Holdings Limited will be able to pay its debts as and when they become due and payable.

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



**Peter T Bartels, AO**  
Director

Melbourne, 21 February 2008



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## INDEPENDENT AUDITORS REVIEW REPORT

### to the members of Starpharma Holdings Limited

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Starpharma Holdings Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Starpharma Holdings Limited Group (the consolidated entity). The consolidated entity comprises both Starpharma Holdings Limited (the company) and the entities it controlled during that half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2007 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.

Liability limited by a scheme approved under Professional Standards Legislation



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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

#### *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:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'SC Bannatyne'.

PricewaterhouseCoopers

SC Bannatyne  
Partner

Melbourne  
21 February 2008



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## Auditor's Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half year ended 31 December 2007, 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.

A handwritten signature in black ink, appearing to read 'SC Bannatyne'.

SC Bannatyne  
Partner  
PricewaterhouseCoopers

Melbourne  
21 February 2008

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**STARPHARMA HOLDINGS Ltd**  
Supplementary Appendix 4D information

**NTA Backing***(Appendix 4D item 3)*

	<b>31 December 2007</b>	<b>31 December 2006</b>
Net tangible asset backing per ordinary share	\$0.05	\$0.06

**Associates and Joint Venture entities***(Appendix 4D item 4 and 7)*

The Group has an interest in the following entities:

Name	Ownership interest %		\$ Contribution to net profit / (loss)	
	31 December		Half-year	
	2007	2006	2007	2006
Dimerix Bioscience Pty Ltd	8.5	22.0	Not Applicable	-
Dendritic Nanotechnologies Inc.	100.0	100.0	Not Applicable	(241,662)
<b>Total</b>				<b>(241,662)</b>

As a result of the Company ceasing to have significant influence on Dimerix Bioscience Pty Ltd the investee is no longer accounted for using the equity accounting principles from 1 July 2007. At 31 December 2007, Dimerix Bioscience Pty Ltd is held as a financial asset at the carrying value of \$40,003.

The contribution to net loss for Dendritic Nanotechnologies Inc. (DNT) in the above table for the half-year 2006 is only for the period from 1 July 2006 until the 100% acquisition in October 2006.

## Other significant information

### Potential ordinary shares not considered dilutive:

As at 31st December 2007 the company had on issue:

<u>Expiry Date</u>	<u>Exercise Price \$</u>	<u>Number of Options</u>
31-December-2008	0.7300	200,000
02-January-2009	0.5200	45,000
08-February-2009	0.9375	393,000
31-May-2009	0.4346	10,000
30-June-2009	0.4508	500,000
30-June-2009	0.4346	10,000
31-July-2009	0.4346	10,000
31-August-2009	0.4346	10,000
31-December-2009	0.9375	129,000
04-July-2010	0.9375	300,000
18-July-2010	0.9375	100,000
06-October-2010	0.5013	878,000
06-October-2010	0.5013	250,000
02-January-2011	0.5200	20,000
04-April-2011	0.5035	150,000
04-April-2011	0.5035	590,000
07-August-2011	0.5035	690,000
07-August-2011	0.5035	200,000
21-August-2012	0.4346	7,567,119
		<u>12,052,119</u>

### Other Supplementary Information

*Appendix 4D items 5, 6, 8 and 9 are not applicable.*

### Audit

This report is based on accounts which are subject to review.

### Compliance Statement

This half year report was approved by a resolution of the Board of Directors of the Company on 21 February 2008.



Ben Rogers  
Company Secretary  
21 February 2008