Half Year Results
Period ended 31 December 2009

Melbourne; 18 February 2010: Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) today announced its financial results for the six months ending 31 December 2009.

Cash at 31 December was A$24.3 million, including net proceeds of $15.0m from an equity raise in November 2009. Operating cash outflows for the half year were A$2.1 million, an 18% reduction compared with the same period in the prior year.

The net loss after tax was A$2.6 million, compared with $1.9 million for the prior year. The increase is predominantly due to the impact of foreign exchange on US dollar denominated cash held, with favourable gains included in the result for the previous corresponding period last year.

Revenue from continuing operations for the six months was A$0.9 million, consisting of royalty and license income derived from our partners including Siemens Healthcare and SSL International. Additional revenue from research fees on commercial partnerships in drug delivery, agrochemicals, and diagnostics are also included. Other income of A$2.0 million in the period was made up of US government grants.

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

About Starpharma

Starpharma Holdings Limited (ASX:SPL, OTCQX:SPHRY) is a world leader in the development of dendrimer technology for pharmaceutical, life-science and other applications. SPL has two operating companies, Starpharma Pty Ltd in Melbourne, Australia and DNT, Inc in the USA. Products based on SPL's dendrimer technology are already on the market in the form of diagnostic elements and laboratory reagents through licence arrangements with partners including Siemens and Merck KgA.

The Company's lead pharmaceutical development product is VivaGel® (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes. In September 2008 Starpharma signed a full licence agreement with SSL International plc (LSE:SSL) to develop a VivaGel® coated condom. SSL manufactures and sells Durex® condoms, the market-leading condom brand worldwide.

Starpharma also has commercial agreements in place with Eli Lilly and Co, Elanco, Stiefel Laboratories (a GSK Company), and Unilever as well as many research collaborations with some of the world's leading organisations.

Dendrimer: 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 Securities Exchange (ASX). The Bank of New York Mellon is the depositary 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 OTC Markets, Inc.

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.

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Starpharma Holdings Limited

ABN 20 078 532 180

Interim Report – 31 December 2009

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2009 Annual Report.

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Results for Announcement to the Market

Starpharma Holdings Limited ABN 20 078 532 180

Half-year ended 31 December 2009

Previous corresponding period: Half-year ended 31 December 2008

				$
Revenue from ordinary activities *(Appendix 4D item 2.1)*	Down	6%	to	$930,000
Loss from ordinary activities after tax attributable to members *(Appendix 4D item 2.2)*	Up (increased loss)	37%	to	$2,585,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Up (increased loss)	37%	to	$2,585,000

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 customer revenue from the recognition of licensing income from SSL International associated with the Durex® condom coating deal signed in September 2008, research fees from commercial partners, including Elanco, and royalties from Siemens Healthcare and Qiagen. See note 4 for additional information on revenue and other income.

Explanation of net loss

(Appendix 4D item 2.6)

The consolidated loss after tax of $2,585,000 is after fully expensing all research and development expenditure and patenting costs at the Australian and United States operations. See note 3 for additional information on the reportable segmentation of the result.

The predominant reason for the increase in loss after tax is the impact of foreign exchange on US dollar denominated cash held. Favourable gains were included in the result for the previous corresponding period. The reduction in other income from grants corresponds to the reduction in research and development for the half-year. See the financial summary section in the Directors' Report for additional information.

Directors' Report

Your directors have pleasure in presenting this report on the consolidated entity (referred to hereafter as the Group) consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

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	P J Jenkins	R A Hazleton

Principal activities

The principal activities of the Group consist of development and commercialisation of dendrimer products for pharmaceutical, life-science and other applications. Activities within the 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® 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, Inc ("DNT") in Michigan, USA. Products based on the Company's dendrimer technology are on the market in the form of diagnostic elements and laboratory reagents.

Business objectives

The Company aims to create value for shareholders through the commercialisation of proprietary products based on its dendrimer technology in three key areas:

- VivaGel® (topical microbicide and condom coating)
- Other medical and life science applications
- Industrial applications of dendrimers

Dividends

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

Review of operations

Achievements and significant events during the half-year included:

August 2009 VivaGel® demonstrates anti-HIV and Herpes activity following human administration

Results of a clinical study designed to assess retention of antiviral activity following vaginal administration of VivaGel® in women showed that cervicovaginal fluid samples (CVS) obtained immediately after vaginal administration of VivaGel® provided effectively complete inhibition of HIV and HSV infection *in vitro*. At 1 and 3 hours following administration of product, the initial high level of inhibition of HIV and HSV was retained in all women tested. Even at 12 and 24 hours following administration, more than 90% of the initial antiviral activity was retained for both HIV and HSV in more than half of the women tested. This is the first clinical study to demonstrate potent antiviral activity of any microbicide beyond one hour after administration of the product in humans. The study in 12 women was designed to determine the timescale over which VivaGel® retains activity against HIV and HSV-2 (genital herpes) following vaginal administration. The objective of the trial was to give an indication of how long before sex VivaGel® could be applied to prevent infection, as well as providing a potential surrogate for antiviral efficacy ahead of Phase 3 clinical studies.

These data indicate the potential for VivaGel® to be used other than immediately prior to sexual intercourse (i.e., as a coitally dissociated microbicide). However, future testing in clinical efficacy studies is required to confirm this. There were no serious adverse events during the study, and the data indicate VivaGel® was safe and well-tolerated in the study.

September 2009 US patent grant extends VivaGel® coverage to year 2024

A key patent relating to the use of SPL7013 to dendrimers to protect against sexually transmitted infections was approved in the US. The granting of this patent means that any product presentation of SPL7013 (the active ingredient in VivaGel®) is now protected in the US for an additional five years until 2024, with a possible further 12 month extension to 2025.

November 2009 Signs agrochemicals deal

The signing of a research and collaboration agreement between Starpharma's wholly owned US subsidiary, DNT Inc, and a prominent, US-based agricultural chemicals. Under the agreement the parties will use DNT's Priostar® dendrimer technology to enhance the performance of existing pesticides. The approach is a natural extension of Starpharma's drug delivery work, in which dendrimers extend the persistence of an active molecule, potentially reducing the amount of active that is required for a given effect.

November 2009 Equity raising of A$15.6 million by a share placement

$15.6 million was raised from institutional and sophisticated investors from the placement of 30 million shares at $0.52 per share. The placement was led by Orbis, an existing Starpharma shareholder and Acorn Capital, the company's largest shareholder also participated along with several other existing and new institutional investors. The funds raised will primarily be used to finance a clinical trial program to develop VivaGel® for the treatment of bacterial vaginosis (BV) and to further strengthen the balance sheet for future development and partnering opportunities.

Financial summary

For the half-year ended 31 December 2009 the consolidated entity incurred an operating loss after income tax of $2,585,000 (December 2008: $1,886,000).

	Half-Year Ended 31 December	
Summary of consolidated results	**2009 $'000**	2008 $'000
Revenue from continuing operations	**930**	992
Other income, including grants	**2,032**	4,095
Research & development	**(3,032)**	(6,106)
Administration and finance costs, excluding foreign exchange gains and losses	**(2,335)**	(2,424)
Foreign exchange gains (losses)	**(237)**	1,453
Income tax credit	**57**	104
Loss attributable to members	**(2,585)**	(1,886)

Income statement

Revenue consisted of royalty, licensing and customer revenue from partners including Siemens Healthcare, SSL International, Elanco and the Company's other commercial partners. Other income consisted of grant income from United States Government grants, which partly offset research and development expenditure. The majority of US Government grants were from the US National Institutes of Health for VivaGel® development costs. All research and development expenditure, including patenting costs, was fully expensed in the current and previous corresponding period. Administration expenditure includes the amortisation of patent intangibles.

The predominant reason for the increase in loss after tax is the impact of foreign exchange on US dollar denominated cash held, favourable gains were included in the result for the previous corresponding period. The reduction in other income from grants corresponds to the reduction in research and development for the half-year. Cost savings initiatives implemented in the previous financial year resulted in a reduction of non-funded research activities.

Balance sheet

At 31 December 2009 the Group's cash position was $24,273,000 (June 2009: $11,595,000) with an increase in contributed equity of $15,037,000 on the completion of the share placement in November 2009.

Statement of cash flows

Net operating cash outflow for the half-year was $2,073,000 (December 2008: $2,522,000). Net cash inflows from financing activities of $14,957,000 (December 2008: outflow $76,000) included the proceeds from the issue of shares.

Earnings per share

	Half-year ended 31 December	
	2009	2008
Basic loss per share	**($0.01)**	($0.01)
Diluted loss per share	**($0.01)**	($0.01)

Net tangible assets

	Half-year ended 31 December	
	2009	2008
Net tangible asset backing per ordinary share	**$0.10**	$0.03

Significant changes in the state of affairs

There was an increase in contributed equity of $15,037,000 on the completion of a share placement in November 2009. Fully paid ordinary shares of 30 million were issued at a price of $0.52 per share. This increased the Group's cash position to $24,273,000 at 31 December 2009 (June 2009: $11,595,000).

Matters subsequent to the end of the financial half-year

On 1 February 2010 the Company announced the signing of a new agreement with Eli Lilly and Company (NYSE: LLY) under which Starpharma's dendrimer drug delivery technology will be applied to enhance compounds in Lilly's human pharmaceutical portfolio. Under the terms of the agreement Lilly will fund a collaborative research and development program with the aim of creating improved drugs incorporating Starpharma's proprietary delivery technology, to be commercialised by Lilly.

The Company has issued 95,524 ordinarily shares subsequent to the end of the financial half-year under the Starpharma Holdings Limited Employee Share and Option Plans.

No other matters or circumstances have arisen since 31 December 2009 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 20.

Audit

The interim financial report is based on accounts which have been reviewed. Refer to the independent auditor's review report on pages 21 to 22.

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

Peter T Bartels, *AO*
Director
Melbourne, 18 February 2010

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 2009 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 2009

		Half-year	
		2009	2008
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**930**	992
Other income	4	**2,032**	4,095
Administration expense		**(2,562)**	(956)
Research and development expense		**(3,032)**	(6,106)
Finance costs		**(10)**	(15)
Loss from ordinary operations before income tax		**(2,642)**	(1,990)
Income tax credit		**57**	104
Loss from ordinary operations attributable to members of Starpharma Holdings Limited		**(2,585)**	(1,886)
Loss per share for loss from continuing operations attributable to ordinary equity holders of the company			
Basic loss per share	11	**($0.01)**	($0.01)
Diluted loss per share	11	**($0.01)**	($0.01)

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 2009

	Notes	Half-year 2009 $'000	Half-year 2008 $'000
Loss for the period		(2,585)	(1,886)
Other comprehensive income (loss), net of income tax			
Foreign currency translation differences on translating foreign subsidiaries	8	**(1,291)**	4,383
Other comprehensive income (loss) for the half-year, net of income tax		**(1,291)**	4,383
Total comprehensive income (loss) for the half-year, net of income tax		**(3,876)**	2,497

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

Consolidated balance sheet

As at 31 December 2009

	Notes	**31 December 2009 $'000**	30 June 2009 $'000
Current assets			
Cash and cash equivalents		**24,273**	11,595
Trade and other receivables		**1,074**	1,581
Total current assets		**25,347**	13,176
Non-current assets			
Property, plant and equipment		**332**	447
Intangible assets	6	**13,303**	15,224
Total non-current assets		**13,635**	15,671
Total assets		**38,982**	28,847
Current liabilities			
Trade and other payables		**947**	1,764
Borrowings		**205**	133
Provisions (employee entitlements)		**281**	316
Deferred income		**623**	930
Total current liabilities		**2,056**	3,143
Non-current liabilities			
Borrowings		**23**	160
Provisions (employee entitlements)		**38**	20
Deferred income		**-**	25
Total non-current liabilities		**61**	205
Total liabilities		**2,117**	3,348
Net assets		**36,865**	25,499
Equity			
Contributed equity	7	**100,677**	85,640
Reserves	8	**2,193**	3,279
Accumulated losses		**(66,005)**	(63,420)
Total equity		**36,865**	25,499

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 2009

	Notes	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
					Half-year December 2009
Balance at 1 July 2009		85,640	3,279	(63,420)	25,499
Loss for the half-year		-	-	(2,585)	(2,585)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations	8	-	(1,291)	-	(1,291)
Total comprehensive income (loss) for the half-year		-	(1,291)	(2,585)	(3,876)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	7	15,037	-	-	15,037
Employee share options	8	-	205	-	205
Total transactions with owners		15,037	205	-	15,242
Balance at 31 December 2009		100,677	2,193	(66,005)	36,865

For the half-year ended 31 December 2008

	Notes	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
					Half-year December 2008
Balance at 1 July 2008		78,667	1,008	(59,292)	20,383
Loss for the half-year		-	-	(1,886)	(1,886)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations	8	-	4,383	-	4,383
Total comprehensive income (loss) for the half-year		-	4,383	(1,886)	2,497
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs		-	-	-	-
Employee share options	8	-	100	-	100
Total transactions with owners		-	100	-	100
Balance at 31 December 2008		78,667	5,491	(61,178)	22,980

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 2009

		Half-year	
		2009	2008
	Notes	**$'000**	$'000
Cash flow from operating activities			
Receipts from trade and other debtors		**750**	1,011
Grant income (inclusive of GST)		**2,170**	3,501
Payments to suppliers and employees (inclusive of GST)		**(5,165)**	(7,066)
Interest received		**182**	47
Interest paid		**(10)**	(15)
Net cash outflows from operating activities		**(2,073)**	(2,522)
Cash flow from investing activities			
Receipts from property, plant and equipment		**-**	2
Payments for property, plant and equipment		**(9)**	(40)
Net cash outflows from investing activities		**(9)**	(38)
Cash flow from financing activities			
Proceeds from issue of shares	7	**15,600**	-
Share issue transaction costs	7	**(563)**	-
Lease repayments		**(80)**	(76)
Net cash inflows (outflows) from financing activities		**14,957**	(76)
Net increase (decrease) in cash and cash equivalents held		**12,875**	(2,636)
Cash and cash equivalents at the beginning of the half-year		**11,595**	7,482
Effects of exchange rate changes on cash and cash equivalents		**(197)**	1,211
Cash and cash equivalents at the end of the half-year		**24,273**	6,057

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

Notes to the consolidated financial statements

31 December 2009

Contents

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 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 2009 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, except as set out below.

Changes in accounting policy

Starpharma Holdings Limited had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

Presentation of financial statements

The Group applies revised AASB101 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the half-year ended 31 December 2009. Comparative information has been re-presented to comply with the revised standard.

The change in accounting policy is only a change in presentation; there is no financial impact for the current half-year or previous period.

Segment reporting

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments have previously been reported under geographic segments based on the location of the operations, which is consistent with the internal reporting provided to the chief operating decision maker.

There have been no changes in the operating segments identified by the Group, so there is no impact on segment reporting for the current half-year or previous period.

2. Critical accounting estimates and judgments

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

For the half-year ended 31 December 2009, the consolidated entity has incurred losses of $2,585,000 (December 2008: $1,886,000) and experienced net cash outflows of $2,073,000 from operations (December 2008: $2,522,000), as disclosed in the balance sheet and statement of cash flows, respectively. At the period end, the consolidated cash and cash equivalents stood at $24,273,000 (June 2009: $11,595,000), this is consistent with the consolidated entity's strategic plans and budget estimates, and the directors are satisfied regarding the availability of working capital (including ongoing royalty revenue and the remaining balance of the contracted NIH grant funding) for the period up to at least February 2011. Accordingly the directors have prepared the financial report on a going concern basis in the belief that the consolidated entity will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

3. Segment information

The Group operates in one business segment, being the discovery, development and commercialisation of dendrimers for pharmaceutical and other life science and industrial applications. There are two reportable segments within the Group, with companies operating from two locations in Australia and United States of America ("USA"). Dendritic Nanotechnologies Inc. ("DNT") operates from Michigan, USA and it has been determined that on the basis of internal reporting and monitoring of the USA operations, these operations represent a separate reportable segment to the Chief Executive Officer, who is the chief operating decision maker.

The revised reportable segments are consistent with the previous reported geographic segments; hence there is no impact in presentation for the current half-year or previous period.

Reportable segments

Half-year 2009	Australia $'000	USA $'000	Inter-segment Eliminations $'000	**Total $'000**
Revenue and other income	2,528	657	(223)	**2,962**
Expenses	(4,555)	(1,272)	223	**(5,604)**
Loss before income tax	(2,027)	(615)	–	**(2,642)**
Segment net assets	29,526	7,393	(54)	**36,865**

Half-year 2008	Australia $'000	USA $'000	Inter-segment Eliminations $'000	**Total $'000**
Revenue and other income	4,398	879	(190)	**5,087**
Expenses	(5,169)	(2,098)	190	**(7,077)**
Loss before income tax	(771)	(1,219)	–	**(1,990)**
Segment net assets	12,007	10,888	86	**22,981**

4. Revenue and other income

Consolidated

	Half-year	
Revenue and other income	**2009 $'000**	2008 $'000
Royalty, customer & license revenue	**745**	941
Interest revenue	**185**	51
Total revenue	**930**	992
Australian government grants	**6**	224
USA government grants	**2,026**	3,871
Total other income	**2,032**	4,095
Total revenue and other income	**2,962**	5,087

5. Expenses

Consolidated

	Half-year	
	2009 $'000	2008 $'000
Loss from ordinary activities before income tax expense includes the following items:		
Depreciation	**118**	192
Amortisation	**741**	800
Rental expense on operating leases	**171**	270
Defined contribution superannuation expense	**188**	299

6. Intangible assets

Consolidated	Patents & Licences $'000	Goodwill $'000	Total Intangibles $'000
At 31 December 2008			
Cost	20,618	2,150	22,768
Accumulated depreciation and amortisation	(4,524)	–	(4,524)
Net book amount	16,094	2,150	18,244
At 31 December 2009			
Cost	16,922	1,660	18,582
Accumulated depreciation and amortisation	(5,279)	–	(5,279)
Net book amount	11,643	1,660	13,303
Half-year ended 31 December 2009			
Opening net book amount (1 July 2009)	13,389	1,835	15,224
Exchange differences	(1,005)	(175)	(1,180)
Depreciation and amortisation	(741)	–	(741)
Closing net book amount (31 December 2009)	11,643	1,660	13,303

(a) Impairment tests for goodwill

Goodwill is tested annually for impairment based on the fair value less costs to sell of the cash generating units over which the goodwill is allocated.

The Group has operations in both Australia and the United States – these reportable segments are also determined to be the Cash Generating Units (CGUs) of the Group. The directors have determined that the goodwill (which arose on the acquisition of the remaining share of the DNT business) should be allocated across these CGUs as the business combination gives rise to synergies within both Starpharma's Australian and United States operations.

The recoverable amounts of the Group's CGUs have been determined based on estimation of their fair value less costs to sell.

(b) Key assumptions used for fair value less costs to sell estimation

The market capitalisation of Starpharma Holdings Limited is used to determine an approximation of the fair value less costs to sell of the two CGUs which make up the Group. Given the excess of the market capitalisation of Starpharma Holdings Limited over the carrying value of total assets (including goodwill) at 31 December 2009, goodwill is not considered to be impaired at half-year end.

(c) Impairment tests for finite life intangible assets

Identifiable intangible assets with finite lives are carried at cost less accumulated amortisation and adjusted for any accumulated impairment loss. The directors have assessed these assets for indicators of impairment at 31 December 2009 and determined that there is no indication that the asset is impaired.

7. Contributed equity

(a) Share capital

	Parent Entity		Parent Entity	
	December 2009 Shares	June 2009 Shares	**December 2009 $'000**	June 2009 $'000
Share Capital				
Ordinary shares – fully paid	**237,218,113**	207,218,113	**100,677**	85,640

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	$'000
01 Jul 2007	Opening balance	167,833,986		76,227
22 Aug 2007	Share placement	11,881,167	$0.32[1]	2,784
	less transaction costs			(344)
	Balance at 30 June 2008	179,715,153		78,667
8 Apr 2009	Share placement (tranche I)	11,853,844	$0.26	3,082
22 May 2009	Share placement (tranche II)	8,000,000	$0.26	2,080
22 May 2009	Share purchase plan	7,649,116	$0.26	1,989
	less transaction costs			(178)
	Balance at 30 June 2009	207,218,113		85,640
24 Nov 2009	Share placement	30,000,000	$0.52	15,600
	less transaction costs			(563)
	Balance at 31 December 2009	237,218,113		100,677

[1] Shares with unlisted options attached were issued at a price of $0.32. The fair value of the options of $1,033,000 has been recognised in the share-based payments reserve.

(c) Ordinary shares

As at 31 December 2009 there were 237,218,113 issued ordinary shares. On 24 November 2009 the Company issued 30,000,000 ordinary shares under a share placement to institutional and sophisticated investors at an issue price of $0.52 per share.

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) Options

Information relating to the Starpharma Holdings Limited Employee Share Option Plan and Individual option deeds, including options outstanding at the end of the financial half-year is set out in note 11.

(e) Capital risk management

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

8. Reserves

(a) Reserves

	Consolidated	
	31 December 2009 $'000	30 June 2009 $'000
Share-based payments reserve	**2,353**	2,148
Foreign currency translation reserve	**(2,375)**	(1,084)
Asset revaluation reserve	**2,215**	2,215
	2,193	3,279

(b) Nature and purpose of reserves

(i) Share-base payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(ii) Foreign currency translation reserve

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

(iii) Asset revaluation reserve

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

9. Contingencies

The Company has no contingent assets or liabilities at 31 December 2009 (December 2008: nil).

10. Events occurring after the balance sheet date

On 1 February 2010 the Company announced the signing of a new agreement with Eli Lilly and Company (NYSE: LLY) under which Starpharma's dendrimer drug delivery technology will be applied to enhance compounds in Lilly's human pharmaceutical portfolio. Under the terms of the agreement Lilly will fund a collaborative research and development program with the aim of creating improved drugs incorporating Starpharma's proprietary delivery technology, to be commercialised by Lilly.

The Company has issued 95,524 ordinarily shares after the balance date under the Starpharma Holdings Limited Employee Share and Option Plans.

There are no other significant events occurring since 31 December 2009 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group.

11. Earnings per share

	Half-year	
	2009 **$**	2008 $
Basic loss per share	**(0.01)**	(0.01)
Diluted loss per share	**(0.01)**	(0.01)
Net loss attributable to members of Starpharma Holdings Limited used as the numerator in calculating diluted and basic earnings per share ($'000)	**(2,585)**	(1,886)
Weighted average number of ordinary shares outstanding during the year used as the denominator in calculating diluted and basic earnings per share	**213,250,722**	179,715,153

As at 31 December 2009 the Company had on issue 13,187,119 (30 June 2009: 13,683,119) share options that are not considered dilutive.

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.

As at 31 December 2009 the Company had on issue the following share options:

		31 December 2009
Expiry Date	Exercise Price $	Balance Number
4 Jul 2010	$0.94	300,000
18 Jul 2010	$0.94	100,000
6 Oct 2010	$0.50	1,028,000
2 Jan 2011	$0.52	20,000
4 Apr 2011	$0.50	740,000
7 Aug 2011	$0.50	410,000
8 Aug 2011	$0.50	200,000
22 Aug 2012	$0.43	7,567,119
28 Aug 2012	$0.29	1,418,000
28 Jun 2014	$0.37	1,404,000
Total		13,187,119

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with *Accounting Standards*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

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

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

Peter T Bartels, *AO*
Director
Melbourne, 18 February 2010

Auditors' independence declaration

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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 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
18 February 2010

Independent auditor's review report to the members

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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 statements of Starpharma Holdings Limited, which comprise the balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 2009 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. 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.

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Independent auditor's review report to the members of Starpharma Holdings Limited (continued)

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 2009 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*.

PricewaterhouseCoopers

Anton Linschoten
Partner

Melbourne
18 February 2010