ASX Announcement

Starpharma Interim Report and Half-Year Financial Results

Melbourne, Australia; 26 February 2018: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its interim report and financial results for the half-year ended 31December 2017.

Financial Summary

- Reported loss of $6.2M (Dec 2016: $9.0M); and
- Cash position at 31 December 2017 of $49.9M (June 2017: $61.2M) and excludes the $3.7M FY17 R&D tax incentive and US$2.4M FDA refunds subsequently received.

VivaGel®

- VivaGel® BV phase 3 trials achieved their primary objective for VivaGel® BV, demonstrating statistically significant superiority compared to placebo in preventing recurrent bacterial vaginosis (rBV);
- VivaGel® BV NDA lodged with the US FDA under the Fast Track program, via a rolling submission;
- VivaGel® BV granted TGA marketing approval in Australia with preparations for the launch of Fleurstat™ underway; and
- Significant progress in global/regional licensing negotiations for VivaGel® BV.

DEP® Drug Delivery

- DEP® docetaxel phase 1 trial successfully completed - achieving the key objective of determining a Recommended Phase 2 Dose, with no reports of protocol-defined dose limiting toxicities. No neutropenia was observed and encouraging signs of efficacy were observed in around half the patients dosed with DEP® docetaxel for multiple tumor types;
- DEP® docetaxel phase 2 trial commenced and is recruiting in major UK hospitals including Guy's Hospital in London, and University College London Hospital Cancer Clinical Trials Unit. Two additional sites are to be added shortly;
- AstraZeneca presented its first DEP® candidate, AZD0466, a highly optimised dendrimer formulation of a novel dual Bcl2/xL inhibitor;
- DEP® cabazitaxel phase 1/2 trial commenced having achieved successful regulatory and ethics approval with two UK sites already activated for recruitment; additional sites to follow in the expansion phase;
- Significant progress on other partnered DEP® programs, including AstraZeneca's and Targeted DEP®;
- Further preclinical studies and internal scale-up of DEP® irinotecan undertaken to expedite the path to the clinic; and
- Two DEP® research grants were awarded to Starpharma to collaborate in separate programs with Monash Institute of Pharmaceutical Sciences and the Peter MacCallum Cancer Centre.

Starpharma concluded the half-year in a strong financial position with a cash balance of $49.9 million, which does not include the $3.7M FY17 R&D tax incentive and US$2.4M FDA refund received after 31 December 2017. The net loss after tax for the half-year of $6.2 million (Dec 2016: $9.0 million) reflects investment across the VivaGel® and DEP® portfolio, including DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan. Research expenditure for the half-year is lower than the prior corresponding period due to the completion of the VivaGel® BV phase 3 trials.

Starpharma's CEO, Dr Jackie Fairley, commented: "We are extremely pleased with the exciting milestones accomplished during the half-year, most notably, the successful trial results within our VivaGel® and DEP® portfolios and major progress with licence negotiations and our regulatory programs in multiple regions".

"With TGA approval now in hand for VivaGel® BV, pharmacists will soon be selling our product in Australia, and overseas we're very close to submitting the final part of our NDA for VivaGel® BV approval in the US", added Dr Fairley.

Commenting on the DEP® drug delivery portfolio, Dr Fairley said: "It's been particularly gratifying to have a set of clinical results validate the benefits of our DEP® drug delivery platform, which we'd consistently seen across multiple preclinical studies. In 2018, we'll continue to add significant value to our DEP® pipeline with clinical trials already underway for two in-house products - DEP® docetaxel and DEP® cabazitaxel - and one of our partnered DEP® products, AstraZeneca's AZD0466, due to enter the clinic".

Dr Fairley concluded: "Starpharma has been attracting considerable attention from investors and partners around the world, and we expect this momentum to build as more companies understand the benefits of our dendrimer platform technology and recognise the value of Starpharma's near-term catalysts. Regulatory approvals, licensing deals, DEP® clinical trials, and the product launch for VivaGel® BV in Australia and elsewhere, are amongst the many milestones we are expecting over the next 12 months".

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 two core development programs: VivaGel® portfolio and DEP® drug delivery with the Company developing a number of products internally and others via commercial partnerships.

VivaGel®: Starpharma's portfolio includes women's health products based on VivaGel® (SPL7013, astodrimer sodium), a proprietary dendrimer. VivaGel® BV is approved for marketing in the EU and Australia for bacterial vaginosis (BV). Starpharma has a license agreement with Aspen Pharmacare Australia Pty Ltd for the sales and marketing of VivaGel® BV in Australia and New Zealand. Starpharma has also developed an antiviral condom which uses VivaGel® in the lubricant, which is available in Australia and Canada under the Lifestyles® Dual Protect™ brand. Starpharma has a number of license agreements to market the VivaGel® condom in other regions, including China and Japan (Okamoto).

DEP® - Dendrimer Enhanced Product®: Starpharma's DEP® drug delivery platform has demonstrated reproducible preclinical benefits across multiple internal and partnered DEP® programs, including improved efficacy, safety and survival. Starpharma has two internal DEP® products – DEP® docetaxel and DEP® cabazitaxel - in clinical development in patients with solid tumours, and further DEP® products approaching clinical development. Starpharma's partnered DEP® programs include a multiproduct DEP® licence with AstraZeneca, which involves the development and commercialisation of two novel oncology compounds, with potential to add more.

Starpharma.com | Twitter | LinkedIn

Media
WE Buchan Consulting
Rebecca Wilson
Mob: +61 417 382 391
rwilson@buchanwe.com.au

Arthur Chan
+61 2 9237 2805
achan@buchanwe.com.au

Starpharma
Dr Jackie Fairley, Chief Executive Officer
Nigel Baade, CFO and Company Secretary
+61 3 8532 2704
investor.relations@starpharma.com

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 2017

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2017 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 2017

Previous corresponding period: Half-year ended 31 December 2016

The prior corresponding period financial results are re-presented for the results of the discontinued operation.

				$
Revenue from continuing operations *(Appendix 4D item 2.1)*	Up	120%	to	$1,207,000
Loss from continuing operations after tax attributable to members *(Appendix 4D item 2.2)*	Down (decreased loss)	25%	to	$6,231,000
Net Loss for the period attributable to members *(Appendix 4D item 2.3)*	Down (decreased loss)	31%	to	$6,231,000

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 continuing operations consists of royalty, licensing and research revenue from commercial partners of $663,000 (December 2016: $203,000); and interest income on cash invested in term deposits of $544,000 (December 2016: $345,000).

Explanation of net loss

(Appendix 4D item 2.6)

The consolidated loss from continuing operations after tax for the half-year to 31 December 2017 was $6,231,000 (December 2016: $8,335,000). The net loss is lower than the prior period predominantly on lower research and product development expense due to the completion of the VivaGel® BV phase 3 clinical trials for the prevention of recurrent BV. Research and product development expense includes the expenditure of the Company's internal DEP® drug delivery programs, including DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan, as well as the VivaGel® program.

A contra research and product development expense of $2,102,000 (December 2016: $1,585,000) 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	
	2017	2016
Net tangible asset backing per ordinary share	**$0.15**	$0.09

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 2017 half-year financial statements.

This report is based on the consolidated 2017 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 2017 half-year financial statements.

Directors' Report

The directors have pleasure in presenting this report on the consolidated entity (referred to hereafter as the group or the Company) consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

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

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, and as a condom coating. Starpharma is also applying its proprietary dendrimers to drug delivery to create improved pharmaceuticals and has developed the valuable DEP® delivery platform.

Business strategy, future developments and prospects

The Company aims to create value for shareholders through the commercial exploitation of proprietary products based on its dendrimer technology in pharmaceutical applications. The Company's key focus is to advance and broaden its product development pipeline, including internal and partnered DEP® programs and commercial opportunities for VivaGel®. 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, patent opportunity, 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.

While Starpharma's strategy remains consistent with the previous period, the Company sold its agrochemicals business in June 2017, enabling the Company to strengthen its focus on the development of the high-value DEP® portfolio. Starpharma remains well positioned to capture value from this technology portfolio in the short to medium term. Starpharma has extensive expertise, a strong intellectual property portfolio, a deep product portfolio, a culture and ability to innovate and apply its technology platform to commercial opportunities, proven risk management practices, and a strong 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 until the date of this report included:

VivaGel®

- VivaGel® BV phase 3 trials achieved their primary objective for VivaGel® BV, demonstrating statistically significant superiority compared to placebo in preventing recurrent bacterial vaginosis (rBV);
- VivaGel® BV NDA lodged with the US FDA under the Fast Track program, via a rolling submission;
- VivaGel® BV granted TGA marketing approval in Australia with preparations for the launch of Fleurstat™ underway; and
- Significant progress in global/regional licensing negotiations for VivaGel® BV.

DEP® Drug Delivery Platform

- DEP® docetaxel phase 1 trial achieved the key objective of determining a Recommended Phase 2 Dose (RP2D), with no reports of protocol-defined dose limiting toxicities. No neutropenia was observed and encouraging signs of efficacy were observed for multiple tumor types;
- DEP® docetaxel phase 2 trial commenced in major UK hospitals including Guy's Hospital in London, and University College London Hospital (UCLH) Cancer Clinical Trials Unit was initiated in the trial;
- AstraZeneca presented its first DEP® candidate, AZD0466, a highly optimised dendrimer formulation of a novel dual Bcl2/xL inhibitor;
- DEP® cabazitaxel phase 1/2 trial commenced having achieved successful regulatory and ethics approval;
- Significant progress on other partnered programs, including AstraZeneca's and Targeted DEP®;
- Further preclinical studies and internal scale-up of material for DEP® irinotecan undertaken to expedite the path to the clinic; and
- Two DEP® research grants were awarded to Starpharma to collaborate in separate programs with Monash Institute of Pharmaceutical Sciences and the Peter MacCallum Cancer Centre.

VivaGel® Program

VivaGel® BV – Starpharma's breakthrough product for bacterial vaginosis (BV)

In August 2017, Starpharma reported that VivaGel® BV demonstrated statistically significant efficacy in reducing the rates of BV recurrence in two pivotal phase 3 trials. These trials, which enrolled more than 1,200 women across more than 100 sites, also met all five of their secondary efficacy

measures and demonstrated excellent safety and tolerability of the product. The majority of women who used VivaGel® BV remained free from the condition during the treatment period and for at least three months after.

These results, together with previous clinical data, strongly support an FDA New Drug Application (NDA) for VivaGel® BV for both BV treatment and prevention of rBV indications of VivaGel®. The Company has submitted a substantial portion of its NDA, including the clinical data supporting the treatment indication, through a rolling submission process to the FDA, with remaining sections to be submitted in the near future. VivaGel® BV has been granted Fast Track status and Qualified Infectious Disease (QIDP) designation from the US FDA, for both indications, which are designed to accelerate the regulatory process and secure rapid approval and early market access for products that address unmet medical needs. Based on experience with other products granted Fast Track status, review time is expected to be approximately 6-8 months. VivaGel® BV was granted marketing approval in Australia in October 2017 adding to its earlier approval in Europe.

During the half-year, Starpharma made significant progress with licensing negotiations for commercial rights to VivaGel® BV. Licence negotiations in multiple territories are occurring in parallel and continue to progress well. A number of term sheets and draft contracts are currently under negotiation with parties, including major global and regional companies as well as companies specialising in women's health.

VivaGel® condom – World-first product and the only anti-viral condom with lubricant incorporating VivaGel®

During the half-year, good regulatory progress was made in Japan, China, Europe and other markets. This progress supports the licences with LifeStyles® (previously Ansell), Okamoto in Japan, and Sky and Land Latex Co. (Sky & Land) in China. LifeStyles® have launched the VivaGel® condom in Australia and in Canada, under the Lifestyles® Dual Protect™ brand with further approvals anticipated.

DEP® Drug Delivery Platform

Internal DEP® programs

Within Starpharma's DEP® portfolio, the most advanced product is DEP® docetaxel - a dendrimer-enhanced version of docetaxel, which is one of the most widely used cancer drugs for treatment of a range of common tumours including breast, prostate and lung. During the half-year, the DEP® docetaxel phase 1 trial reported positive clinical data and recently moved into phase 2. The phase 1 trial successfully achieved the key objective of determining a Recommended Phase 2 Dose (RP2D). There were no protocol-defined dose limiting toxicities reported and no patients experienced neutropenia, a life-threatening side effect seen in more than 90% of patients who take the original docetaxel product (e.g. Taxotere®). Additionally, encouraging signs of anti-cancer efficacy, including stable disease, were observed in approximately half of the DEP® docetaxel-treated patients for a range of tumour types, including cancers that do not typically respond to docetaxel.

Since commencement of the phase 2 DEP® docetaxel study a number of patients have been enrolled into, and have received multiple cycles of treatment, at Guy's Hospital in London. The University College London Hospital (UCLH) Cancer Clinical Trials Unit has been initiated in the trial and is expected to commence recruitment shortly. Two further sites in the UK are also in the process of being initiated, including The Newcastle upon Tyne Hospitals. The phase 2 is an open-label, two-stage design, with the objective of establishing anti-tumour activity (efficacy) and safety of DEP® docetaxel at the RP2D. Consistent with the results of the phase 1 study, the patients have not required steroid pre-treatment and have not experienced neutropenia following treatment with DEP® docetaxel.

Starpharma's other clinical stage DEP® product is DEP® cabazitaxel, a detergent free version of leading cancer drug, Jevtana®. The phase 1/2 clinical trial for DEP® cabazitaxel commenced following regulatory and ethics approvals being received. The key objectives of the phase 1/2 trial will be to evaluate the safety, tolerability and pharmacokinetics of DEP® cabazitaxel, to define a RP2D, and to explore anti-tumour efficacy of the product. The trial will be conducted at multiple sites, with Guy's Hospital and UCLH in the UK being the first sites open for recruitment.

In addition to DEP® docetaxel and DEP® cabazitaxel, Starpharma is developing a number of other internal DEP® products, such as DEP® irinotecan.

Starpharma's recently commissioned scale-up facilities continues to be used for both internal and partnered DEP® programs. These facilities provide the Company with significant financial benefits and faster turnaround compared to third party manufactured materials.

Partnered DEP® programs

Starpharma's partnered DEP® programs include a multiproduct licence with AstraZeneca, which currently involves the development and commercialisation of two novel oncology compounds with potential to add more. AstraZeneca's first DEP® candidate is AZD0466, a highly optimised dendrimer formulation of a novel dual Bcl2/xL inhibitor, which has the potential to be a best-in-class cancer drug. AstraZeneca presented data on AZD0466 during the half-year, adding to the growing body of data which continues to validate the value of Starpharma's DEP® drug delivery platform. Clinical trials for AZD0466 are expected to commence in 2018 and will be funded by AstraZeneca. Starpharma also has an additional DEP® program, separate to the existing multiproduct DEP® licence.

Starpharma's two Targeted DEP® partnerships with world leading antibody-drug conjugate companies also progressed positively during the half-year.

Starpharma's DEP® platform offers the opportunity to generate a significant number of additional high value licences. The Company continues to pursue further partnerships in this area.

Review of Financials

	Half-Year Ended 31 December	
Income statement	**2017 $'000**	2016* $'000
Continuing operations		
Revenue	**1,207**	548
Other income	**37**	1
Research and product development expense (net of R&D tax incentive)	**(5,406)**	(7,402)
Commercial and regulatory operating expense	**(766)**	(575)
Corporate, administration and finance expense	**(1,303)**	(907)
Loss from continuing operations	**(6,231)**	(8,335)
Loss from discontinued operation	**-**	(682)
Loss for the period	**(6,231)**	(9,017)

*The prior period financial results are re-presented for the discontinued operations after the sale of the agrochemical business in June 2017, and functional expense classifications have been re-presented to align with the transition of the functional areas of the business, including expanded commercialisation of its products.

Income statement
For the half-year ended 31 December 2017 the consolidated loss from continuing operations after income tax was $6,231,000 (December 2016: $8,335,000).

Revenue consists of royalty, licensing and research revenue from commercial partners of $663,000 (December 2016: $203,000); and interest income on cash invested in term deposits of $544,000 (December 2016: $345,000).

Research and product development expenses include the costs of the VivaGel® BV and internal DEP® drug delivery programs, including DEP® docetaxel, DEP® cabazitaxel, and DEP® irinotecan. Research and product development expenditure is lower than the prior period predominantly due to the completion of the VivaGel® BV phase 3 clinical trials for the prevention of recurrent BV. A contra research and product development expense of $2,102,000 (December 2016: $1,585,000) has been recorded for research and development activities eligible under the Australian Government's R&D Tax Incentive program.

Commercial and regulatory operating expense includes the expenditure related to the commercialisation of both VivaGel® and DEP® portfolios, including business development, regulatory, supply chain and quality assurance activities.

Corporate, administration and finance expense include corporate costs, as well as gains/losses on foreign currency held. The increase over the prior corresponding period, reflects the effect of employment costs, including non-cash share-based payments expense, of $223,000; and foreign currency movement of $151,000.

Balance sheet
At 31 December 2017 the group's cash position was $49,902,000 (June 2017: $61,188,000). Trade and other receivables of $9,894,000 (June 2017: $4,490,000) include the accrued $3,728,000 refundable Australian Government R&D tax incentive relating to year ended 30 June 2017 eligible activities, a further $1,911,000 accrued R&D tax incentive receivable relating to half-year ended 31 December 2017 activities, and the FDA New Drug Application fee for VivaGel® BV of US$2,422,000 refundable under a Small Business Waiver. Subsequent to the 31 December balance date, $3,747,000 of R&D tax incentive and the US$2,422,000 FDA fee have been received. Trade and other payables of $3,942,000 (June 2017: $4,670,000) have reduced primarily on lower accruals associated with the VivaGel® BV clinical program.

Statement of cash flows
Net operating cash outflows for the half-year were $11,261,000 (December 2015: $9,881,000), which includes the payment of the US$2,422,000 FDA New Drug Application fee for VivaGel® BV which was subsequently refunded in January 2018. In the prior corresponding period the R&D tax incentive was received prior to the 31 December balance date, compared to current reporting period.

Earnings per share

	Half-year ended 31 December	
	2017 Cents	2016 Cents
Basic / diluted loss per share		
From continuing operations	**(1.69)**	(2.26)
From discontinued operations	**-**	(0.19)
Total	**(1.69)**	(2.45)

Matters subsequent to the end of the financial half-year

Subsequent to the 31 December balance date, A$3,747,000 of refundable R&D tax incentive and the FDA fee for VivaGel® BV of US$2,422,000 (equivalent A$3,104,481 at balance date) have been received.

No other matters or circumstances have arisen since 31 December 2017 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 ASIC Corporations (Rounding Financial/Directors' Reports) Instrument 2016/191, 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 Instrument.

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 7.

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

Rob Thomas *AM*
Chairman
Melbourne, 26 February 2018

Auditor's Independence Declaration

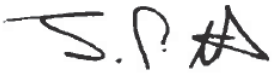
Auditor's Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half-year ended 31 December 2017, 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
PricewaterhouseCoopers

Melbourne
26 February 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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 2017 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 2017

	Notes	Half-year 2017 $'000	Half-year 2016* $'000
Continuing operations			
Revenue	4	**1,207**	548
Other income	4	**37**	1
Research and product development expense	5	**(5,406)**	(7,402)
Commercial and regulatory operating expense	5	**(766)**	(575)
Corporate and administration expense	5	**(1,301)**	(907)
Finance costs		**(2)**	-
Loss before income tax		**(6,231)**	(8,335)
Income tax expense		**-**	-
Loss from continuing operations		**(6,231)**	(8,335)
Loss from discontinued operation (attributable to equity holders of the company)		**-**	(682)
Loss for the period		**(6,231)**	(9,017)

Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic loss per share	8	**(1.69)**	(2.26)
Diluted loss per share	8	**(1.69)**	(2.26)

Loss per share for loss attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic loss per share	8	**(1.69)**	(2.45)
Diluted loss per share	8	**(1.69)**	(2.45)

*The prior period financial results are re-presented for the results of the discontinued operations, and the additional functional expense classification “Commercial and regulatory operating expense”.

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 2017

		Half-year
	2017	2016*
	$'000	$'000
Loss for the period	**(6,231)**	(9,017)
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss:		
Foreign exchange differences on translation of discontinued operations	**-**	203
Other comprehensive income (loss) for the period	**-**	203
Total comprehensive loss for the period	**(6,231)**	(8,814)
Total comprehensive income for the period attributable to owners of Starpharma Holdings Limited arise from		
Continuing operations	**(6,231)**	(8,335)
Discontinued operations	**-**	(479)
	(6,231)	(8,814)

*The prior period financial results are re-presented for the results of the discontinued operations.

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

Consolidated balance sheet

As at 31 December 2017

	Notes	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		**49,902**	61,188
Trade and other receivables	7	**9,894**	4,490
Total current assets		**59,796**	65,678
Non-current assets			
Property, plant and equipment		**1,049**	913
Total non-current assets		**1,049**	913
Total assets		**60,845**	66,591
Current liabilities			
Trade and other payables		**3,942**	4,670
Finance lease liabilities		**26**	23
Provision for employee benefits		**858**	817
Deferred income		**36**	11
Total current liabilities		**4,862**	5,521
Non-current liabilities			
Finance lease liabilities		**36**	47
Provision for employee benefits		**33**	39
Total non-current liabilities		**69**	86
Total liabilities		**4,931**	5,607
Net assets		**55,914**	60,984
Equity			
Contributed capital	6	**193,549**	193,549
Reserves		**12,057**	10,896
Accumulated losses		**(149,692)**	(143,461)
Total equity		**55,914**	60,984

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 2017

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Half-year December 2017 Total equity $'000
Balance at 1 July 2017		193,549	10,896	(143,461)	60,984
Loss for the period		-	-	(6,231)	(6,231)
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		-	-	-	-
Total comprehensive loss for the half-year		-	-	(6,231)	(6,231)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	-	-	-	-
Employee performance rights plan		-	1,161	-	1,161
Total transactions with owners		-	1,161	-	1,161
Balance at 31 December 2017		193,549	12,057	(149,692)	55,914

For the half-year ended 31 December 2016

	Notes	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Half-year December 2016 Total equity $'000
Balance at 1 July 2016		193,512	9,787	(153,875)	49,424
Loss for the period		-	-	(9,017)	(9,017)
Other comprehensive income					
Foreign exchange differences on translation of discontinued operations		-	203	-	203
Total comprehensive income (loss) for the half-year		-	203	(9,017)	(8,814)
Transactions with owners, recorded directly in equity					
Contributions of equity, net of transaction costs	6	-	-	-	-
Employee performance rights plan		-	1,002	-	1,002
Total transactions with owners		-	1,002	-	1,002
Balance at 31 December 2016		193,512	10,992	(162,893)	41,611

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 2017

	Notes	Half-year 2017 $'000	Half-year 2016 $'000
Cash flow from operating activities			
Receipts from trade and other debtors (inclusive of GST)		**426**	624
Grant income and R&D tax incentives (inclusive of GST)		**-**	3,523
Payments to suppliers and employees (inclusive of GST)*		**(12,240)**	(14,376)
Interest received		**555**	348
Interest paid		**(2)**	-
Net cash outflows from operating activities		**(11,261)**	(9,881)
Cash flow from investing activities			
Payments for property, plant and equipment		**(215)**	(50)
Net cash outflows from investing activities		**(215)**	(50)
Cash flow from financing activities			
Lease repayments		**(13)**	(16)
Net cash inflows from financing activities		**(13)**	(16)
Net decrease in cash and cash equivalents held		**(11,489)**	(9,947)
Cash and cash equivalents at the beginning of the half-year		**61,188**	45,972
Effects of exchange rate changes on cash and cash equivalents		**203**	255
Cash and cash equivalents at the end of the half-year		**49,902**	36,280

*Payments to suppliers and employees includes the US$2,422,000 FDA New Drug Application fee for VivaGel® BV which was subsequently refunded in January 2018.

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

Notes to the consolidated financial statements

31 December 2017

Contents

1. Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2017 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 2017 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. The assessment of certain new accounting standards effective for annual reporting periods beginning on or after 1 January 2018 has not changed since the 30 June 2017 annual report (see Note 1(y) of that report).

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 product 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 2017, the group has recorded a contra research and development expense of $2,102,000.

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 from continuing operations	**2017 $'000**	2016* $'000
Royalty, customer & license revenue	**663**	203
Interest revenue	**544**	345
Total revenue from continuing operations	**1,207**	548
Total other income (including government grants)	**37**	1
Total revenue and other income from continuing operations	**1,244**	549

*The prior period financial results are re-presented for the results of the discontinued operations.

5. Expenses

Consolidated	**Half-year**	
	2017 $'000	2016* $'000
Loss from continuing operations before income tax expense includes the following items:		
R&D Tax Incentive (contra expense)[1]	**(2,102)**	(1,585)
Employee benefits expenses (including share-based payments)	**4,370**	3,780
Depreciation	**154**	141
Rental expense on operating leases	**282**	274

*The prior period financial results are re-presented for the results of the discontinued operations.

[1] Included within the research and product development expense line item in the consolidated income statement.

Expense classifications have been re-presented to align with the transition of the functional areas of the business, including expanded commercialisation of its products. This has resulted in an additional expense classification, "Commercial and regulatory operating expense", being reported on the consolidated income statement. Commercial and regulatory operating expense includes the expenditure related to the commercialisation of both VivaGel® and DEP® portfolios, including business development, regulatory, supply chain and quality assurance activities. The reclassification has resulted in $575,000 of prior comparative period expenditure being allocated to the new expense classification, and accordingly Research and product development expense and Corporate and administration expense classifications have been re-presented.

6. Contributed equity

(a) Share capital

	Consolidated		Consolidated	
	December 2017 Shares	June 2017 Shares	**December 2017 $'000**	June 2017 $'000
Share Capital				
Ordinary shares – fully paid	**370,514,227**	369,091,652	**193,549**	193,549

(b) Ordinary shares

As at 31 December 2017 there were 370,514,227 issued ordinary shares. During the half-year to 31 December 2017 1,422,575 ordinary shares were issued on the vesting on employee performance rights. 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.

(c) 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 24,548 shares was issued to eligible staff on 29 January 2018, subsequent to the reporting date.

(d) Employee Performance Rights Plan

There were 1,422,575 shares issued on the vesting on performance rights and 4,590,600 performance rights issued during the financial half-year.

As at 31 December 2017 the company had on issue the following Employee Performance Rights under the Starpharma Holdings Limited Employee Performance Rights Plan.

Grant date	Vesting date	Number under rights
30 January 2015	30 September 2018	714,750
11 November 2015	30 June 2017	325,693
11 November 2015	30 September 2018	1,785,600
19 November 2015[1]	30 June 2017	181,001
19 November 2015[1]	30 September 2018	893,851
13 October 2016	30 June 2018	470,284
13 October 2016	30 September 2019	2,054,600
29 November 2016[2]	30 June 2018	172,842
29 November 2016[2]	30 September 2019	876,978
10 October 2017	30 June 2019	684,520
10 October 2017	30 September 2020	2,738,080
29 November 2017[3]	30 June 2019	224,121
29 November 2017[3]	30 September 2020	895,879

[1] Approved by shareholders at the Annual General Meeting on 19 November 2015; securities allotted on 2 December 2015.
[2] Approved by shareholders at the Annual General Meeting on 29 November 2016; securities allotted on 5 December 2016.
[3] Approved by shareholders at the Annual General Meeting on 29 November 2017; securities allotted on 11 December 2017.

7. Events occurring after the balance sheet date

Subsequent to the 31 December balance date, A$3,747,000 of refundable R&D tax incentive and the FDA fee for VivaGel® BV of US$2,422,000 (equivalent A$3,104,481 at balance date) have been received.

There are no other significant events occurring since 31 December 2017 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	
	2017	2016
Basic loss per share / Diluted loss per share		
From continuing operations attributable to the ordinary equity holders of the company (cents)	**(1.69)**	(2.26)
From discontinued operation (cents)	**-**	(0.19)
Total loss per share attributable to the ordinary equity holders of the company (cents)	**(1.69)**	(2.45)
Reconciliations of loss used in calculating earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations ($'000)	**(6,231)**	(8,335)
From discontinued operation ($'000)	**-**	(682)
Total ($'000)	**(6,231)**	(9,017)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**369,739,376**	368,120,526

As at 31 December 2017 the company had on issue 12,018,199 (30 June 2017: 9,419,740) performance rights. The rights are not included in the determination of basic earnings per share. The rights are also not included in the determination of diluted earnings per share. They are not considered dilutive as their conversion would not increase loss per share from continuing operations.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 17 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 2017 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, 26 February 2018

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 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Starpharma Holdings Limited. 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 2017 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

Jon Roberts
Partner

Melbourne
26 February 2018