HALF YEAR RESULTS
PERIOD ENDED 31 DECEMBER 2004

Key points

- Results in line with projections
- Net cash outflow – AUD$3.2 million; Cash balance – AUD $12.5 million
- Starpharma leads consortium to develop second generation microbicide following US$5.4 million NIH grant
- Starpharma recognised in **top five nanotech breakthroughs of 2004** by *The Forbes/Wolfe Nanotech Report*
- Following the reporting period, Starpharma also secured a major deal with The Dow Chemical Company and established a Level 1 American Depositary Receipts (ADR) facility.

24 February 2005: Starpharma Holdings Limited (ASX: SPL, USOTC: SPHRY), today announced its results for the six months ending 31 December 2004.

During this period Starpharma achieved a number of significant milestones including its successful application for US National Institute of Health (NIH) funding of USD$5.4 million for an international consortium to develop of a second generation vaginal microbicide.

Results for the half year are in line with projections, with a net outflow of AUD$3.2 million during the period and a cash balance of AUD$12.5 million at 31 December 2004.

VivaGel™ is the most advanced nano-based drug in the US regulatory system and was the first dendrimer-based pharmaceutical to enter human clinical testing under a US Food and Drug Administration (FDA) Investigational New Drug Application. VivaGel™ has also been recognised as one of the top five nanotech breakthroughs of 2004 by US Investor magazine *The Forbes/Wolfe Nanotech Report.*

The Company is continuing to direct significant resources to VivaGel™ following the successful completion of the initial Phase 1 clinical study. VivaGel™ is being developed to prevent HIV and potentially genital herpes. It is also the most advanced nanotechnology based drug in development under the US FDA regulatory system.

Receipts during the period included AUD$909k (USD$688k) being the first payment under a grant from the National Institute of Allergy and Infectious Diseases (NIAID), part of the US National Institutes of Health (NIH). This grant, announced on 30 September 2004, provides funding of US$5.4M to develop a second generation product combining Starpharma's VivaGel™ with BufferGel™, a

product developed by the US company ReProtect Inc. BufferGel™ is a vaginal microbicide that works by reinforcing the natural protective action of the female reproductive tract, and is currently in an NIH sponsored Phase II/IIb safety and efficacy trial for the prevention of HIV transmission.

Since the end of the half year Starpharma has entered into an agreement with The Dow Chemical Company (Dow) and Dendritic NanoTechnologies, Inc (DNT) which grants Starpharma exclusive rights to DNT and former Dow intellectual property for polyvalent dendrimer-based pharmaceutical applications. This agreement was announced to the ASX on 27 January 2005.

"We are very happy with the achievement of these important milestones by the Company and we are continuing to build momentum and to execute our business strategy for recognition and adoption of dendrimers within the pharmaceutical industry." said John Raff, CEO of Starpharma.

About Starpharma:

Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) is leading the world in nanomedicine. Its lead product in development is VivaGel™, a vaginal microbicide gel that has been developed for women as a preventative against the sexual transmission of HIV. It has also shown activity in animal studies for the prevention of other sexually transmitted diseases including genital herpes. The Company has a broad range of opportunities arising from its innovations involving the discovery and development of pharmaceutical nanotechnology products using dendrimers and the multi-binding phenomenon of polyvalence.

SPL also has an equity interest in a Michigan based company – Dendritic NanoTechnologies, Inc. (DNT) – established with the US pioneer of dendrimer nanotechnology Dr Donald A. Tomalia.

Microbicides
A microbicide inactivates, kills or destroys microbes. Microbicides may be formulated as gels, creams, sponges, suppositories or films with the purpose of reducing significantly the incidence of STDs. There are currently no vaginal microbicides on the market. They are intended for vaginal or rectal use to afford protection for varying periods, from several hours up to days. Microbicides may also be designed to have a contraceptive function by inhibiting sperm.

Dendrimers
Dendrimers are a type of nanoparticle. They are man-made chemicals that form tiny balls made up of a dense network of branches. Dendrimers have applications in the medical, electronics, chemicals and materials industries.

American Depositary Receipts (ADRs)
Starpharma's ADRs trade under the code **SPHRY** (CUSIP number 855563102). Each Starpharma ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. The Bank of New York is the depositary bank.

For further information:

Media **Rebecca Christie** Buchan Consulting +612 9237 2801 rchristie@bcg.com.au	**Dr John W Raff** Chief Executive Officer +61 3 8532 2701	**Mr Ben Rogers** Company Secretary +61 3 8532 2702 ben.rogers@starpharma.com
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STARPHARMA HOLDINGS Limited
ABN 20 078 532 180

ASX Half-year information – 31 December 2004

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with the 30 June 2004 Annual Report.

Contents

STARPHARMA HOLDINGS Ltd
Half-year ended 31 December 2004
(Previous corresponding period:
Half-year ended 31 December 2003)

Results for Announcement to the Market

				$
Revenue from ordinary activities	up~~/down~~	4%	to	805,262
Profit/(loss) from ordinary activities after tax attributable to members	up~~/down~~	86%	to	(4,413,607)
Net profit/(loss) for the period attributable to members	up~~/down~~	86%	to	(4,413,607)

Dividends/distributions	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

Revenue consisted of grant income from a US Government NIH Grant of $431,150 (2003: Commonwealth Government R&D START Grant of $508,648), Interest revenue of $368,455 (2003: $257,696), and other revenue of $5,657 (2003: $4,997).

Explanation of Net Profit/(loss)

The consolidated loss of $4,413,607 is after fully expensing all research and development expenditure and patenting costs. The increase of 86% in the net loss is primarily related to development costs for the Company's lead product VivaGel™, which successfully completed an initial Phase 1 clinical study on 16 December 2004.

STARPHARMA HOLDINGS Ltd
Half-year report – 31 December 2004

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 2004 and any public announcements made by Starpharma Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

*Note: A modified version of the Independent Review Report to the Members, incorporating a statement on matters related to electronic presentation of the reviewed financial report, has been appended to this web site version of the half year report as required by PricewaterhouseCoopers.

Your directors present their report on the consolidated entity consisting of Starpharma Holdings Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2004.

This interim financial report should be read in conjunction with the annual financial report for the year ended 30 June 2004.

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)
P M Colman
R Dobinson
L Gorr
P J Jenkins
J W Raff (Chief Executive Officer)

Review of Operations

Principal Activities

The principal activities of the Company consist of investment in, and management and funding of dendrimer based research, development and commercialisation. Activities within the Company are directed towards the development of precisely defined nano-scale materials for use in pharmaceutical applications, with a particular focus on the development of topical vaginal microbicides for the prevention of HIV and other sexually transmitted diseases. These activities are managed by the wholly owned subsidiary Starpharma Pty Ltd.

Outside Equity Investment

The Company also has a significant equity investment in Dendritic Nanotechnologies, Inc, a Delaware incorporated company ("DNT"). At the date of this report the Company owned 43% of the issued shares of DNT. The Company has commercialisation rights to pharmaceutical applications relating to DNT's dendrimer intellectual property through a licensing agreement between DNT and Starpharma Pty Ltd.

Lead Product VivaGel™

The Company has established a reputation as a world leader in the field of drug development using nanotechnology. Starpharma's lead product, VivaGel™, has successfully completed Phase 1 human trials as a vaginal microbicide for prevention of the transmission of HIV, and is the most advanced nano-based drug in the US regulatory system. VivaGel™ was the first dendrimer-based pharmaceutical to enter human clinical testing under a US Food and Drug Administration Investigational New Drug Application, and was recognized as one of the top five nanotech breakthroughs of 2004 by US Investor magazine *The Forbes/Wolfe Nanotech Report*.

Research and Development Strategy

The Company was established in 1996, when it had a unique position in basic nanotechnology research, and at a time when preventative medicines were of little interest to the mainstream pharmaceutical industry. Board and Management have maintained a consistent vision for Starpharma throughout the ensuing eight years, and the Company has built a strong and solid position in the pharmaceutical applications of dendrimer nanotechnology.

The Company's strategy has been to develop the skills and expertise in-house to be able to develop products that incorporate its unique technology. It has also successfully tapped into a large international resource by collaborating with a wide range of institutions across the US. The involvement in a new field of technology and the focus on HIV – an international high priority area of human health – have provided opportunities for the Company to benefit from extensive external funding support and in-kind collaboration on the VivaGel™ project.

The decision to focus on HIV prevention was made five years ago, at a time when it may have been perceived to be a high risk strategy. Today Board and Management have increasing confidence that this strategy will deliver benefits to shareholders. There is an opportunity to take the VivaGel™ development program a long way down the path towards commercialisation with minimal loss of economic interest in the product.

Dendrimer Nanotechnology - Other Pharmaceutical Applications

The international development program for VivaGel™ has provided the Company with a body of data and in-house expertise in nano-drugs for potential application to a range of therapeutic areas in partnership with other biotech and pharmaceutical companies. The Company continues to seek and develop collaborative arrangements with local and overseas business partners, and is increasingly being recognised internationally for its expertise in the pharmaceutical application of dendrimer nanotechnology.

Summary

The Company is well positioned and has the expertise, infrastructure, intellectual property and financial resources to enter a new phase of growth as an internationally competitive biologically based nanotech company. The lead development product VivaGel™ is unique in its potential to impact the major diseases HIV and genital herpes and is also the most advanced nanotechnology based drug in development under the USA regulatory system.

Operating Loss

For the half-year ended 31 December 2004 the consolidated entity incurred an operating loss after income tax of $4,413,607 (December 2003: $2,379,082).

Significant Changes in the State Of Affairs

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

Events occurring after balance date

American Depositary Receipts Program

On 13 January 2005 the Company announced that it had completed establishment of a Level 1 American Depositary Receipts (ADR) Program. The Board had noted that there was an increasing level of interest in the Company among US investors, particularly following

several favourable reviews in significant nanotechnology investor publications, and the ADR facility was established to facilitate trading in Starpharma securities in the US.

Prior to establishing the ADR Program the Company applied to the US Securities and Exchange Commission for exemption from the registration requirements of the Securities Exchange Act of 1934, as amended, afforded by Rule 12g3-2(b) thereunder. The Company was added to the list of foreign issuers that have been granted exemption pursuant to Rule 12g3-2(b).

The Company's ADRs trade under the code SPHRY (CUSIP number 855563102). Each ADR is equivalent to 10 ordinary shares of Starpharma Holdings Ltd as traded on the Australian Stock Exchange (ASX:SPL). The Bank of New York is the depositary bank.

Agreement between DNT, The Dow Chemical Company and Starpharma to Commercialize Nanotechnology

On 26 January 2005 the Company announced an agreement with DNT and The Dow Chemical Company ("Dow") under which DNT and Starpharma would secure ownership of or access to the world's broadest patent portfolio in the field of dendrimers, establishing the companies as leading providers of market-validated nanotechnology with near-term, tangible commercial applications. The terms of the deal provided for Dow to assign its entire intellectual property portfolio and associated royalties in the field of dendrimers (196 patents comprising 41 patent families) to DNT in exchange for a significant equity stake in DNT. Starpharma made an additional cash equity investment of US$1 million in DNT in exchange for exclusive rights to DNT and former Dow intellectual property for polyvalent, dendrimer-based pharmaceutical applications.

The Company is currently pursuing a strategy of consolidating its intellectual property position within the dendrimer field.

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

Peter T Bartels, *AO* 24th February 2005
Director Melbourne

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Auditors' Independence Declaration

As lead auditor for the review of Starpharma Holdings Limited for the half year ended 31 December 2004, 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.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
24 February 2005

STARPHARMA HOLDINGS Ltd
Consolidated statement of financial performance
For the half-year ended 31 December 2004

	Consolidated	
	2004	2003
	$	$
Revenue from ordinary activities	**805,262**	771,341
Expenses from ordinary activities		
Administration expense	**(1,409,504)**	(1,026,988)
Research and development expense	**(3,023,432)**	(1,660,922)
Occupancy expense	**(194,744)**	(157,291)
Depreciation (plant and equipment)	**(339,646)**	(297,126)
Borrowing	**(8,235)**	(11,993)
Other expense from ordinary activities	**-**	-
Share of results of associates accounted for using the equity method	**(243,308)**	3,897
PROFIT (LOSS) FROM OPERATING ACTIVITIES BEFORE TAX	**(4,413,607)**	(2,379,082)
Income tax on ordinary activities	**-**	-
PROFIT (LOSS) FROM OPERATING ACTIVITIES AFTER TAX	**(4,413,607)**	(2,379,082)
(Profit) Loss attributable to outside equity interest	**-**	-
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS	**(4,413,607)**	(2,379,082)

STARPHARMA HOLDINGS Ltd
Consolidated statement of financial position
As at 31 December 2004

	Consolidated	
	31 December 2004	30 June 2004
ASSETS	**$**	$
CURRENT ASSETS		
Cash assets	**12,483,176**	15,658,300
Receivables	**366,929**	471,139
Other	**34,664**	113,044
TOTAL CURRENT ASSETS	**12,888,769**	16,242,483
NON CURRENT ASSETS		
Property, plant and equipment	**1,419,503**	1,556,265
Investments accounted for using the equity method	**381,887**	692,194
TOTAL NON-CURRENT ASSETS	**1,801,390**	2,248,459
TOTAL ASSETS	**14,686,159**	18,490,942
LIABILITIES		
CURRENT LIABILITIES		
Payables	**696,304**	445,908
Provisions	**260,541**	249,015
Interest-bearing liabilities	**60,007**	60,007
Deferred Income	**477,666**	**-**
TOTAL CURRENT LIABILITIES	**1,494,518**	754,930
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**79,750**	143,516
TOTAL NON-CURRENT LIABILITIES	**79,750**	143,516
TOTAL LIABILITIES	**1,574,268**	898,446
NET ASSETS	**13,111,891**	17,592,496
EQUITY		
Contributed equity	**46,821,956**	46,821,956
Foreign currency translation reserve	**(54,289)**	**12,709**
Retained profits (Accumulated losses)	**(33,655,776)**	(29,242,169)
TOTAL EQUITY	**13,111,891**	17,592,496

STARPHARMA HOLDINGS Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2004

	Consolidated Half-year	
	2004	2003
	$	$
CASH FLOWS FROM OPERATIONS		
Receipts from trade and other debtors	**5,657**	4,997
Grant income (Inclusive of GST)	**908,816**	346,569
Interest received	**352,875**	263,932
Interest expense	**(8,235)**	(11,993)
Payments to suppliers and employees (Inclusive of GST)	**(4,167,586)**	(3,176,214)
NET CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES	**(2,908,473)**	(2,572,709)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**-**	-
Payments for property, plant and equipment	**(202,886)**	(39,279)
NET CASH INFLOWS (OUTFLOWS) FROM INVESTING ACTIVITIES	**(202,886)**	(39,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**-**	6,934,201
Share issue transaction costs	**-**	(328,419)
Lease repayments	**(63,766)**	(60,007)
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES	**(63,766)**	6,545,775
NET INCREASE (DECREASE) IN CASH HELD	**(3,175,124)**	3,933,787
CASH AT THE BEGINNING OF THE PERIOD	**15,658,300**	7,891,543
CASH AT THE END OF THE PERIOD	**12,483,176**	11,825,330

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029 Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board 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 2004 and any public announcements made by Starpharma Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

International Financial Reporting Standards (IFRS) 8-15

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue AASB equivalents to IFRS, and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. These Australian pronouncements will be known as Australian International Financial Reporting Pronouncements (AIFRPs).

The adoption of AIFRPs will be first reflected in the Group's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Major changes identified to date that will be required to the Group's existing accounting policies include the following:

(i) Equity-based compensation benefits

Under the Australian equivalent to IFRS 2 Share-based Payment, equity-based compensation to employees will be recognised as an expense in respect of the services received. This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(ii) Impairment of non current assets

Under AASB136 impairment testing is to be performed at least annually on assets based upon the concept of cash generating units. In the absence of positive cash flows, assets must be written down to the net selling price. The consolidated entity, consistent with other entities in the biotechnology sector, is still largely in a research and development phase and therefore dependent on funding rather than operating cash flows and accordingly is still reviewing the specific requirements of this new standard and any impact it may have on the consolidated entity.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to AIFRPs, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to AIFRPs on the Group's financial position and reported results.

Note 2. Segment information

Half-year ending 31 December 2004

Primary Basis – Business Segments	Virology	Angiogenesis	Other Pharmaceuticals	Dendritic Nano-technologies	Unallocated	Consolidated Total
REVENUE						
External Revenue	4,067	2,914	431,150	-	367,131	805,262
Total Segment Revenue	4,067	2,914	431,150	-	367,131	805,262
ASSOCIATED ENTITIES						
Share of Results of Associates Accounted for using the Equity Method	-	-	-	(243,308)	-	(261,596)
SEGMENT RESULT						
Profit/(Loss) from Ordinary Activities before Income Tax	(833,269)	(1,311,567)	(2,336,489)	-	67,748	(4,413,607)
DEPRECIATION & AMORTISATION						
Depreciation	152,841	152,841	33,964	-	-	339,646
LIABILITIES						
Total Segment Liabilities	-	-	-	-	1,574,268	1,574,268
ASSETS						
Total Segment Assets	819,493	819,493	182,110	381,887	12,483,176	14,686,159
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD						
Property, Plant & Equipment	91,299	91,299	20,288	-	-	202,886

Half-year ending 31 December 2003

Primary Basis - Business Segments	Virology	Angiogenesis	Other Pharmaceuticals	Unallocated	Consolidated Total
REVENUE					
External Revenue	-	508,648	-	262,693	771,341
Total Segment Revenue	-	508,648	-	262,693	771,341
SEGMENT RESULT					
Profit/(Loss) from Ordinary Activities before Income Tax	(1,086,355)	(646,389)	(370,165)	(276,173)	(2,379,082)

Half-year ending 31 December 2003 (cont.)

	Virology	Angiogenesis	Other Pharmaceuticals	Unallocated	Consolidated Total
DEPRECIATION & AMORTISATION					
Depreciation	118,850	118,850	29,713	29,713	297,126
LIABILITIES					
Total Segment Liabilities	-	-	-	820,516	820,516
ASSETS					
Total Segment Assets	974,855	974,855	243,714	12,069,043	14,262,467
SEGMENT ASSETS ACQUIRED DURING THE REPORTING PERIOD					
Property, Plant & Equipment	15,712	15,712	3,928	3,927	39,279

Note 3. Material factors affecting the revenues and expenses of the economic entity for the current period

There was an increase of 84% in the operating loss of the consolidated entity during the current period compared with the previous year. This is attributable to the following factors:

Revenue

Revenue from ordinary activities increased by $33,921. This was primarily due to the inclusion of revenues from a grant awarded by the US National Institute of Health for a Combination Microbicide project ("NIH Grant") totalling $431,150. This has been partially offset by the ending of the Commonwealth Government START Grant revenue that amounted to $508,648 during the half-year ending 31 December 2003.

Operating costs

The 2004 costs increased by $2.1 million in comparison with the corresponding period due to an increase in development activity for advancement of VivaGel past Phase 1 clinical trials, and the commencement of collaborative research and development for the Combination Microbicide project funded by the NIH Grant mentioned under "Revenues" above.

Share of results of associates

The application of equity accounting methods in relation to the investment in DNT Inc. has resulted in a share of the associate's loss amounting to $243,308 on the Consolidated Statement of Financial Performance.

Note 4. Material factors affecting the assets, liabilities and equity of the economic entity for the current period

DNT Inc – Associated Entity

DNT Inc has been treated as an associated company with effect from 27 March 2003. The investment in DNT Inc was initially valued at cost in the accounts of the consolidated entity. Subsequent to that date, normal equity accounting principles have been applied in the determination of the carrying value of the investment in the accounts of the consolidated entity.

There were no other material factors affecting the assets, liabilities and equity of the consolidated entity for the current period not otherwise disclosed in this report.

Note 5. Material factors affecting the cash flows of the economic entity for the current period

Grant Revenue
Proceeds from the receipt of the first payment under the NIH Grant totalling $908,816 were received during the half-year ending 31 December 2004. During the comparative corresponding period Commonwealth Government START Grant funds of $346,569 were shown.

Capital investments
There was a significant increase in payments for property, plant and equipment compared with the corresponding period. This is attributable to the set up costs for the VivaGel™ development program.

Equity investments
In January 2005, Starpharma made a cash equity investment of US$1 million in DNT. Refer to note 7 for further information.

Cash position
Cash at bank at the end of the current period included the proceeds of the two share placements that took place during the year ending 30 June 2004 amounting to $13,787,898 net of issue costs. The 2003 comparative data in the cash flow statements includes the proceeds for the first share placement amounting to $6,605,782 net of issue costs.

Note 6. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

Note 7. Events occurring after balance date

American Depositary Receipts Program

On 13 January 2005 the Company announced that it had completed establishment of a Level 1 American Depositary Receipts (ADR) Program. The Board had noted that there was an increasing level of interest in the Company among US investors, particularly following several favourable reviews in significant nanotechnology investor publications, and the ADR facility was established to facilitate trading in Starpharma securities in the US.

Prior to establishing the ADR Program the Company applied to the US Securities and Exchange Commission for exemption from the registration requirements of the Securities Exchange Act of 1934, as amended, afforded by Rule 12g3-2(b) thereunder. The Company was added to the list of foreign issuers that have been granted exemption pursuant to Rule 12g3-2(b).

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On 26 January 2005 the Company announced an agreement with DNT and The Dow Chemical Company ("Dow") under which DNT and Starpharma would secure ownership or access to the world's broadest patent portfolio in the field of dendrimers, establishing the companies as leading providers of market-validated nanotechnology with near-term, tangible commercial applications. The terms of the deal provided for Dow to assign its entire intellectual property portfolio and associated royalties in the field of dendrimers (196 patents comprising 41 patent families) to DNT in exchange for a significant equity stake in DNT. Starpharma made an additional cash equity investment of US$1 million in DNT in exchange for exclusive rights to DNT and former Dow intellectual property for polyvalent, dendrimer-based pharmaceutical applications.

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 14 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 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

(b) there are reasonable grounds to believe that Starpharma Holdings Ltd 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, 24th February 2005

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Independent review report to the members of Starpharma Holdings Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Starpharma Holdings Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Starpharma Holdings Limited Group (defined below) as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001,* Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Starpharma Holdings Limited Group (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both Starpharma Holdings Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

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We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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 followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
24 February 2005

Additional dividend/distribution information

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

Accumulated Losses

	31 December 2004	31 December 2003
	$	$
Accumulated losses at the beginning of the financial period	**(29,242,169)**	(23,744,319)
Net profit (loss) attributable to members of STARPHARMA HOLDINGS Ltd	**(4,413,607)**	(2,379,082)
Retained profits at the end of the financial period	**(33,655,776)**	(26,123,401)

NTA Backing

	2004	2003
Net tangible asset backing per ordinary share	**$0.12**	$0.13

Associates and Joint Venture entities

Name	Ownership interest		Aggregate share of profits/(losses), where material		Contribution to net profit/(loss), where material	
	2004	2003	**2004**	2003	**2004**	2003
	%	%	**$**	$	**$**	$
Dendritic Nanotechnologies Inc.	**43.0**	49.9	**(243,308)**	(3,897)	**(243,308)**	(3,897)

Share of Result of Associate

	2004	2003
Gain on deconsolidation	**-**	3,340,209
Share of loss	**(261,596)**	(3,336,312)
Gain on issue of new equity by associate	**18,288**	-
Share of result of associate per statement of financial performance	**(243,308)**	3,897

Other significant information

Earnings per share

	2004	2003
	Cents	Cents
Basic Earnings/(Loss) per share	**(4.0)**	(2.5)
Diluted Earnings/(Loss) per Share	**(4.0)**	(2.5)

Weighted average number of shares used as the denominator

	2004	2003
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	**111,235,000**	102,235,000

Potential ordinary shares not considered dilutive:

As at 31st December 2004 the company had on issue:

240,000 options over unissued capital exercisable on or before the 31st December 2005 at the price of 93.75 cents per ordinary share

220,000 options over unissued capital exercisable on or before the 11th April 2007 at the price of 93.75 cents per ordinary share.

200,000 options over unissued capital exercisable on or before the 30th June 2007 at the price of 93.75 cents per ordinary share.

200,000 options over unissued capital exercisable on or before the 31st December 2008 at the price of 73.00 cents per ordinary share.

740,000 options over unissued capital exercisable on or before the 8th February 2009 at the price of 93.75 cents per ordinary share.

4,750,000 options expiring 31 March 2005 exercisable at $1.00 if exercised before 30 September 2004 and at $1.25 if exercised between 1 October 2004 and 31 March 2005.

192,000 options over unissued capital exercisable on or before the 31st December 2009 at the price of 93.75 cents per ordinary share.

Other Supplementary Information

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

Audit

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

Compliance Statement

This half year report was approved by a resolution of the Board of Directors of the Company on 24th February 2005.

Ben Rogers
Company Secretary
24th February 2005

PRICEWATERHOUSECOOPERS

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Independent review report to the members of Starpharma Holdings Limited

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Starpharma Holdings Limited (the company) for the half-year ended 31 December 2004 included on the Starpharma Holdings Limited web site. The company's directors are responsible for the integrity of the Starpharma Holdings Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Starpharma Holdings Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Starpharma Holdings Limited Group (defined below) as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Starpharma Holdings Limited Group (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both Starpharma Holdings Limited (the company) and the entities it controlled during that half-year.

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

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Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
24 February 2005