



31 January 2005

## **QUARTERLY CASH FLOW REPORT PERIOD ENDED 31 DECEMBER 2004**

Attached is the Appendix 4C – Quarterly Cashflow Report – for Starpharma Holdings Ltd (ASX:SPL, USOTC:SPHRY) for the quarter ended 31 December 2004.

The cashflow results are in line with projections, with a net operating outflow of A\$1.5million for the quarter and a cash balance of A\$12.5million. Receipts for the quarter include A\$909k (US\$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 was announced on 30 September 2004 (*Starpharma to lead a US\$5.4M NIH-funded project to develop a preventative treatment for HIV and other sexually transmitted diseases*).

Since the end of the December quarter Starpharma has entered into an agreement with the Dow Chemical Company (Dow) and Dendritic Nanotechnologies, Inc (DNT) which gives 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.

Under the terms of the deal Starpharma made a cash equity investment of US\$1million in DNT. Following completion of the deal DNT repaid a loan that Starpharma had provided in 2003. With interest, the amount repaid was US\$210k, resulting in a net cash outflow to DNT of US\$790k (A\$1.05m).

Starpharma was the co-founder of DNT, and its total cash investment in that company has been less than US\$4 million. For this outlay Starpharma has secured a major equity position and strategic relationships in the rapidly evolving field of nanotechnology.

A handwritten signature in black ink that reads "John W Raff".

John W Raff  
Chief Executive Officer

**About Starpharma:**

Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) is focused on the development and application of dendrimer nanotechnologies as drugs against major diseases. VivaGel™ is a topical microbicide gel product that has been developed for women as a preventative against the sexual transmission of HIV. It is also active in animal studies for the prevention of other sexually transmitted diseases including genital herpes and Chlamydia. SPL also has an equity interest in a US 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, please contact**

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**Appendix 4C****Quarterly report  
for entities admitted  
on the basis of commitments**

Name of entity

**Starpharma Holdings Limited**

ABN

**20 078 532 180**

Quarter ended ("current quarter")

**31 December 2004****Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>		<b>Current Quarter \$A'000</b>	<b>Year to Date \$A'000</b>
1.1	Receipts from customers	<b>909</b>	<b>914</b>
1.2	Payments for		
	(a) staff costs	<b>(949)</b>	<b>(1,664)</b>
	(b) advertising and marketing	<b>(23)</b>	<b>(26)</b>
	(c) research and development	<b>(1,392)</b>	<b>(2,501)</b>
	(d) leased assets	-	-
	(e) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	<b>169</b>	<b>369</b>
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net operating cash flows</b>	<b>(1,286)</b>	<b>(2,908)</b>
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	<b>(113)</b>	<b>(203)</b>
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	<b>Net investing cash flows</b>	<b>(113)</b>	<b>(203)</b>
1.14	<b>Total operating and investing cash flows</b>	<b>(1,399)</b>	<b>(3,111)</b>

**Cash flows related to financing activities**

1.15	Proceeds from issues of shares	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(64)	(64)
1.19	Dividends paid	-	-
1.20	Other: - Share Issue Costs	-	-
	<b>Net financing cash flows</b>	<b>(64)</b>	<b>(64)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,463)</b>	<b>(3,175)</b>
1.21	Cash at beginning of quarter/year to date	<b>13,946</b>	<b>15,658</b>
1.22	Exchange rate adjustments		
1.23	<b>Cash at end of quarter</b>	<b>12,483</b>	<b>12,483</b>

**Payments to directors of the entity and associates of the directors****Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(199)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.24 consists of the following:

- (a) Remuneration paid to the Chief Executive Officer.
- (b) Directors' fees paid to the Non-Executive Directors.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

### Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements - Credit card facility (total facility \$140,000)	140	17

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	600	1,228
4.2 Deposits at call	11,883	12,718
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>12,483</b>	<b>13,946</b>

### Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

### Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.



.....Date: 31 January 2005

B P Rogers  
Company Secretary