



28 April 2005

## **QUARTERLY CASH FLOW REPORT PERIOD ENDED 31 MARCH 2005**

Attached is the Appendix 4C – Quarterly Cash Flow Report – for Starpharma Holdings Ltd (ASX:SPL, USOTC:SPHRY) for the quarter ended 31 March 2005.

The cash flow results are in line with projections, and reflect a number of initiatives that were announced during the quarter.

In January 2005 Starpharma made a cash equity investment of USD\$1million (AUD\$1.3million) in the US based company Dendritic NanoTechnologies, Inc (“DNT”). This investment was part of an agreement involving the Dow Chemical Company (“Dow”) and DNT under which Starpharma secured exclusive rights to DNT and former Dow intellectual property for polyvalent dendrimer-based pharmaceutical applications. Under the agreement Starpharma also retained its position as the largest shareholder of DNT with a 33% ownership.

During the quarter Starpharma also made an equity investment of AUD\$200k in the start-up biotechnology company Dimerix Bioscience Pty Ltd (“Dimerix”). Dimerix is a specialist drug development company established to commercialise unique technology developed at the Western Australian Institute for Medical Research in the new field of receptor coupling, specifically G-Protein coupled receptors (“GPCRs”). Starpharma assisted with the establishment of Dimerix and is providing in-kind contributions including commercial management expertise in addition to the cash investment. In exchange Starpharma has received a 30% equity holding, making it the largest shareholder of Dimerix.

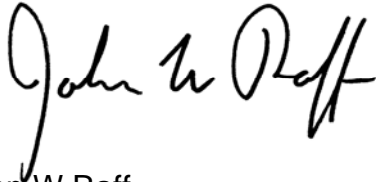
The Dimerix and DNT investments are reflected in *Cash Flows Related to Investing Activities* in the Appendix 4C. A cash inflow of AUD\$286k is also shown under *Investing Cash Flows* and this amount is the repayment of a loan of USD\$200k that Starpharma had provided to DNT in 2003. Following completion of the Dow/DNT deal DNT repaid this loan with interest.

Receipts for the quarter include AUD\$879k (US\$688k) being the second payment under a grant from the National Institute of Allergy and Infectious Diseases (NIAID), part of the US National Institutes of Health (NIH).

The net operating outflow for the quarter was AUD\$812k, and the net cash balance at 31 March 2005 was AUD\$10.4million.

After the end of the quarter Starpharma announced that it had been offered a grant of AUD\$5.6million over four years under the Australian Government’s Pharmaceuticals Partnerships Program.

The Company's ability to secure both US and Australian grants enables us to fund our drug development projects without loss of ownership. This strategy allows us to gain maximum value from shareholder contributed funds, and at current levels of activity our cash reserves are sufficient to support the company for at least two years of operation.



John W Raff  
Chief Executive Officer

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**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. Development programs include multi-acting respiratory and anti-cancer applications.

Starpharma also has equity interests in two companies:

- Dendritic NanoTechnologies, Inc. (DNT) – established with the pioneer of dendrimer nanotechnology Dr Donald A. Tomalia and based in Michigan, USA.
- Dimerix Biosciences Pty Ltd – a specialist drug development company established to commercialise unique technology developed at the Western Australian Institute for Medical Research in the new field of receptor coupling, specifically G-Protein coupled receptors (“GPCRs”).

**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:**

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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 March 2005****Consolidated statement of cash flows****Cash flows related to operating activities**

	Current Quarter \$A'000	Year to Date \$A'000
1.1 Receipts from customers	879	1,794
1.2 Payments for		
(a) staff costs	(751)	(2,415)
(b) advertising and marketing	(60)	(86)
(c) research and development	(1,031)	(3,532)
(d) leased assets	-	-
(e) other working capital	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	151	519
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(812)</b>	<b>(3,720)</b>

**Cash flows related to investing activities**

1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(1,501)	(1,501)
(c) intellectual property	-	-
(d) physical non-current assets	(8)	(211)
(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	286	286
1.13 Other	-	-
<b>Net investing cash flows</b>	<b>(1,223)</b>	<b>(1,426)</b>
1.14 <b>Total operating and investing cash flows</b>	<b>(2,035)</b>	<b>(5,146)</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)
1.19	Dividends paid	-	-
1.20	Other: - Share Issue Costs	-	-
	<b>Net financing cash flows</b>	-	<b>(64)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(2,035)</b>	<b>(5,210)</b>
1.21	Cash at beginning of quarter/year to date	12,483	15,658
1.22	Exchange rate adjustments		
1.23	<b>Cash at end of quarter</b>	<b>10,448</b>	<b>10,448</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	(79)
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.

**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).

- 3.1 Loan facilities
- 3.2 Credit standby arrangements - Credit card facility

Amount available \$A'000	Amount used \$A'000
-	-
140	12

### 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	520	600
4.2 Deposits at call	9,928	11,883
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>10,448</b>	<b>12,483</b>

### Acquisitions and disposals of business entities

- 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

Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
-	-
-	-
-	-
-	-
-	-

### 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: 28 April 2005  
B P Rogers  
Company Secretary