



Quarterly cash flow report Period ended 31 December 2006

Attached is the Appendix 4C – Quarterly Cash Flow Report – for Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) for the quarter ended 31 December 2006.

Cash at the end of the quarter was A\$11.2 million, which is A\$1.1 million less than the previous quarter.

On 20th October 2006 Starpharma completed a transaction to acquire the US based company Dendritic Nanotechnologies, Inc, (DNT) by the issue of new shares as consideration. The report for this quarter includes DNT as a wholly-owned subsidiary since the acquisition date.

Receipts of A\$3.7 million for the quarter included grant payments of A\$3.5 million from the U.S. National Institutes of Health (NIH) for the Company's microbicide development projects.

About Starpharma:

Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) is a world leader in the development of dendrimer nanotechnology for pharmaceutical, life-science and other applications. SPL is principally composed of two operating companies, Starpharma Pty Ltd in Melbourne, Australia and Dendritic Nanotechnologies, Inc in Michigan, USA. Products based on SPL's dendrimer technology are already on the market in the form of diagnostic elements and laboratory reagents.

The Company's lead pharmaceutical development product is VivaGel™ (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes.

In the pharmaceutical field Starpharma has additional specific programs in the areas of Drug Delivery and ADME Engineering™ (using dendrimers to control where and when drugs go when introduced to the body), Polyvalency (using the fact that dendrimers can activate multiple receptors simultaneously) and Targeted Diagnostics (using dendrimers as a scaffold to which both location-signalling and targeting groups are added to allow location of specific cell type, such as cancer cells).

More broadly the company is actively exploring dendrimer opportunities in materials science with applications as diverse as adhesives, lubricants and water remediation.

SPL has a comprehensive IP portfolio that comprises more than 180 patents/applications issued and pending across 32 patent families - a unique level of IP concentration among nanotechnology companies.

Dendrimers: A type of precisely-defined, branched nanoparticle. Dendrimers have applications in the medical, electronics, chemicals and materials industries.

Microbicides: A microbicide inactivates, kills or destroys microbes such as viruses and bacteria. Microbicides may be formulated as gels, creams, sponges, suppositories or films with the purpose of reducing significantly the incidence of STIs. 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.

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 December 2006

Consolidated statement of cash flows

		Current Quarter \$A'000	Year to Date \$A'000
Cash flows related to operating activities			
1.1	Receipts from customers	3,699	4,927
1.2	Payments for		
	(a) staff costs	(1,490)	(2,684)
	(b) advertising and marketing	(67)	(98)
	(c) research and development	(3,195)	(5,258)
	(d) leased assets	(79)	(101)
	(e) other working capital	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	167	354
1.5	Interest and other costs of finance paid	(18)	(21)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net operating cash flows	(983)	(2,881)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(46)	(121)
	(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 - Transaction costs on acquisition of subsidiary (net of cash acquired)	(89)	(89)
	Net investing cash flows	(135)	(210)
1.14	Total operating and investing cash flows	(1,118)	(3,091)
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	-	-
1.19	Dividends paid	-	-
1.20	Other	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,118)	(3,091)
1.21	Cash at beginning of quarter/year to date	12,311	14,284
1.22	Exchange rate adjustments	(34)	(34)
1.23	Cash at end of quarter	11,159	11,159

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	(228)
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 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

On 20th October 2006, Starpharma acquired the remaining 67% of equity in Dendritic Nanotechnologies Inc (DNT), an unlisted USA Delaware corporation, located in Michigan state USA. Starpharma Holdings Ltd issued 20,094,741 ordinary shares as consideration. DNT focuses on dendrimer nanotechnology. The company is performing an assessment of the fair value of identifiable net assets to allocate the purchase price in accordance with AASB 3 *Business Combinations*.

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 - Lease facility for laboratory equipment	482	482
3.2 Credit standby arrangements - Credit card facility	140	26

Item 3.1 A \$481,878 lease facility with National Australia Bank for the lease of laboratory equipment, which is guaranteed by term deposit.

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	2,406	1,966
4.2 Deposits at call	8,753	10,345
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	11,159	12,311

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.



31 January 2007

B P Rogers
Company Secretary