ASX Announcement

Quarterly Cashflow Report

Melbourne, Australia; 25 January 2018: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 31 December 2017.

Starpharma's cash balance as at 31 December 2017 was $49.9 million, with net operating and investing cash outflows for the quarter of $7.2 million. The cash outflows for the quarter included $3.2 million (US$2.4 million) paid to the FDA on the submission of the New Drug Application (NDA) for VivaGel® BV in November. Subsequent to the NDA submission, Starpharma received a Small Business Waiver from the FDA for the NDA submission fee and the full amount was refunded in January.

Starpharma anticipates the cash burn for the second half of the financial year to be significantly lower with material cash inflows, including from the R&D tax incentive of $3.7 million and revenue from its pharmaceutical products, including VivaGel® BV and DEP® milestones. In light of the current licence negotiations and commercialisation activities, cash inflows are envisaged to continue to build in the subsequent year.

Starpharma's cash balance places the Company in a very strong position to continue to accelerate its multiple DEP® candidates, such as DEP® docetaxel and DEP® cabazitaxel through clinical development, advance partnered programs and secure valuable commercial licences for VivaGel® BV ahead of launch in a number of key markets.

Recent operational highlights include:

- **VivaGel® BV NDA lodged with the US FDA under the Fast-Track program** for both treatment and prevention of BV. In late December, Starpharma filed the clinical treatment data under its rolling submission, adding to the three modules already submitted in November. The remainder of the NDA is anticipated to be filed in the coming weeks. Licence negotiations in multiple territories are occurring in parallel and continue to progress well.
- **VivaGel® BV received approval from the TGA** and launch preparations are advancing well. Aspen Pharmacare Australia will market and sell the product in Australia as Fleurstat™ BV gel.
- **Phase 2 DEP® docetaxel trial commenced in major UK hospitals including Guy's and St Thomas' Hospital London** where a number of patients have already received multiple cycles of DEP® docetaxel.
- **University College London Hospital (UCLH) Cancer Clinical Trials Unit** has been **initiated in the phase 2 DEP® docetaxel trial** and is expected to commence recruitment shortly. Two further sites in the UK are also in the process of being initiated.
- **Majority of the preparations for the DEP® cabazitaxel phase 1 / 2 human clinical trial are now complete with trial commencement expected imminently at Guy's and St Thomas' Hospital and UCLH.** The key outcomes of the trial will be to evaluate the safety, tolerability and pharmacokinetics of DEP® cabazitaxel, to define a recommended phase 2 dose and to explore anti-tumour efficacy of the product.

Commenting on the Company's recent highlights and outlook, Dr Jackie Fairley, CEO of Starpharma said: "We are extremely pleased with the progress of our multiple DEP® programs and will continue to accelerate development wherever possible, through our in-house scale up facilities and by initiating further trial sites shortly. It's great to once again see the benefits of DEP® with patients experiencing no neutropenia following DEP® docetaxel treatment in phase 2, consistent with earlier findings. We are pursuing a number of high-value commercial opportunities from Starpharma's DEP® platform with partners and look forward to reporting on these throughout the year. In particular we look forward to AstraZeneca's first DEP product AZD0466 entering the clinic. This is a really exciting oncology agent which has the potential to be best in class and have a major impact in both blood and solid tissue cancers".

Commenting further, Dr Fairley said: "In addition to these activities with our DEP® programs, we have been focussed on finalising our NDA submission for VivaGel® BV, licensing negotiations and launch preparations of the product in Australia. Our licence negotiations for VivaGel® BV outside Australia/NZ are progressing well, and we look forward to announcing further details in the coming months," concluded Dr Fairley.

Outlook

- Clinical module for the prevention of recurrent BV indication, and the final module of the NDA for VivaGel® BV to be submitted to the FDA
- Partnering deal(s) finalised and announced for VivaGel® BV
- Aspen's launch of VivaGel® BV as Fleurstat™ BV gel in Australia
- Advancement of the AstraZeneca DEP® programs, including AZD0466 to phase 1 and associated milestone payment
- Progress with and further sites commencing for the phase 2 DEP® docetaxel and phase 1/2 DEP® cabazitaxel
- Progress with other DEP® internal candidates, such as DEP® irinotecan, and other partnered DEP® programs
- Further regulatory approvals and launch of VivaGel® BV and VivaGel® condom in other regions
- Receipt of $3.7 million FY17 R&D tax incentive refund

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.

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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.

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00, Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity	
Starpharma Holdings Limited	
ABN	**Quarter ended ("current quarter")**
20 078 532 180	**31 December 2017**

Consolidated statement of cash flows		**Current quarter**	**Year to date (6 months)**
		$A'000	**$A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	109	426
1.2	Payments for		
	(a) research and development	(1,540)	(4,585)
	(b) product manufacturing and operating costs	(263)	(453)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,335)	(3,717)
	(f) administration and corporate costs	(108)	(280)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	248	555
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
	(a) Refundable US$2.4M FDA New Drug Application fee for VivaGel® BV (refunded Jan 2018)	(3,205)	(3,205)
1.9	**Net cash from / (used in) operating activities**	**(7,096)**	**(11,261)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(83)	(215)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(a) intellectual property	-	-
	(b) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(83)**	**(215)**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(6)	(13)
3.10	**Net cash from / (used in) financing activities**	**(6)**	**(13)**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	56,881	61,188
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,096)	(11,261)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(83)	(215)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(13)
4.5	Effect of movement in exchange rates on cash held	206	203
4.6	**Cash and cash equivalents at end of quarter**	**49,902**	**49,902**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	8,420	8,682
5.2	Call deposits	41,482	48,199
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**49,902**	**56,881**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	398
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6.1 consists of the following:
(a) Remuneration paid to the Chief Executive Officer; and
(b) Director's fees paid to non-executive directors.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	200	59
8.2	Credit standby arrangements	150	18
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Item 8.1 is a National Australia Bank master asset finance facility for leased laboratory equipment, the annual interest rate is 5.8% and the facility is secured against equipment and a term deposit. Item 8.2 is a National Australia Bank business credit card facility predominantly used for business travel, the facility is secured against a term deposit.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	(3,500)
9.2	Product manufacturing and operating costs	(150)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(1,500)
9.6	Administration and corporate costs	(170)
9.7	Other (US$2.4M FDA New Drug Application fee refunded in Jan 2018)	3,205
9.8	**Total estimated cash outflows *(excluding cash inflows)***	**(2,115)**

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

N J Baade
Company Secretary
25 January 2018

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.