ASX Announcement

Quarterly Cashflow Report

Melbourne, Australia; 26 October 2018: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 30 September 2018.

Starpharma's cash balance as at 30 September 2018 was $49.5 million, with net operating and investing cash outflows for the quarter of $2.1 million, placing Starpharma in a strong financial position to finalise the global licensing of VivaGel® BV and expand/accelerate the development of multiple DEP® programs. Receipts from customers in the quarter include the upfront payment of A$2.0 million (US$1.5 million) from the European Mundipharma VivaGel® BV licence.

Highlights for the quarter:

- The FDA confirmed its acceptance of the VivaGel® BV NDA for filing and its progress to the next stage. The FDA also confirmed that Starpharma's NDA is the subject of a priority review under Fast Track status, with a target review period of approximately six months from the filing acceptance.
- Licensing discussions for the US region have progressed to advanced contract negotiation with multiple parties as part of a competitive process.
- Manufacturing and supply chain activities and contracts have been implemented by Starpharma in preparation for launch in multiple markets. These activities are occurring in parallel with distribution, sales training, promotional and marketing activities by Starpharma's partners (Aspen and Mundipharma). As launch timing of VivaGel® BV in each region is controlled by Starpharma's partners, optimal launch timings are being scheduled taking account of important in-market factors, such as new product/sales cycles in the relevant outlets.
- For the Mundipharma territories, first launches are being targeted for 1HCY19, including in Europe where the product is already approved, and extensive regulatory activities are underway in other regions.
- AstraZeneca's first patent application on DEP® Bcl2/xL conjugates was published by the World Intellectual Property Organisation. The published patent application represents the first disclosure of the compelling efficacy data on DEP® Bcl2/xL conjugates, both alone and in combination with market-leading anti-cancer treatments including Rituximab[1], in various human leukemia models.
- DEP® irinotecan showed impressive efficacy and safety benefits over standard irinotecan in combination with 5-FU in a human pancreatic cancer model. DEP® irinotecan achieved complete tumour regression and 100% survival.
- The final stages of preclinical work for the DEP® irinotecan phase 1/2 trial are nearing completion and the clinical trial is planned to commence this financial year. The trial will be open to patients with a range of cancers, including colon and pancreatic, where impressive efficacy has been shown in preclinical models.
- Recruitment activities continue to progress well for two clinical trials - for DEP® docetaxel (phase 2) and DEP® cabazitaxel (phase 1/2), with new sites opened in the UK in both studies to further support recruitment. No cases of neutropenia have been reported and early efficacy signals have been observed in a number of these patients.

[1] Rituximab is a leading leukemia therapy sold under the brand names Rituxan and Mabthera. In 2017 Rituximab had sales of approximately US$7.5B and is primarily used to treat non-Hodgkin's lymphoma and chronic lymphocytic leukemia (Medtrack Database, August 2018).

- A range of DEP® radiopharmaceuticals have been made and these are currently undergoing feasibility testing in a variety of models. The radiopharmaceutical area is a rapidly developing area of cancer treatment and diagnosis and has recently generated several high-value deals[2].
- Following very encouraging efficacy data for SPL7013 (the VivaGel® active) in animal models of viral conjunctivitis, Starpharma has completed formal market research with ophthalmologists, payers and primary care physicians in the US who confirmed a high level of interest in an anti-viral therapy, like an SPL7013 ophthalmic solution. There are currently no products approved for viral conjunctivitis.

Commenting on the Company's recent highlights and outlook, Dr Jackie Fairley, CEO of Starpharma said: "We are very pleased with the progress of regulatory and pre-launch activities for VivaGel® BV in a range of markets. It's great to see Mundipharma's energy and commitment to expediting launch in multiple regions. We are delighted to have received filing acceptance and confirmation of Fast Track review from the US FDA for our VivaGel® BV New Drug Application. This important achievement is extremely rare in the Australian context and has a clear benefit for the US licence for VivaGel® BV".

"With licensing negotiations well-advanced for VivaGel® BV, we're looking forward to expanding our exciting DEP® portfolio - both internal and partnered. The first DEP® patent application from our partnership with AstraZeneca demonstrates the significant commercial value that can be created using DEP®. Data published in this patent, and recent data for DEP® irinotecan provide further strong validation of the DEP® platform's broad applicability and ability to improve efficacy both alone and in combination with market leading cancer drugs", concluded Dr Fairley.

Outlook

- VivaGel® BV US licence
- VivaGel® BV launch in Australia, Europe & other Mundipharma regions
- VivaGel® BV US regulatory approval & approval in Mundipharma regions
- Revenue from VivaGel® BV milestones, supply & sales
- Further VivaGel® condom regulatory approvals and product launches (e.g. EU, Japan, China)
- Progress with DEP® docetaxel & DEP® cabazitaxel clinical trials
- DEP® irinotecan trial commencement
- Other DEP® program developments, including new candidate selection, DEP® radiopharmaceuticals, Targeted DEP® and other partnered DEP® programs
- AstraZeneca program developments, e.g. further data published, AZD0466 advanced to the clinic & revenue from milestones; further compounds advanced/nominated

[2] A radiopharmaceuticals is a drug that can be used for either diagnostic or therapeutic purposes. It is composed of a radioisotope bound to an organic molecule. Radiopharmaceuticals represent a growing area of cancer treatments, with recent deals including Novartis' US$3.9B acquisition of Advanced Accelerator Applications and its acquisition of Endocyte for US$2.1B, and the acquisition of Australian company Sirtex for ~A$1.9B in 2018 by a consortium including CDH Genetech.

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 several products internally and others via commercial partnerships.

VivaGel®: Starpharma's women's health product - VivaGel® BV is based on SPL7013, astodrimer sodium, a proprietary dendrimer. VivaGel® BV is approved for marketing in the EU and Australia for bacterial vaginosis (BV) and a new drug application is under Fast Track review by the US FDA. Starpharma has licensed the sales and marketing of VivaGel® BV to Mundipharma for Europe, Russia, CIS, Asia, the Middle East, Africa and Latin America; and to Aspen Pharmacare for Australia and New Zealand. Starpharma also has licence agreements to market the VivaGel® condom (an antiviral condom which includes VivaGel® in the lubricant) in several regions, including Australia, Europe, Canada, China and Japan. The VivaGel® condom has been launched in Australia and Canada under the Lifestyles® Dual Protect™ brand.

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	**30 September 2018**

Consolidated statement of cash flows		**Current quarter** $A'000	**Year to date (3 months)** $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,068	2,068
1.2	Payments for		
	(a) research and development	(2,205)	(2,205)
	(b) product manufacturing and operating costs	(119)	(119)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,565)	(1,565)
	(f) administration and corporate costs	(511)	(511)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	288	288
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,045)**	**(2,045)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(87)	(87)
	(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	8	8
	(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**	**(79)**	**(79)**
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)	(7)	(7)
3.10	**Net cash from / (used in) financing activities**	**(7)**	**(7)**
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	51,319	51,319
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,045)	(2,045)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(79)	(79)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)
4.5	Effect of movement in exchange rates on cash held	346	346
4.6	**Cash and cash equivalents at end of quarter**	**49,534**	**49,534**

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	2,785	3,353
5.2	Call deposits	46,749	47,966
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)**	**49,534**	**51,319**

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	221
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	42
8.2	Credit standby arrangements	150	30
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	(3,000)
9.2	Product manufacturing and operating costs	(300)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(2,500)
9.6	Administration and corporate costs	(150)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows *(excluding cash inflows)***	**(5,950)**

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
26 October 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.