ASX Announcement

Quarterly Cashflow Report

Melbourne, Australia; 30 January 2019: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 31 December 2018.

Starpharma's cash balance as at 31 December 2018 was $44.4 million, with net operating and investing cash outflows for the quarter of $5.3 million. The cash outflows include expenditure related to the commercialisation and upcoming launch of VivaGel® BV and costs related to Starpharma's DEP® clinical programs. As in prior years, the December quarter also includes a number of one-off annual payments.

The cash balance does not include the anticipated $4.0 million R&D tax incentive which is expected to be received during the March quarter.

Starpharma's strong cash balance enables the Company to support international approvals and launch of VivaGel® BV in multiple markets in parallel with continuing to build its high-value DEP® portfolio.

Key events during the quarter:

- Starpharma signed a US licence for VivaGel® BV with ITF Pharma, Inc, a specialty pharmaceutical company focused on Women's Health. The deal includes milestones of up to US$101M in addition to escalating, double-digit royalties on sales.
- Starpharma and its partners, Mundipharma and Aspen, undertook advanced pre-launch activities for VivaGel® BV including extensive sales training, promotional activities and product manufacture, in readiness for launch in multiple territories in 1H 2019. In parallel, registration activities for several Mundipharma territories continued to advance to support further international launches.
- US FDA completed its review of the VivaGel® BV NDA and advised that it requires confirmatory clinical data prior to approval. Starpharma is in the process of securing a meeting with the FDA to clarify what clinical data will be required and is working with expert FDA consultants to expedite the path to approval.
- VivaGel® condom received final regulatory approval in Japan. Starpharma's partner in Japan, market-leader Okamoto, has already commenced launch preparations and expects to launch the VivaGel® condom in the first half of 2019.
- DEP® docetaxel and DEP® cabazitaxel trials continue to progress well with encouraging efficacy signals in both trials in a range of tumour types, including prostate and lung cancer. Both products continue to exhibit a notable lack of bone marrow toxicity and other common side effects.
- The final stages of preclinical work for the DEP® irinotecan phase 1 / 2 trial are now complete and trial preparations are well advanced for trial commencement in FY19.
- DEP® docetaxel and DEP® cabazitaxel showed significant efficacy and safety benefits over gemcitabine alone, Abraxane® alone and in combination, in a human pancreatic cancer model.
- Other partnered and preclinical programs continue to progress, including AstraZeneca's AZD0466, which is due to enter the clinic this year.

- Starpharma's internal DEP® programs included initial testing of a number of DEP® radiopharmaceutical candidates which demonstrated significant tumour accumulation in both prostate and brain cancer models.
- The US Patent and Trademark Office granted Starpharma a patent for SPL7013 ophthalmic drops for viral conjunctivitis. This follows the independent US market research which confirmed a high degree of interest from both ophthalmologists and primary care physicians.

Dr Jackie Fairley, Starpharma CEO, commented: "In December, we were pleased to execute a US licence for VivaGel® BV with ITF Pharma. While we are clearly disappointed with the US FDA's request for confirmatory data, we are looking forward to the upcoming launch of VivaGel® BV in multiple non-US territories which are planned for the first half of 2019. In parallel, we continue to generate impressive data across multiple DEP® programs, internal and partnered, which continue to demonstrate the DEP® platform's ability to significantly enhance the performance of drugs alone and in combination."

Outlook

- Launch of VivaGel® BV in Australia, Europe and other international markets
- Meeting with FDA to discuss its request for confirmatory clinical data for VivaGel® BV
- Further regulatory approvals for VivaGel® BV
- Revenue from VivaGel® BV milestones and sales
- Launch of VivaGel® condom in Japan and approvals in additional regions, such as Europe and China
- Progress with DEP® docetaxel and DEP® cabazitaxel clinical trials
- DEP® irinotecan trial commencement
- Other internal DEP® candidates entering development
- AstraZeneca program developments, AZD0466 advanced to the clinic and revenue from milestones; further DEP® compounds advanced/nominated/licensed
- New partnered DEP® deals and program developments, including for Targeted DEP®

Media
WE Buchan Consulting
Rebecca Wilson
Mob: +61 417 382 391
rwilson@buchanwe.com.au

Arthur Chan
+61 2 9237 2805
achan@buchanwe.com.au

Starpharma
Dr Jackie Fairley, Chief Executive Officer
Nigel Baade, CFO and Company Secretary
+61 3 8532 2704
investor.relations@starpharma.com

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 2018**

Consolidated statement of cash flows		**Current quarter** $A'000	**Year to date (6 months)** $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	55	2,123
1.2	Payments for		
	(a) research and development	(2,429)	(4,634)
	(b) product manufacturing and operating costs	(545)	(664)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,525)	(4,090)
	(f) administration and corporate costs	(65)	(576)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	275	563
1.5	Interest and other costs of finance paid	-	(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**	**(5,234)**	**(7,279)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(66)	(153)
	(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
	(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**	**(66)**	**(145)**
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	49,534	51,319
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,234)	(7,279)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(66)	(145)
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	173	519
4.6	**Cash and cash equivalents at end of quarter**	**44,401**	**44,401**

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	2,659	2,785
5.2	Call deposits	41,742	46,749
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)**	**44,401**	**49,534**

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	436
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	36
8.2	Credit standby arrangements	150	13
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	(2,800)
9.2	Product manufacturing and operating costs	(400)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(1,700)
9.6	Administration and corporate costs	(140)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows *(excluding cash inflows)***	**(5,040)**

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
30 January 2019

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.