ASX Announcement

Quarterly Cashflow Report

Melbourne, Australia; 26 October 2017: Starpharma (ASX: SPL, OTCQX: SPHRY) today released its Appendix 4C – Quarterly Cashflow Report for the period ended 30 September 2017.

The cash balance as at 30 September 2017 was $56.9 million, with net operating and investing cash outflows for the quarter of $4.3 million. Combined with achieving a number of very positive milestones during the quarter, Starpharma's strong cash balance places it in an excellent position to commercialise its VivaGel® products and accelerate the development of multiple DEP® drug delivery programs.

Recent operational highlights include:

- **Successful VivaGel® BV phase 3 trials** achieved their primary objective for VivaGel® BV, demonstrating statistically significant superiority compared to placebo in preventing recurrent bacterial vaginosis (rBV).
- **VivaGel® BV results strongly support a FDA New Drug Application (NDA)**. The NDA preparation is well-advanced for both indications – BV treatment and prevention of rBV. Starpharma will soon commence submission of the NDA (which runs to more than 45,000 pages) leveraging its QIDP designation and Fast Track status to speed up the regulatory process and secure early market access.
- **DEP® docetaxel successfully completed phase 1 trial** and achieved the key objective of determining a Recommended Phase 2 Dose (RP2D), with no reports of protocol-defined dose limiting toxicities. No neutropenia was observed and no reports of several other common adverse events.
- **AstraZeneca presented its first DEP® candidate, AZD0466,** a highly optimised dendrimer formulation of a novel dual Bcl2/xL inhibitor, which has the potential to be a best-in-class cancer drug with a broad combination opportunity in solid and haematological tumours.
- **DEP® docetaxel phase 2 trial commenced,** with recruitment and patient screening activities underway. The phase 2 study is an open-label, two-stage design, with the objective of establishing anti-tumour activity (efficacy) and safety of DEP® docetaxel at the RP2D.
- **VivaGel® BV granted marketing approval in Australia** from the TGA for treatment of BV. Launch plans are well advanced with Aspen Pharmacare Australia and the product is expected to be available over-the-counter in pharmacies in the New Year. The product will be marketed as Fleurstat™ BV gel, and will carry the VivaGel® brand.
- **DEP® research grants were awarded to Starpharma** to collaborate in separate programs with Monash Institute of Pharmaceutical Sciences and the Peter MacCallum Cancer Centre.

Commenting on the Company's recent highlights and outlook, Dr Jackie Fairley, Chief Executive Officer of Starpharma said: "This quarter has been an exceptionally positive period for the Company with successful clinical trial results reported in both of our VivaGel® and DEP® drug delivery portfolios. We're proud to be one of very few Australian biotechs

that has successfully taken a product – VivaGel® BV – all the way from discovery to the end of phase 3, while retaining rights. We are also delighted with the positive impact these results have had on our licensing negotiations for this product."

"Importantly, VivaGel® BV, an Australian innovation, is expected to be available to Australian women suffering from BV in the New Year following the recent TGA approval."

Commenting further Dr Fairley said: "The reported clinical trial data on our lead internal DEP® candidate, DEP® docetaxel, was also very encouraging with no reports of neutropenia and a lack of several other typical drug-related adverse events. Encouraging efficacy signals were observed in around half of the phase 1 trial patients, adding to the growing body of data which continues to validate the value of our DEP® drug delivery platform. In addition, our partner AstraZeneca recently identified their first DEP candidate AZD0466 as a best-in-class cancer drug which is really exciting," added Dr Fairley.

"We look forward to announcing further milestones in the coming months, including the NDA submission to the US FDA for VivaGel® BV and commercial partnerships for the product; commencement of a phase 1 clinical trial for our next internal DEP® candidate, DEP® cabazitaxel; and further advancement of AstraZeneca DEP® programs," concluded Dr Fairley.

Further detail on Starpharma's recent progress can be viewed in the October Shareholder Update: **http://starpharma.com/news/344**

Outlook

- Submission of the NDA for VivaGel® BV to the US FDA
- Partnering deal(s) for VivaGel® BV
- Commencement of DEP® cabazitaxel phase 1 clinical trial
- Advancement of the AstraZeneca DEP® programs, including AZD0466 to phase 1 and associated milestone payment
- Aspen's launch of VivaGel® BV for treatment of bacterial vaginosis in Australia
- Progress with 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

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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 late stage women's health products based on VivaGel® (SPL7013, astodrimer sodium), a proprietary dendrimer. VivaGel® formulated as a water based gel and delivered vaginally - VivaGel® BV - has EU regulatory approval for topical treatment and rapid relief of bacterial vaginosis (BV) and has recently completed clinical development for the prevention of recurrent BV. Starpharma has signed 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. The VivaGel® condom is available in Australia and Canada under the Lifestyles® Dual Protect™ brand and Starpharma also has a number of license agreements to market the VivaGel® condom in other regions, including China and Japan.

DEP®: The other major part of Starpharma's pharmaceuticals business is its proprietary DEP® drug delivery platform. Starpharma has both partnered and internal DEP® programs in Drug Delivery. A number of dendrimer-enhanced, or DEP® versions of existing drugs are under development by the Company. The most advanced of these is DEP® docetaxel, a dendrimer-enhanced version of docetaxel (Taxotere®), which is in clinical development in patients with solid tumours. In preclinical studies DEP® docetaxel has shown significant tumour-targeting and superior anti-cancer effects across a range of important cancer types including breast, prostate, lung and ovarian tumour, when compared to Taxotere® (docetaxel). In the partnered area, AstraZeneca has signed a licensing agreement with Starpharma for the use of its DEP® drug delivery platform in the development and commercialisation of a number of AstraZeneca oncology compounds.

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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 2017**

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	317	317
1.2	Payments for		
	(a) research and development	(3,045)	(3,045)
	(b) product manufacturing and operating costs	(190)	(190)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(1,382)	(1,382)
	(f) administration and corporate costs	(172)	(172)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	307	307
1.5	Interest and other costs of finance paid	-	-
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**	**(4,165)**	**(4,165)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(132)	(132)
	(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**	**(132)**	**(132)**
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	61,188	61,188
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,165)	(4,165)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(132)
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	(3)	(3)
4.6	**Cash and cash equivalents at end of quarter**	**56,881**	**56,881**

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	8,682	3,351
5.2	Call deposits	48,199	57,837
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)**	**56,881**	**61,188**

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	215
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	65
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	(3,350)
9.2	Product manufacturing and operating costs	(150)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(2,200)
9.6	Administration and corporate costs	(120)
9.7	Other	-
9.8	**Total estimated cash outflows *(excluding cash inflows)***	**(5,820)**

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 2017

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.