
Starpharma Holdings Limited

ASX: SPL
USOTC: SPHRY

Acquisition of DNT *Positioned for growth*

October 2006



This presentation contains forward-looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward-looking statements are reasonable at this time, Starpharma can give no assurance that these expectations will prove to be correct. Actual results could differ materially from those anticipated, because of various important factors, risks and uncertainties. These include risks associated with drug development and manufacture, risks inherent in the extensive regulatory approval processes mandated by regulatory authorities, delays in clinical trials, future capital needs and general economic uncertainty. Also, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Companies, or that patents owned or licensed by the Companies will provide meaningful protection or competitive advantages.

Outline

1. Introduction
2. Acquisition Highlights
3. Acquisition Benefits
4. Summary of Acquisition Terms and Conclusion

Starpharma: Company Overview

- Starpharma Holdings Limited ('Starpharma') (ASX:SPL) is a world leader in the development of nanotechnology based pharmaceuticals (dendrimers)
- Starpharma's lead product, **VivaGel™** is being developed as a microbicide to prevent the sexual transmission of **HIV** and **Genital Herpes**
- **US\$20.3m NIH funding** to develop VivaGel™ for HIV and **FDA Fast Track status**
- **NIH funding to support clinical development** for Genital Herpes indication
- **First microbicide with NIH support** for Genital Herpes; IND for Herpes
- Two **line extensions** to VivaGel™ also in development and broad **portfolio** of other dendrimer projects
- Acquisition of US company **DNT Inc.** (October 4, 2006)
- Successful Level 1 ADR program ~ **9.7% shares on issue** (Sept 2006)

Financial Snapshot

Market Cap:	~ A\$80M
Institutional Investors:	~ 30%
Shares on Issue:	147.7M
Cash:	A\$14.3 M (Jun 06)

Starpharma: 05/06 Highlights

HIV Funded: A\$26 million

NIH funds VivaGel™ HIV development with non-dilutive funding

Genital Herpes Funded

NIH funds VivaGel™ Genital Herpes Development

HIV Fast Tracked

US regulator FDA designated VivaGel™ a fast track product

Herpes IND Cleared

FDA clears VivaGel™ genital herpes IND

Contraceptive Activity

VivaGel™ shown to be a potent contraceptive in animals

Future Revenues Improved

Royalty for stock swap with BRI, future revenues enhanced

ADRs Nearing 10%

US uptake of ADRs nears 10% of SPL issued capital

A\$15m Funds Raised

Institutional and SPP capital raising

Patent Estate Expanded

Substantial program of patent filing completed

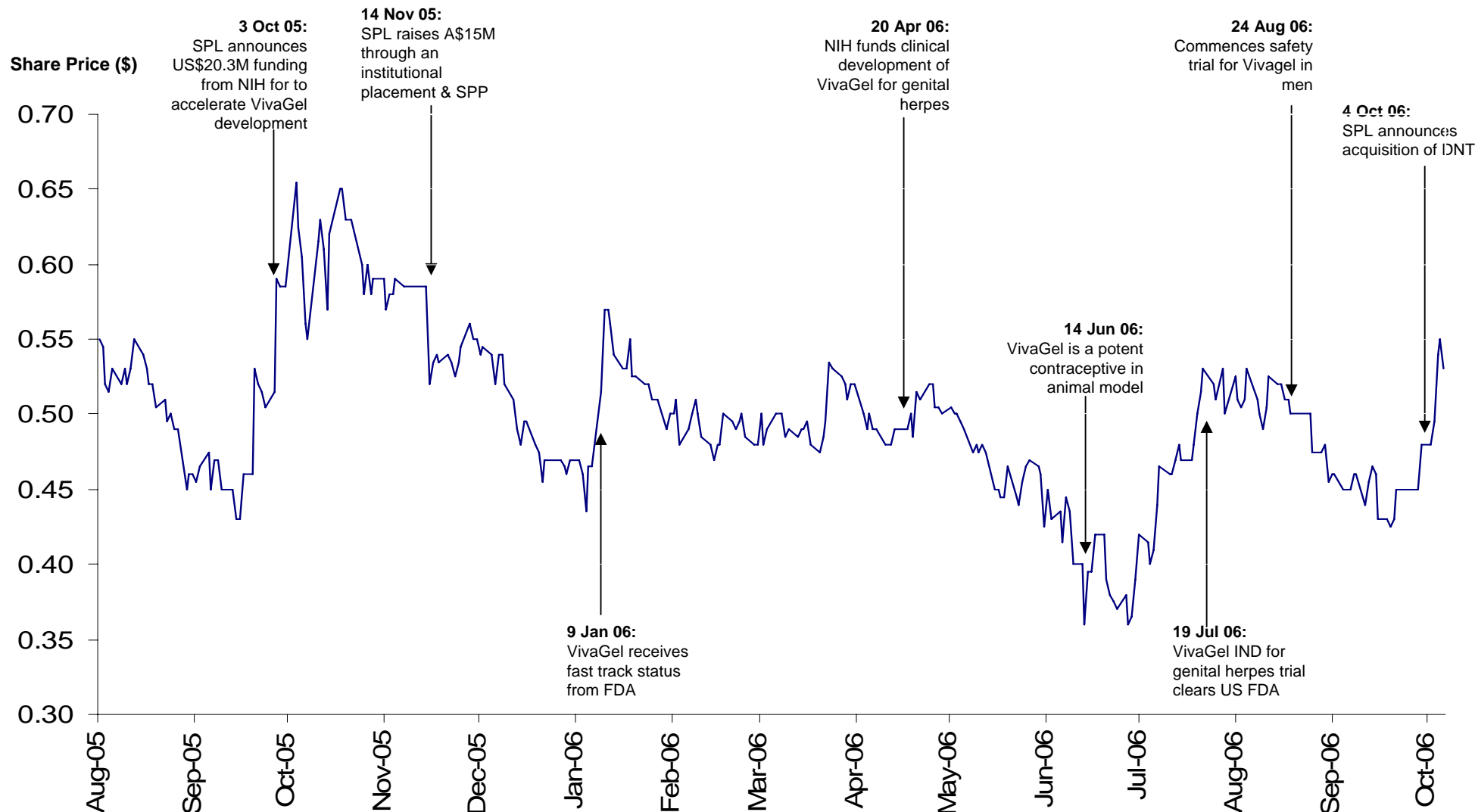
Priostar™ Rolled Out

DNT rolls out Priostar™ industrial dendrimer platform

Acquisition of DNT

SPL acquires US company DNT; Dow becomes SPL's largest holder

Starpharma: Share Price History



Conclusion: SPL share price does not reflect value of underlying achievements in the past 12 months

2. Acquisition Highlights

Transaction Overview

Prior to transaction:

- Starpharma had a 33% equity holding in the US based private company Dendritic Nanotechnologies Inc (DNT)
- Has been exploring growth options to add scale and value

Transaction:

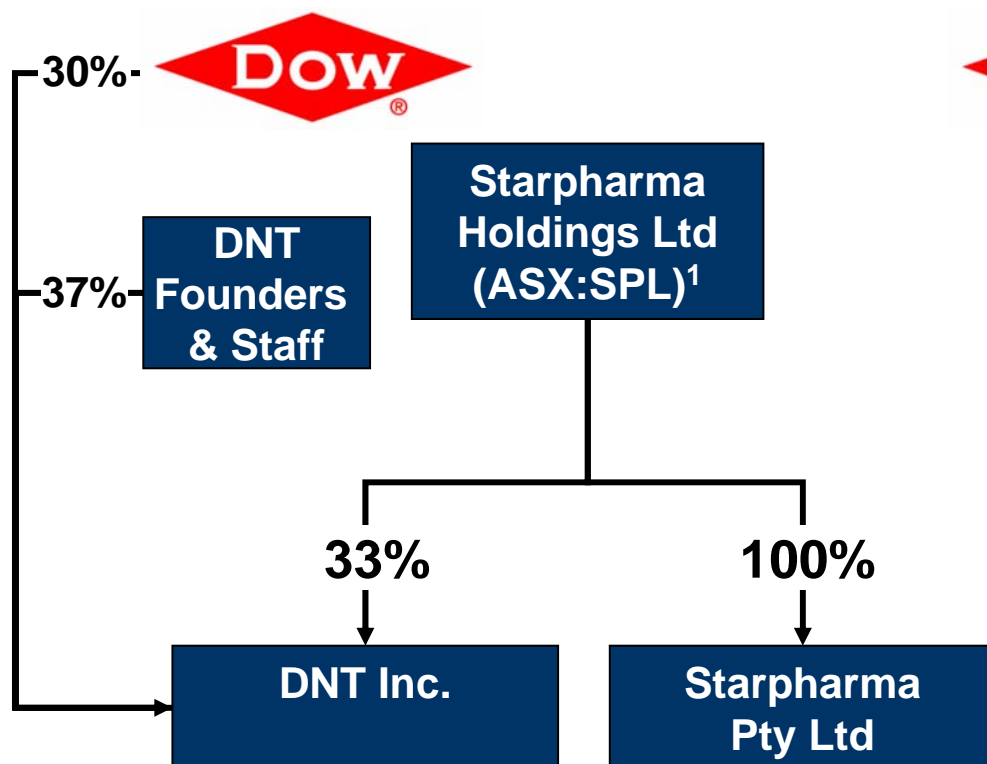
- Starpharma is acquiring the remaining 67% of DNT for ~US\$6.97 million worth of SPL shares
- DNT is a leader in the development of dendrimers which have a broad range of life-science and industrial uses
- The acquisition confirms Starpharma as the global leader in dendrimer-based nanotechnology
 - diverse pipeline in pharma and industrial applications
 - near-term revenue opportunities
 - comprehensive IP portfolio

“The majority of dendrimer IP is pooled in one company, DNT, which was assigned Dow’s dendrimer portfolio of 196 patents in 2005”

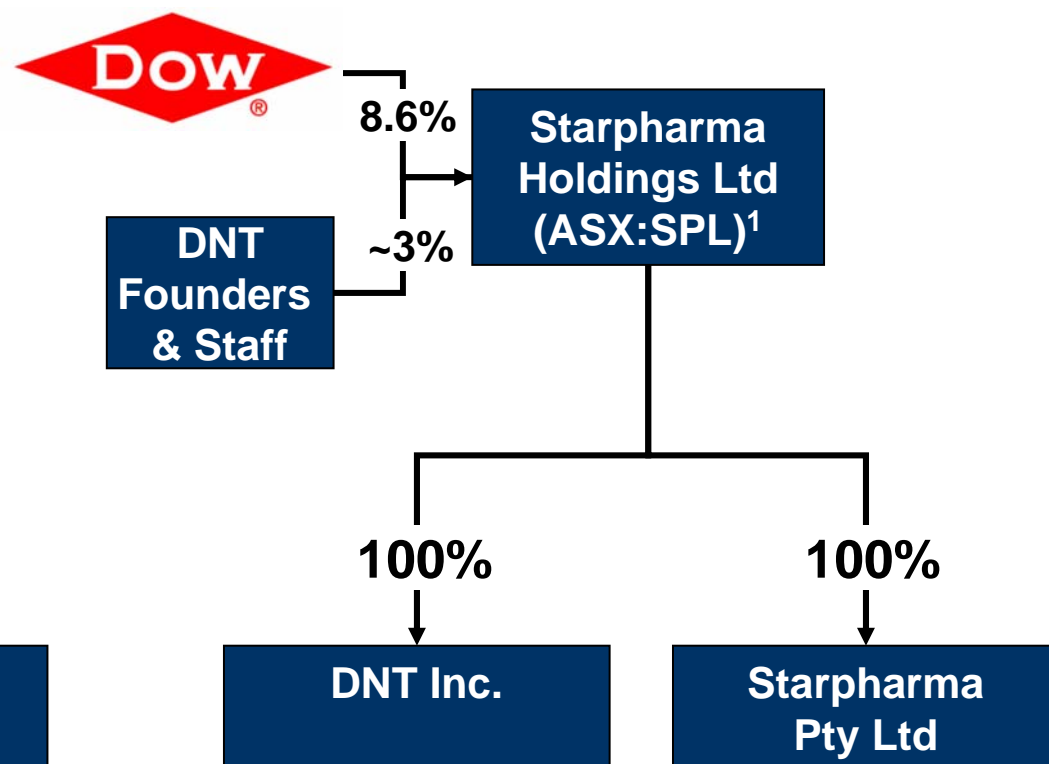
Lux Research Inc. 2006

The Transaction – Impact on Shareholding

Pre-Transaction



Post-Transaction



Notes:

1 :USOTC:SPHRY

DOW = The Dow Chemical Company

Post-transaction shareholding in SPL adjusted for different classes of DNT shares

Significant Acquisition Benefits

1. Diversified Product Portfolio

- Marketed products, near-term revenues
- Diversified risk: “more shots on goal”

2. Significant Development and Commercialisation Synergies

- Optimal leverage of internal resources including commercial, regulatory, scale-up and discovery
- Better value from expenditures

3. Extensive IP Portfolio: Leaders in the Field

- Enhanced competitive position and higher profile for commercial development

4. Increased US Presence

- Greater access and profile in US nanotech sector:
 - industry partners
 - financial markets
 - funding partners

5. Ongoing Dow Involvement

- The Dow Chemical Company (Dow) will become Starpharma’s largest shareholder; enhances Starpharma’s profile with industry and funding partners

6. Attractive Acquisition Terms

- Minimal dilution for Starpharma shareholders
- Simplifies structure and puts in place platform for creating significant additional shareholder value

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Diversified Product Portfolio: Marketed Products

DNT has product sales and licensed STARBURST® dendrimer royalty agreements that generate revenues ~A\$1.25M pa:

- **Stratus CS® : Cardiac marker diagnostic licensed to Dade Behring, leading diagnostic company**

DADE BEHRING

- **SuperFect® : Gene transfection technology licensed to Qiagen, #1 supplier of niche molecular biology reagents to the life sciences sector**



- **Priostar™ and STARBURST® dendrimers commercially available**

DNT's Partners

Industry Partners



DADE BEHRING



Johnson & Johnson Research
PTY. LIMITED

GENERAL DYNAMICS
Land Systems



lumera

Research/Uni. Collaborators



INSTITUTE FOR SOLDIER NANOTECHNOLOGIES



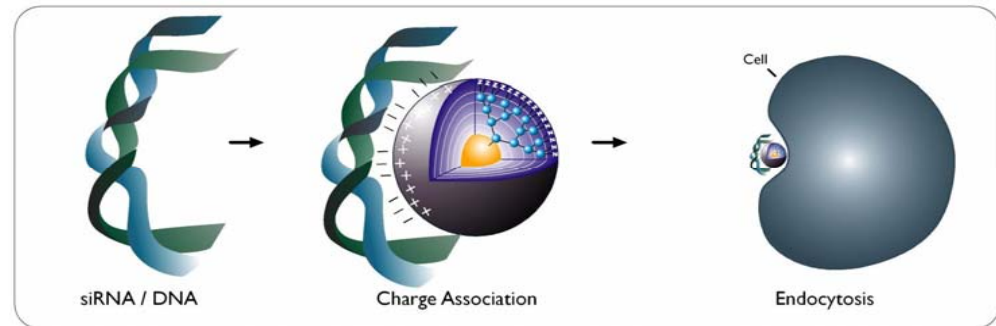
CALTECH



PrioFect™ : siRNA Transfection Reagent



Estimated market entry:
Early 2007



- **Transfection reagent sales : \$120 million in 2004, growing by 15-18% pa¹**
- **Priostar™ siRNA Transfection Reagents provide:**
 - **Precise size control: allows optimisation according to cell type**
 - **Highly functionalised surface: allows targeting to specific cell types i.e. cell-specific delivery**
 - **Pharmaceutical Quality:Low toxicity**

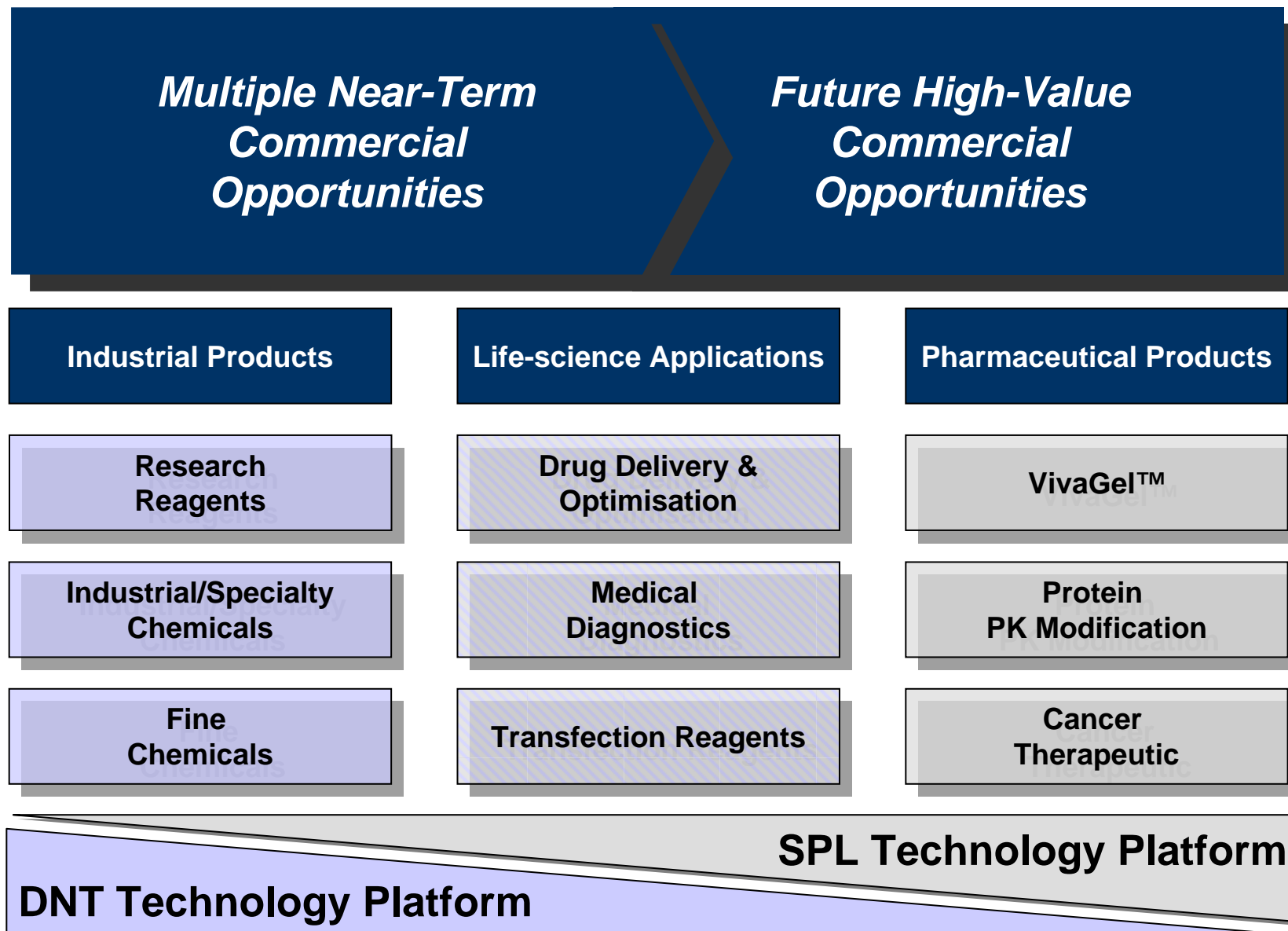


¹(Jain PharmaBiotech Market Report: RNAi-Technologies, Markets, and Companies, 2004)

DNT's Current Commercialisation Opportunities

Sector	Discussions with...	Application
Pharmaceutical and Medical Applications	Major Pharmaceutical Company "A"	Drug solubility / optimisation
	Major Pharmaceutical Company "B"	Medical diagnostics
	Major Pharmaceutical Company "C"	siRNA transfection
	Major Technology Company	Dental resins
Oil	"Top 5" US Oil Company	Lubricant additives
Plastics	Large Automotive Components Manufacturer	Plastics additive
Manufacturing	Multiple avenues of exploration	Adhesives
	"Top 5" European electronics manufacturer	Printed circuit board manufacturing
Cosmetics	Global Healthcare Company	Solubalisation
	Cosmetic Company	Adhesive
Fine Chemicals	Major fine chemical manufacturer	Laboratory reagents
Resources	Water quality specialists	Water filtering / remediation

Integrated Pipeline: Balanced for Risk



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Significant Business Synergies

■ Significant synergies exist in combining:

- Technology platforms of both companies
- Development expertise
- Dendrimer IP portfolios
- Commercial opportunities



**More attractive
licensing and
partnering
opportunities**

■ Development milestones and commercial opportunities for multiple products and applications:

- Dendrimer-based pharmaceuticals, drug delivery and diagnostics
- Dendrimer-based siRNA and DNA transfection reagents
- Dendrimer-based materials



**Greater revenue
diversification
opportunities**

■ Starpharma has a track record in dendrimer pharmaceutical development

- Starpharma was the first company in the world to have an IND allowed by the FDA for a dendrimer-based pharmaceutical product
- The DNT Board recognised this as being critical expertise for the commercial exploitation of DNT's dendrimers and IP portfolio into the life-sciences

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Extensive IP Portfolio

- **DNT owns the most significant dendrimer IP portfolio as a result of the assignment of Dow's dendrimer IP portfolio in 2005**

“When it comes to pharmaceutical applications, many relevant patents are under the exclusive control of one company, DNT... it presents DNT as a clearinghouse for licensing core building block and manufacturing claims needed to put dendrimers to work”

Lux Research 2005

- **With the acquisition of DNT, Starpharma will have the most comprehensive dendrimer IP portfolio for a broad spectrum of products and applications:**
 - VivaGel™ (Composition and Application)
 - Drug delivery (Applications)
 - Priostar™ dendrimers (Composition)
 - Poly-lysine dendrimers (Applications)
- **Consolidation of the combined IP portfolio will significantly enhance the company's offering and profile to potential commercialisation partners**

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Increased US Presence

- **Starpharma intends to expand its US activities and bring additional US investors on to the register**
 - Access to business partners
 - Access to capital
 - Ongoing US based M&A/corporate opportunities

- **Before Transaction: Starpharma has previously established initial awareness in the US**
 - Investment in DNT
 - Significant NIH support
 - Highly successful ADR program (nearly 10% of pre-deal capital)

- **DNT acquisition: will provide additional profile for Starpharma in the US**
 - DNT will remain US based
 - DNT has established relationships with leading US companies
 - Presence of Dow as largest shareholder in Starpharma
 - 2 US board members with capital markets / industrial experience

Starpharma rated : “Top Nanotech Buys for 2005”

“We expect great things to come from the company and its significant ownership in U.S.-based Dendritic Nanotechnologies, Inc.”

US based Forbes/Wolfe 2005

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Dow Becomes Starpharma's largest Shareholder

- **The Dow Chemical Company will become Starpharma's largest (and a substantial) shareholder post transaction with approximately 8.6% of SPL issued capital**

- **Dow is a leading chemicals and plastics manufacturer with a market capitalisation of over US\$35 billion**

- **Dow will have an ongoing involvement with Starpharma**
 - Tiered escrow arrangement for 36 months, with incentive for 5 years
 - Dow requested and was granted a right to participate in any future capital raisings

- **Presence of Dow as a shareholder likely to enhance Starpharma's profile in the US**



4. Summary of Acquisition Terms and Conclusion

Transaction Details

- **Starpharma to acquire the remaining 67% equity in DNT that it does not already own for new shares in Starpharma valued to ~US\$6.97 million**
- **Transaction is subject to shareholder approval in majority of each DNT share class**
 - Between then Dow and SPL hold the majority in each class of shares
 - Estimated closure date: October 20, 2006
- **Consideration shares issued by Starpharma will be 20.097M (13.6% of shares on issue)**
- **Starpharma has agreed an arrangement with Dow for existing royalty streams - for up to 5 years - providing Dow maintains its shareholding in Starpharma**
- **Dow has agreed to enter into a tiered escrow arrangement over its holding in Starpharma**
 - Release of escrowed shares : 25% after 12 months, 25% after 24 months and 50% after 36 months
- **Other shareholder escrow arrangements:**
 - 12 months for DNT shareholders with more than 5% of the total share capital of DNT
 - 6 months for all other DNT shareholders

Makes Sense for Starpharma...and for DNT

Benefits to DNT shareholders:

- **Direct access to Starpharma's nanopharmaceutical development and regulatory expertise**
- **Listed equities; access to public market funding through Starpharma**
- **Economies of scale / synergies in**
 - **Development**
 - **Third party funding opportunities (e.g. NIH)**
 - **Revenue diversification opportunities: commercialisation of dendrimers in pharmaceuticals, life-science and industrial areas**

Conclusion: Enhanced value for Starpharma shareholders

Starpharma Management and Board believe that this deal will lead to enhanced value for Starpharma's shareholders:

- 1. Broader and deeper pipeline providing scale and balanced risk profile**
- 2. Earlier cash flows through non-pharma products**
- 3. Better leverage and more efficient use of company resources**
- 4. Comprehensive IP portfolio in dendrimer-based nanotechnology**
- 5. Enhanced US presence: collaborative partners, funding partners and financial markets**
- 6. Support of Dow, a leading chemicals company, as the largest SPL shareholder**

More commercialisation opportunities +

Better risk / reward profile +

Enhanced US presence

= Increased shareholder value

- ***Strong cash position: A\$14.3 M (June 2006)***
- ***US\$26m* non-diluting funding from the NIH***
- ***VivaGel™ - the only microbicide with NIH funding for genital herpes***
- ***Significant US shareholder base and profile through:***
 - ***The Dow Chemical Company largest shareholder (8.6%)***
 - ***Successful ADR program ~ 9.7% shares on issue pre-transaction (Sept 06)***
 - ***US subsidiary with marketed products and extensive commercial relationships***
- ***Diversified dendrimer product and application pipeline:***
 - ***Marketed products; near-term revenues***
 - ***Diversified risk: pharma, life-science and industrial***
 - ***Comprehensive IP portfolio in dendrimer-based nanotechnology***



* Two HIV grants: US\$20.3m contract + US\$5.4m grant (2004)

Supplementary Materials

Transaction Snapshot (pre-acquisition)

	Starpharma Holdings Limited (pre-deal)	DNT
Location	Australia	USA
Ownership	ASX Listed	Privately held
Strategy	To use dendrimer-based nanotechnology to discover, develop and commercialise pharmaceuticals for serious human diseases.	To build value and generate revenue through the development of dendrimer and dendritic polymer based products by partnering with companies in various market segments.
Technology Platform	Precisely defined Poly-lysine dendrimers	Priostar™ and Starburst™ dendrimers
Lead Programs / Products:	VivaGel™ HIV HSV-2 Potential as contraceptive Condom coatings Drug delivery	Product sales and royalty revenue: A\$1.25M Cancer Diagnostic/ Delivery technology Transfection reagents for siRNA Specialty commercial applications
Other Programs	Pharmaceuticals and diagnostics, including for ophthalmology and oncology	Oil, Plastics, manufacturing materials.
Other:	33% stake in DNT A\$26M NIH funding	NCI funding

Transaction Snapshot (post acquisition)

	Starpharma Holdings Limited ASX:SPL (USOTC:SPHRY)	
Location	Australian-based, with wholly-owned US subsidiary.	
Ownership	ASX-listed; Dow becomes largest holder of Starpharma stock (8.6%)	
Strategy	To employ dendrimer-based nanotechnology to discover, develop and commercialise transformational new materials in pharmaceuticals, life-science and other high value sectors.	
Technology Platform	Broad base of dendrimer nanotechnology materials, all IP in one entity	
Lead Programs:	Sector	Product
	Pharmaceutical	VivaGel™ Vaginal Microbicide
	Pharmaceutical	Drug delivery
	Diagnostics	MRI Cancer diagnostic
	Laboratory/transfection reagents	PrioFect™
Other Programs	Ophthalmology and oncology; industrial chemicals, fine chemicals; (oil, plastics, manufacturing etc)	
Other:	Dow becomes SPL's largest shareholder (8.6%) Product sales and royalty revenue A\$1.25M (2006) A\$26M NIH funding for VivaGel™ ; NCI funding for cancer diagnostic	

Overview of DNT Inc.

- **DNT is a leading developer and provider of advanced dendritic polymers**
 - headquartered in Michigan and currently employs 16 (13 Ph.Ds)
- **DNT has a broad and comprehensive IP portfolio that comprises 180 patents/applications across 32 families—a unique level of IP concentration among nanotechnology companies**
- **DNT has existing revenues streams from deals with leading pharmaceutical and biotechnology companies including Dade Behring Inc and Qiagen GmbH (Germany)**
- **The company also has funding from the U.S. NCI and Small Business Administration for Priostar™ based ovarian cancer diagnostic delivery development**
- **DNT has developed a new family of scalable, precision dendrimer nanostructures called Priostar™, which breaks through cost barriers and addresses industry needs for nanostructures that can be manufactured in high volumes at costs attractive for a wide variety of uses**
- **The company has an active development portfolio:**
 - **PrioFect™: Transfection reagents for siRNA**
 - **Targeted Ovarian Cancer Diagnostic technology based on Priostar™ dendrimers (NCI funded)**
 - **Specialty commercial applications**

Targeted Cancer Diagnostic

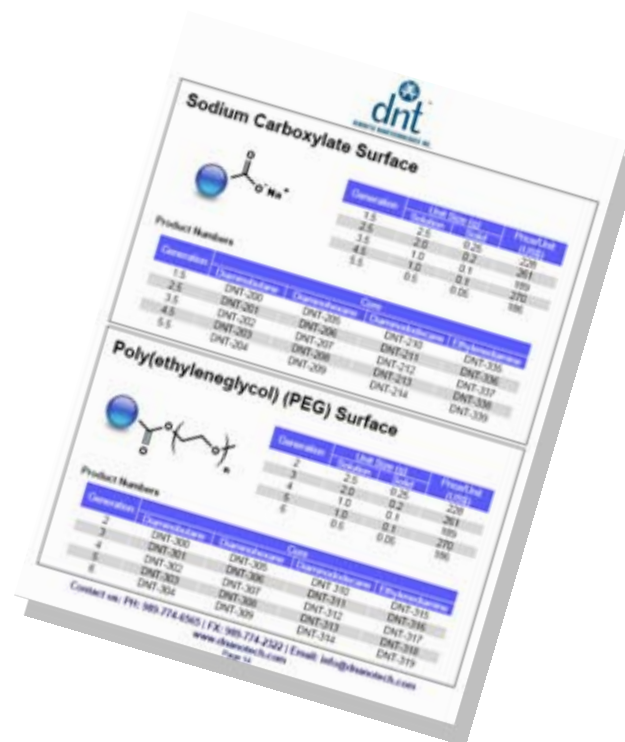
- **DNT is developing a Priostar™ dendrimer-based , receptor-targeted diagnostic and therapeutic technology for the early detection and treatment of ovarian cancer**
- **Unique technology:**
 - **Priostar™ dendrimer targeted delivery system will be combined with a magnetic resonance imaging agent to create an improved product for detection and monitoring of cancerous tissue**
 - **Potential for Priostar™ dendrimer targeted delivery system to be combined with known oncology agents to improve delivery of the therapy**
- **Funded by the National Cancer Institute**
- **Significant synergies with Starpharma's diagnostic and oncology programs**

Specialty Commercial Products

- Priostar™ and STARBURST® dendrimers commercially available
- Priostar™ family of dendrimers have advantageous properties over other nanostructures
- Attractive Product Characteristics:
 - New Functionality and Improved Properties
 - Efficient & Scalable Manufacturing - Lower Costs
 - Versatile Platform for Customizing

Available Priostar™ Products

Product	Size	Number of Functional Groups	Surface Functionality
DNT-2200	G1	8	Amine
DNT-2201	G2	24	Amine
DNT-2202	G3	72	Amine
DNT-2210	G1	8	Hydroxy
DNT-2211	G2	24	Hydroxy
DNT-2212	G3	72	Hydroxy
DNT-2220	G1	8	Sodium Carboxylate
DNT-2221	G2	24	Sodium Carboxylate
DNT-2222	G3	72	Sodium Carboxylate



Extract from DNT Catalogue