Chairman's Address

Annual General Meeting

of

Starpharma Pooled Development Limited

Wednesday 19 November 2003

I joined the Board of Starpharma in August of this year to replace retiring Chairman Richard Oliver, who was the inaugural Chairman of this Company. Richard Oliver joined Starpharma at its inception seven years ago, when it was created as a spin-off company with a vision of commercialising pharmaceutical applications for a new class of compounds called dendrimers. Starpharma has achieved a great deal over the last seven years, and on behalf of the Board and Management I would like to thank Richard for his substantial contribution to these achievements, and for his leadership, guidance and judgement throughout this period.

The past year has seen a number of exciting developments for the Starpharma group, and I will briefly mention some of these.

VivaGel™

We recently announced a further stage in the development path for the company's VivaGel™ product, with volunteer enrolments now underway for Phase I human safety trials, to be conduced at Royal Adelaide Hospital. VivaGel™ is a vaginal gel designed to provide women with a means of protecting themselves from the sexual transmission of the HIV virus. The US Federal Drug Administration's clearance to commence the VivaGel™ trials is being recognised internationally as a significant milestone in the application of nanotechnology to human health. It is exciting to be involved in an emerging area of science with the potential to have such a significant positive impact on the lives of many people around the world.

Other projects/collaboration

In addition to the VivaGel™ project Starpharma has a number of other projects in various stages of development, and a broad range of opportunities in the applications of dendrimer nanotechnology to human health. Starpharma is well placed within the biotech industry, having a sound scientific base, a strong management team and a range of opportunities with the potential to greatly increase shareholder value.

Our corporate strategy includes collaborating and working with other biotech groups, and we have established a number of alliances with Australian and overseas companies. For example we recently announced a collaboration with local biotech company AGT Biosciences Limited in the field of Type 2 Diabetes, and in June this year we announced a major nanotechnology alliance with New Zealand's Industrial Research Limited.

DNT

A little over two years ago Starpharma made the strategic decision to join with the US pioneer of dendrimers, Dr Donald Tomalia, in establishing a new company to develop complementary applications of dendrimer nanotechnology. The company, Dendritic Nanotechnologies Inc, or 'DNT', was established with a total Starpharma equity investment of only 2.18 million US dollars, and Starpharma currently owns 49.9% of DNT.

DNT is based at Mt Pleasant in the state of Michigan, and has already been recognised at both state and federal levels in the US for its achievements. DNT has received significant funding support from the US Army and other sources, and is also generating income from the sale of dendrimer research products. In October this year DNT received an award from the Michigan Economic Development Corporation recognising the company's innovation, marketplace success and contribution to the State's economy.

In addition to the equity investment the arrangement with DNT has other benefits for Starpharma, as it has fortified and extended the group's intellectual property position in the field of dendrimer nanotechnology.

Share Placement

On 10th September 2003 the Company announced a share placement of 13.335 million new shares, raising 6.9 million dollars before issue expenses. This placement has substantially strengthened our share register, and we now have strong support from institutional investors complementing the long term support Starpharma has enjoyed from its early stage investors.

The evaluation of opportunities for growth through mergers & acquisitions is an integral part of the company's corporate strategy. The Board continues to consider all possibilities for maximising returns to shareholders.

Starpharma was initially structured as a Pooled Development Fund and since its establishment we have worked closely with the PDF board to ensure that our various corporate activities have met both the broad objectives and the legal requirements of the PDF Act. In fact Starpharma has been used and publicised by AusIndustry as an example of a highly successful PDF. Our conversion of DNT to a US entity posed particular challenges for our continued compliance with the PDF Act and although we received PDF Board approval for the restructure, we were not permitted to hold more than 49.9% of this strategically important US business.

Starpharma, like most other Australian biotechs, recognises that a level of industry consolidation is inevitable. However this Board will be careful to ensure that involvement in any corporate reorganisation would be overwhelmingly in the interests of all shareholders. Industry mergers pose particular difficulties for a company registered as a PDF. We have considered the possibility that at some time in the future it may be appropriate to ask shareholders to give the Board authority to relinquish the PDF licence in a

situation where this was a necessary part of a corporate restructure in the best interests of Starpharma shareholders. This item is not on the agenda today, and would require approval at a future general meeting of shareholders.

Board Remuneration/cash burn

Starpharma is not a high cost company - it has a history of achieving its milestones with a relatively low cash burn. Levels of Board remuneration are modest, and employee share options currently amount to less than 1% of total issued shares. This year we have asked shareholders to approve an increase in the total Board remuneration available for disbursement to Directors. The Board does not intend to fully utilise these available funds under the current board structure, but we need the flexibility to be able to do what is necessary to take advantage of opportunities as they arise, and to attract and retain high calibre Directors.

Corporate Governance

The Board has reviewed its procedures and practices in light of the ASX Corporate Governance guidelines released earlier this year. Our current practices substantially accord with the ASX principles and recommendations, and we have committed to achieving conformity with the guidelines wherever possible and practicable. For example we have recently added a third member to the Board's Audit Committee - Dr Peter Jenkins, who is an independent director as defined in the ASX guidelines. We will be reporting fully on our compliance with the ASX best practice recommendations in our 2004 Annual Report.

I will now hand over to our Chief Executive Officer Dr John Raff to address the meeting, after which we will proceed to the formal business on the agenda.

starpharma

CEO's Presentation

Annual General Meeting

19 November 2003

Acknowledgement of contribution of Starpharma's Founding Chairman

Mr Richard Oliver

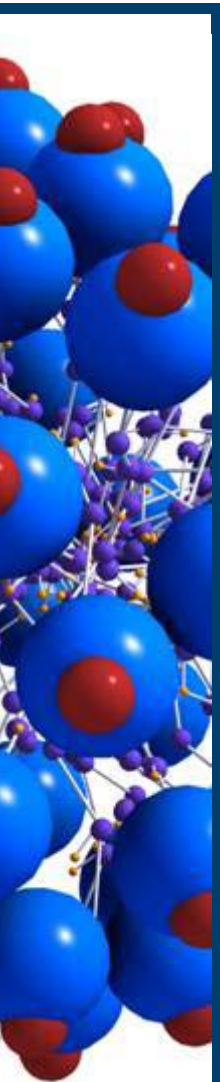
Richard Oliver retired as Chairman of the Company on 6 August 2003 after serving Starpharma during the 7 years since establishment. Richard's contribution has been fundamental to the success of Starpharma. He brought to the Company extensive business experience, ethical values and business integrity.

From the outset Richard placed strong emphasis on Board cohesion and Corporate Governance which has set the Company up for long term success. He is a mentor for the management team at Starpharma and he is also genuinely excited by the science and its potential benefits to humanity, as well as the business opportunities. Richard is also a significant long term investor in Starpharma.

We are also grateful to Richard for his succession planning and his identification of Peter Bartels as the replacement Chairman. Peter brings invaluable business experience, networks and specific experience in the pharmaceutical industry.

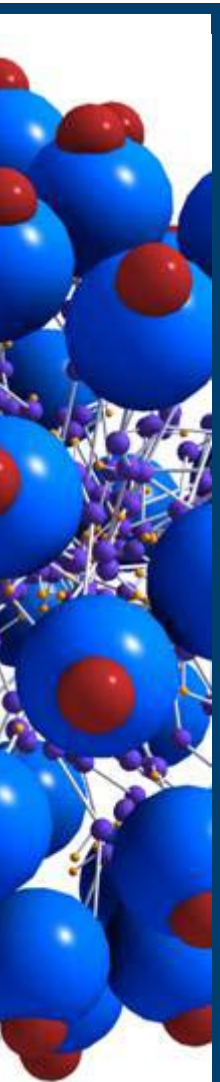
Richard, on behalf of the employees of Starpharma,
we thank you for your major contribution.

Starpharma's Profile



- **We have matured. Starpharma is no longer a virtual, start-up biotech/nanotech company.**
  - Strong board and management team
  - Established in-house capabilities:
    - Medicinal Chemistry
    - Preclinical development
    - Quality Assurance and Regulatory Affairs
    - Intellectual Property and Commercial Development
  - Establishing relationships with big pharma and biotechs
  - Accumulated experience and delivered on milestones
- **International company**
  - We have a presence in the US and established a world leading dendrimer nanotechnology company (DNT) at very low cost
  - An extensive international scientific collaborative network, eg. National Institutes of Health institutes providing extensive support for Starpharma's core programs

Starpharma's Profile (cont'd)



- **Respected profile in the Australian biotechnology community**
  - Interact broadly with other biotech companies and government agencies
- **Support of Australian institutional investors**
  - Successfully attracted institutional investors
  - Well rated by informed analysts
- **Low cost culture**
  - Small equity expenditure, relative to company's activities
- **Financially secure**
  - Sufficient cash reserves for 2-3 years of current operation

Starpharma's Profile (cont'd)

- **Scientific leaders in the area of dendrimer nanodrugs**
  - Successful development of lead drug candidate SPL7013 through US FDA IND approval for human clinical trials (VivaGel ™)
    (1st nanodrug to receive regulatory clearance from the US FDA)
- **Big upside potential**
  - Internationally competitive IP and development programs in areas with very large market potential
- **Potential to be a significant participant in the rationalisation of the Australian biotechnology industry**

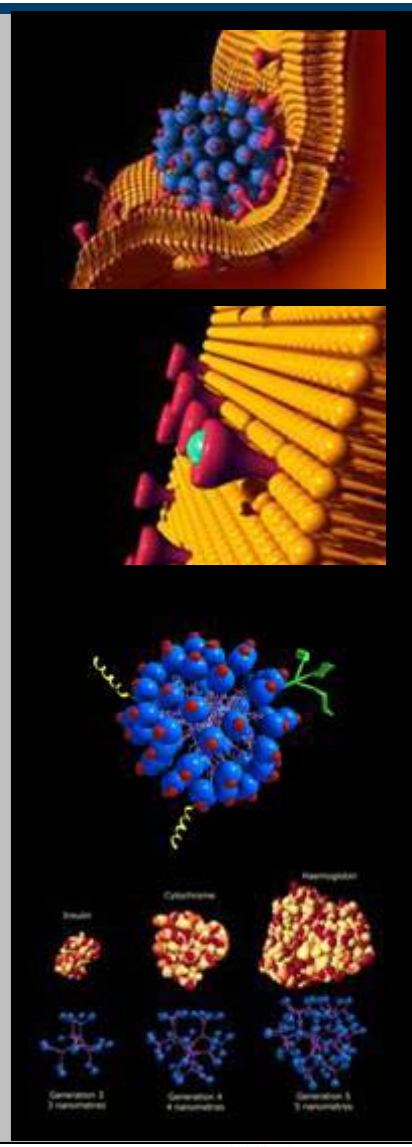
Polyvalence & Dendrimers as Drugs

Core Benefits

- Polyvalency provides a novel approach to drug discovery:
  - ✓enables simultaneous attachment to a biological target at multiple sites;
  - ✓significantly improves one or more of a drugs key therapeutic properties, (i) potency, (ii) duration of action or (iii) safety.

- (i), (ii) and (iii) are the critical areas where most unsuccessful drugs currently fail in clinical trials.

- Polyvalent drugs can enable big pharma to substantially improve therapeutic qualities of existing marketed drugs and also extend patent lives.



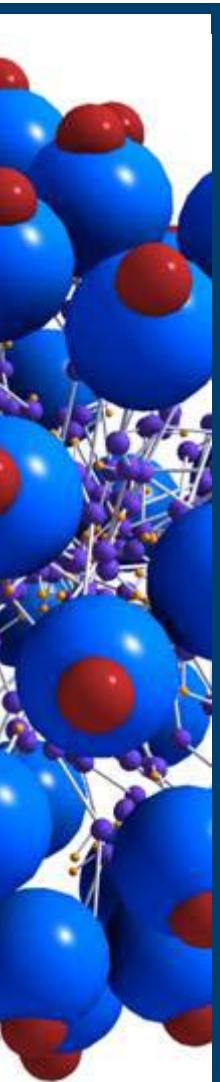
First Commercial Licence of Polyvalence

- Significant interest is building in polyvalent drugs that can allow simultaneous binding to multiple sites on a target.

  In early 2003, GSK entered into an alliance with Theravance, Inc. to develop next generation Respiratory Medicines, deal terms were:

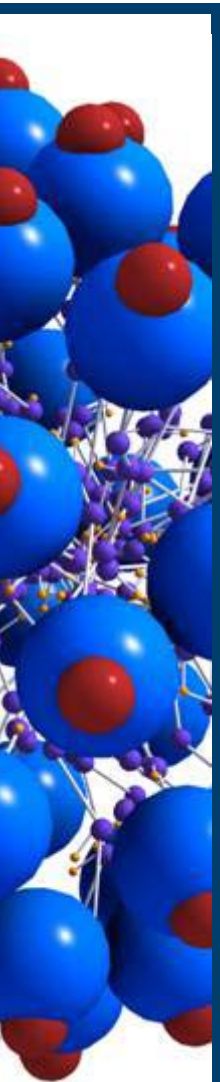
  - **US$545 million total deal value plus royalties**
    - ✓ US$50 million upfront payment;
    - ✓ US$495 million clinical, regulatory and commercial milestone payments;
    - ✓ Double digit royalty on product sales
  - Stage at signing – one compound in Phase I clinical trials.
- To date Theravance, Inc. has raised over US$370 million in private equity capital.

Starpharma Development Projects



- **Sexually Transmitted Diseases (HIV, Herpes & Chlamydia)**
  - Prevention (SPL7013 – VivaGel - as a topical microbicide) - Phase I
- **Respiratory Disease (RSV, influenza and adenovirus)**
  - Prevention and Treatment
- **Oncology**
  - Angiogenesis inhibitors
  - Small molecule anti-proliferatives (Currently marketing)
- **Biodefense**
  - Prevention and treatment of exotic viruses (bioterrorism)
  - Antitoxins
- **Diabetes - collaboration with AGT Biosciences Limited**
- **Carbohydrate Targeting Technology - collaboration with IRL (NZ)**
- **Other collaborations**

HIV Prevention – An Unmet Medical Need for Women



Number of people living with HIV/AIDS Total 42 million

Adults	38.6 million
Women	19.2 million
Children under 15 years	3.2 million

People newly infected with HIV in 2002 Total 5 million

Adults	4.2 million
Women	2 million
Children under 15 years	800 000

AIDS deaths in 2002 Total 3.1 million

Adults	2.5 million
Women	1.2 million
Children under 15 years	610 000

www.unaids.org

HIV/AIDS is the number one priority disease of the US Government.

US$15 billion allocated over five years for the prevention and treatment of HIV/AIDS.

starpharma

HIV – An Unmet Medical Need

The market for an effective HIV preventative in Western countries is over US$2 billion per annum

starpharma

VivaGel™: the first dendrimer-based drug to enter clinical trials under the US regulatory system

Nature Biotechnology "Commercializing Nanotechnology", Vol. 21 No. 10, Oct 2003.

"In July, a first dendrimer drug, developed by Starpharma (Melbourne, Australia) for use against HIV, received regulatory clearance for Phase I clinical trials from the US Food and Drug Administration (FDA: Rockville, MD, USA)."

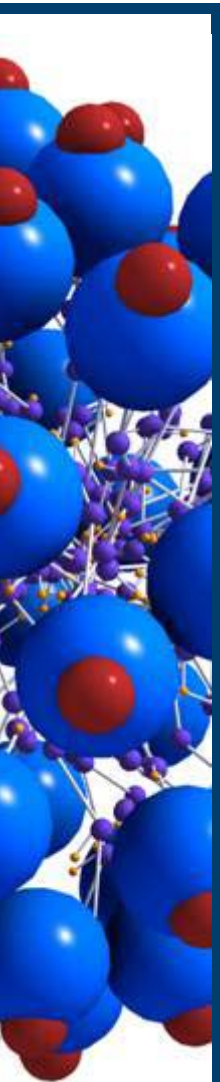
Smalltimes "Clinical trials put dendrimers on course for treating HIV" (leading US nanotechnology journal)
September/October edition, pg 62

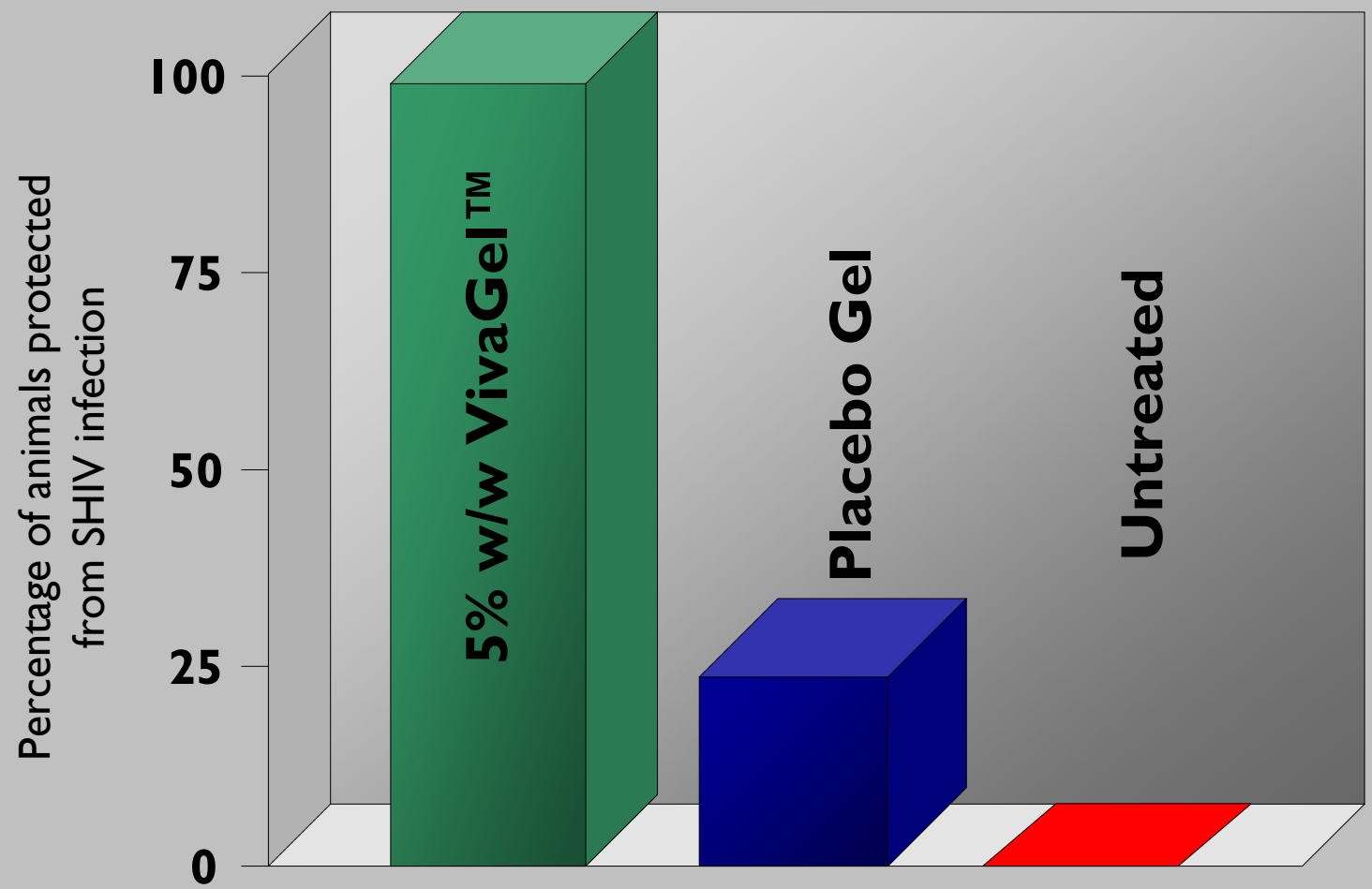
"Dendrimers are taking real steps toward fighting HIV and sexually transmitted diseases in women."

Forbes/Wolfe Nanotech Report "Nanotechnology Takes on Cancer", Vol. 2 No. 11, Dec 2003.

"With nanotech showing marked improvements in cancer treatments and the FDA showing interest in dendrimer technology, I wouldn't be surprised if a major pharma company signs with Starpharma in the next year."

VivaGel™ Prevents SHIV Infection in Macaques

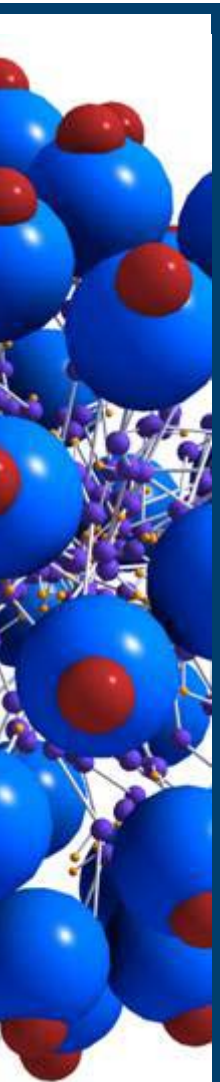




From studies conducted by Dr Che-Chung Tsai, U of Washington at Seattle under NIAID, NIH contract

starpharma

VivaGel™ Clinical Trial Strategy



- Initial Phase I Healthy Volunteer Studies
  - CMAX, Adelaide Australia
- Expanded Phase I and potential combined Phase II / III
  - Australia
  - SE Asia & Sub-Saharan Africa in partnership with government and non-government organisations
- Other STD endpoints, e.g. prevention of herpes and Chlamydia to be investigated under separate INDs
- Potential contraceptive efficacy of SPL7013 Gel under investigation

Respiratory

- Prevention & treatment of RSV, Influenza, Adenovirus & other viruses via inhalation.
- Strong polyvalent opportunities in respiratory indications.
- Lead identification.
- In vitro & in vivo biological screening in partnership with the Institute for Antiviral Research, University of Utah, Logan.

Underlying technology also relevant to Biodefense project.

Oncology

- Two active approaches:
  - Dendrimers as angiogenesis inhibitors to prevent tumor growth and metastasis, utilising targeting technology and multiple modes of action.
  - Small molecules to treat solid tumors lung, colon, breast, etc. (micro tubulin inhibitors, which are competitive with other clinical candidates in development). We are currently marketing this project to potential licensees.

Biodefense

- In a collaboration with the US National Institute for Allergy and Infectious Diseases, NIH and US Army Medical Research Institute for Infectious Diseases over six years, Starpharma's dendrimer compounds have produced positive results against the following diseases and potential bioterrorism agents.

- **Viruses include:**
  - Ebola (animal results)
  - SARS
  - Dengue
  - Punta Toro
  - VEE
  - West Nile Fever
  - Yellow Fever
  - Pichinde
- **Bacterial toxins include:**
  - Cholera (animal results)
  - Campylobacter
  - Clostridium diff

Starpharma Finances

- In September 2003, raised $6.6 million net, from placement with leading Australian financial institutions
- Conservative expenditure policy
- Burn rate for 2003/2004 - $5.2 million (assuming no additional revenue)
- Sufficient cash reserves for more than two years ($12 M)
- DNT financially independent
- Excellent prospects for additional revenue from:
  - licensing,
  - collaborations, and
  - grants

Current Grant Applications

1. '**Development of dendrimers and combination microbicides**': submitted to the National Institute of Allergy and Infectious Diseases (NIAID - part of the US National Institutes of Health) in September 2003

2. '**Dendrimers as Biodefense Antiviral Therapeutics**': submitted to NIAID in October 2003. Seeking funding support for a period of 5 years.

3. '**Dendrimers as Biodefense Antitoxin Therapeutics**': submitted to NIAID in October 2003.

Starpharma PDL – US Investment

Dendritic Nanotechnologies, Inc.

(DNT)

DNT has been successfully established. Starpharma has a 49.9% equity interest in DNT, Inc. with commercialisation rights to pharmaceutical applications arising from DNT intellectual property.

DNT – Key Assets and Relationships

2003 SPSJ Award for Outstanding Achievement in Polymer Science and Technology

Founder
Dr Donald A Tomalia

The DNT Team

The DNT Board

Significant portfolio of patent rights

SIGMA-ALDRICH FINE CHEMICALS

starpharma

Army Materiel Command
Army Research Laboratory
Delivering Science and Technology Solutions to the War Fighter

Seed Money
Infrastructure
Intellectual Property
Tech Services

MIT

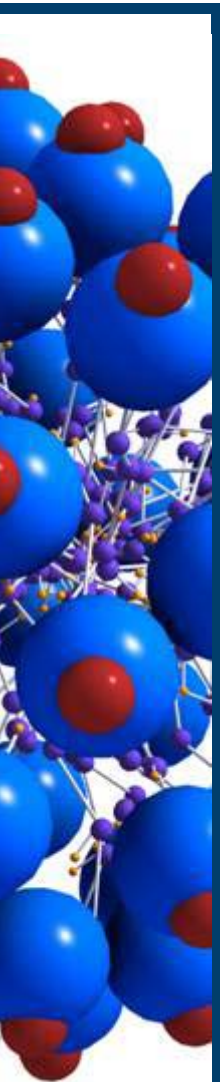
ISN

Massachusetts Institute of Technology
Institute for Soldier Nanotechnologies

CMU
CENTRAL MICHIGAN UNIVERSITY

Central Michigan University Research Corporation

DNT – Key Achievements



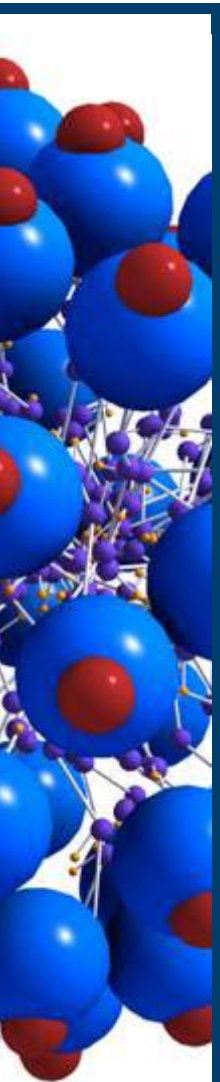
2002

- Established facilities in CMU, Mt Pleasant, Michigan
- Strengthen broad IP positions in dendrimer applications

2003

- Commenced dendrimer store sales via Sigma Aldrich
- Significant grant income from US Army and other sources
- Strengthening commercial management:
  - Charles Burke appointed CEO
  - Gifford Brown, ex CFO of Dow Corning now DNT's CFO
  - Richard Hazleton, ex CEO of Dow Corning appointed to Board
- Cash flow neutral for period: July-October 2003
- Establishing two spin off initiatives
- In discussion with numerous multinational companies from a range of industries
- Established as a significant player in US nanotechnology

DNT - Products

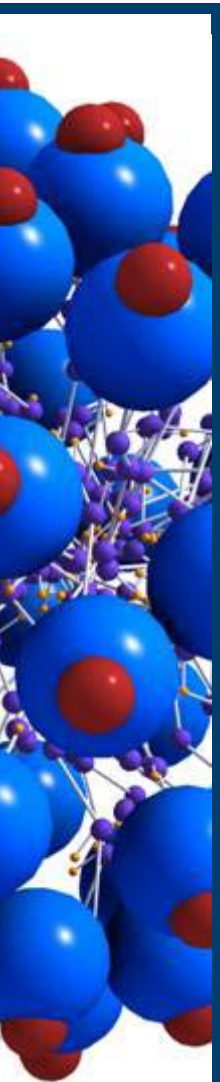


- **DNT proactively designs nano-products to fit unmet needs in diverse markets**

- **DNT – extensive dendrimer IP portfolio:**
  - New US patents granted, November 2003
    - Low cost dendritic structures
    - Core shell tecto dendrimers (large, defined nanostructures)

- **Product areas of existing DNT technology:**
  - Batteries
  - Thin films
  - Computers
  - Adhesives
  - Electronic displays
  - Sensors
  - Drug delivery
  - Cosmetics
  - Dynamic coatings

Starpharma – The Year Ahead



Establish Starpharma as a blue chip, Australian-based, biotech/nanotech company in the ASX 300. To be achieved by:

- Internal growth from technology licensing, partnerships and grants
- International recognition of strategic value of Starpharma IP
- Growth and strategic positioning of Dendritic Nanotechnologies, Inc.
- Corporate transactions, ie. alliances/mergers with companies with compatible science and complementary skills and culture
- Pooled Development Fund Status
  - Review PDF status as corporate opportunities progress

The Starpharma team is looking forward to the challenges and opportunities of the year ahead.