Development of Starpharma's VivaGel™ Accelerated with $US20m Funding from NIH

- **Development of VivaGel™ significantly accelerated**
- **Development costs externally funded through to the start of large-scale efficacy trials**
- **No loss of product ownership or dilution of equity for Starpharma**
- **Significant commercial opportunity exists for VivaGel™ in North American and European markets**

Melbourne, Australia – 3 October 2005 – Starpharma's VivaGel™, a vaginal microbicide against sexually transmitted infections (STIs), received a major boost today with the award of $US20.3m (approximately $A26.4m) development funding by the US-based National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH).[1]

This is one of the largest awards ever made in Australia by the NIAID.

Under this award, the development will be led by Starpharma's Vice President of Drug Development, Tom McCarthy.

"We feel that this significant financial support from the NIH demonstrates that the product rationale and data for VivaGel™ to date is of the highest quality and that VivaGel™ provides a very promising approach to HIV prevention," said Dr John Raff, CEO of Starpharma.

"In addition to funding the development of VivaGel™, we believe that the relationship with the NIH will also provide access to key investigators and opinion leaders who will play a significant role in ensuring the successful development and commercialisation of VivaGel™."

VivaGel™: externally funded through to the start of large-scale efficacy trials

VivaGel™ has already been successfully tested in a number of studies including a Phase 1 human safety trial. This new funding is significant because it accelerates the progress of VivaGel™ to market, and means that VivaGel™ now has fully-external, non-shareholder funding through to the start of large-scale efficacy trials.

[1] Under Contract No. HHSN266200500042C

Significant commercial opportunity exists in North American and European markets along with great need in the developing world

Microbicides are expected to be of major importance in the fight against HIV and other STIs given the limited success of vaccine-based approaches to date, and the relatively low rates of condom use. VivaGel™ is a vaginal topical microbicide designed to prevent the transmission of STIs during intercourse, including HIV and genital herpes.

In the USA, AIDS (a result of HIV infection) is now the number one cause of death among African-American women between the ages of 25 and 34.[2] Recent prevalence studies of HSV-2, which causes genital herpes, indicate that approximately 45 million Americans (26% of women and 18% of men) are infected with the virus.[3] With no cure currently available and the limited success of existing prevention strategies, infection rates in the US and elsewhere are expected to continue to rise sharply. Moreover, infection with HSV-2 has been shown to increase the probability of subsequent infection by HIV.

The funding was awarded by the NIAID after an independent, external review of the proposal to advance VivaGel™ through the clinical pipeline, by an international panel of experts in this field.

VivaGel™'s value enhanced without sacrificing Starpharma equity or product ownership.

Peter Bartels, chairman of Starpharma commented: "This NIH support significantly reduces the financial and development risk for VivaGel™ and provides a high degree of leverage for investors thus reducing the burden on their funding of the product. The support is particularly attractive as it secures development funding without the company being required to give away any commercial rights to the product."

In connection with the award, Australian Minister for Industry, Tourism and Resources, Ian Macfarlane commented: "The Australian Government, through its $100 million *Pharmaceuticals Partnerships Program,* is an active supporter of R&D in the pharmaceutical and biotechnology industries, particularly companies like Starpharma that take a research lead on such vital global health issues. Starpharma was recently awarded $5.5m under P3 and previously received several R&D grants including a $2.7m grant for VivaGel™ in recognition of the significant commercial potential of the product and of the importance of the prevention of sexually transmitted infections."

The NIAID/NIH funding is provided under a contract with Starpharma and development activities will be conducted under a collaborative research agreement with a team of internationally recognised leaders in the development of new HIV treatment and prevention measures including the Burnet Institute (Melbourne, Australia), The National Centre for HIV Epidemiology and Clinical Research at the University of New South Wales (Sydney, Australia) and the Thai Red Cross AIDS Research Centre (Bangkok, Thailand).

About Starpharma:
Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) leads the world in the application of nanotechnology to pharmaceuticals. The Company's lead development product is VivaGel™, a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes.

[2] The Microbicide Development Act, in the Senate of the United States, March 2005.
[3] Epidemiology of HSV in Developed Countries, HERPES, 11 Supplement 1, 2004.

VivaGel™ is the first example of a product to come from Starpharma's Dendrimer-based discovery pipeline, which also includes specific programs in the fields of ADME Engineering™ (using dendrimers to control where and when drugs go when introduced to the body), Polyvalency (using the fact that dendrimers can activate multiple receptors simultaneously) and Targeted Diagnostics (using dendrimers as a scaffold to which both location-signaling and targeting groups are added to allow location of specific cell type, such as cancer cells).

Starpharma also has equity interests in two companies:

- *Dendritic NanoTechnologies, Inc. (DNT)* – established with the pioneer of dendrimer nanotechnology Dr Donald A. Tomalia and based in Michigan, USA; and

- *Dimerix Bioscience Pty Ltd* – a specialist drug development company established to commercialise unique technology developed at the Western Australian Institute for Medical Research in the new field of receptor coupling, specifically G-Protein coupled receptors ("GPCRs").

Dendrimers: A type of precisely-defined, branched nanoparticle. Dendrimers have applications in the medical, electronics, chemicals and materials industries.

Microbicides: A microbicide inactivates, kills or destroys microbes such as viruses and bacteria. Microbicides may be formulated as gels, creams, sponges, suppositories or films with the purpose of reducing significantly the incidence of STIs. They are intended for vaginal or rectal use to afford protection for varying periods, from several hours up to days. Microbicides may also be designed to have a contraceptive function.

American Depositary Receipts (ADRs): Starpharma's ADRs trade under the code **SPHRY** (CUSIP number 855563102). Each Starpharma ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. The Bank of New York is the depositary bank.

For further information:

Media	**Starpharma** www.starpharma.com	
Rebecca Wilson Buchan Tel: +61 2 9237 2800 Mob: +61 417 382 391 rwilson@bcg.com.au	**Dr John Raff** Chief Executive Officer +61 3 8532 2701 john.raff@starpharma.com	**Ben Rogers** Company Secretary +61 3 8532 2702 ben.rogers@starpharma.com