



Starpharma completes acquisition of US-based Dendritic Nanotechnologies, Inc.

-The Dow Chemical Company becomes a substantial shareholder -

Melbourne, Australia, 23 October 2006 – Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) today announced completion of the transaction to acquire US-based Dendritic Nanotechnologies, Inc. (DNT). Shareholders of DNT have approved Starpharma's offer to acquire 100% ownership of the company through the issue of Starpharma shares.

The Dow Chemical Company (Dow) was a major shareholder in DNT. As a result of this transaction Dow becomes a substantial shareholder in Starpharma with approximately 8.6% of shares on issue. Dow has agreed to enter into a tiered escrow arrangement over a three-year period and has been granted the right to participate in any future capital raisings on a pro-rata basis during the escrow period.

James H Plonka, Vice President, Dow Venture Capital, said: "The merger of DNT into Starpharma is a positive step in the development of dendrimer technology."

"We believe the combined company will be a strong vehicle for accelerating this development. In particular, we believe Starpharma is the world leader in the commercialization of dendrimers for human health applications."

Starpharma CEO Dr. Jackie Fairley, added: "This is a defining event for Starpharma, positioning the company as an international dendrimer nanotechnology company with a range of commercialisation opportunities in the pharmaceutical, life-science and industrial sectors. Going forward we will be focusing on increasing shareholder value by exploiting the exciting and expanded range of applications of the combined entity's dendrimer technology, either directly or through commercial development partners."

Under the terms of the agreement announced on 4 October, 2006, Starpharma acquires the remaining 67% of DNT to increase its equity interest to 100% through the issue of 20,096,899 ordinary shares in Starpharma. The new issue represents approximately 13.6% of shares on issue prior to the transaction, and is valued at A\$9.36m (approx. US\$6.97m). DNT remains a U.S. corporation based in Mount Pleasant, Michigan, and becomes a wholly owned operating subsidiary of Starpharma Holdings Limited.

Starpharma will be seeking ratification of the share issue at the Annual General Meeting of shareholders on 15 November 2006. The transaction was completed under terms as described in the Explanatory Memorandum accompanying the notice of meeting, with the exception that DNT shareholders who held less than 5% of the share capital of DNT were not required to enter into a six month escrow agreement.

About Starpharma

Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) leads the world in the application of dendrimer-based nanotechnology to pharmaceuticals. The Company's lead development product is VivaGel™ (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes.

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-signalling and targeting groups are added to allow location of specific cell type, such as cancer cells).

Starpharma also has a wholly owned U.S. based operating subsidiary – Dendritic Nanotechnologies, Inc. (DNT). DNT is committed to the innovation, development and commercialization of its proprietary Priostar™ dendrimer technology to create new commercial products with business partners. DNT was incorporated in 2003, is a U.S. company with 16 employees, and is located in Mount Pleasant, Michigan. DNT's chief scientific officer, Donald A. Tomalia, Ph.D., is the inventor of dendrimers. DNT has a broad and comprehensive IP portfolio that comprises approximately 180 patents/applications issued and pending across 32 patent families - a unique level of IP concentration among nanotechnology companies - and has existing licensing agreements with established revenue streams for dendrimer technology. See www.dnanotech.com.

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.

Dendrimers

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

For further information:

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