Shareholder Update: February 2007

> Welcome to this edition of Starpharma's investor update, a periodic newsletter designed to keep shareholders up to date with recent developments.

> This issue provides an update on VivaGel™ clinical trials and further background on the company's US subsidiary, Dendritic Nanotechnologies Inc (DNT). We also give an introduction to some of the groundbreaking new technology that Starpharma has acquired through the acquisition of DNT, and provide an insight into our broader activities to maximise the impact of our progress with US investors.

VivaGel™

> **Male study recruitment complete – product well tolerated**
> **NIH funds further clinical development**

VivaGel™ is a vaginal microbicide gel being developed as a preventative against Sexually Transmitted Infections (STIs). VivaGel™ is initially targeted at HIV and genital herpes, and is currently undergoing human expanded safety trials in Melbourne, Australia, San Francisco, USA, and Kisumu, Kenya.

We are pleased to report that recruitment for the Melbourne trial has just been completed. Thirty-seven healthy male volunteers have entered this trial which is designed to provide information on both the safety and distribution in the body of VivaGel™ when applied topically once a day for seven days. As expected, the product has been well tolerated during the trial. The results will provide useful information for the development of VivaGel™ for both HIV and genital herpes prevention.

Progress with the female safety studies in the USA and Kenya is also on track. Recruitment at both sites is progressing well as planned, with promotional activities for further recruitment underway. This will be the first clinical trial of VivaGel™ for the prevention of genital herpes application.

The VivaGel™ clinical trials are funded by the US National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Heath (NIH).

'Karibu' (Welcome) to the VivaGel™ clinic in Kenya

On 13th February 2007 we announced further funding support for the clinical development of VivaGel™ with the signing of an agreement with the NIAID and the National Institute of Child Health and Human Development (NICHD).

The funding will be for a further clinical trial of VivaGel™ in forty sexually active 18 to 24 year old women. The study will be conducted at two sites: University of South Florida, Tampa, Florida and University of Puerto Rico, San Juan, Puerto Rico. The study is expected to commence in the second quarter of 2007, and will be the third VivaGel™ clinical trial program to receive NIH support.

Integration of DNT delivering early value

Early benefits of Starpharma's acquisition of the US-based Dendritic Nanotechnologies (DNT) in October 2006 are already becoming apparent.

Business development has been a major focus, and management has made solid progress in sourcing commercial opportunities. DNT continues to attract attention in the cosmetics and life science reagent sectors from major manufacturers interested in applying dendrimers to their existing technologies.

The company's Priostar™ dendrimers are a novel nanoscale polymer technology that is being made available commercially. It is seen to have the potential to promote adhesion, accelerate curing, strengthen resins and polymers, recycle catalysts, improve ultrafiltration, calibrate nanoporosity, and enhance cross-linking and low viscosity. Potential applications range from high performance adhesives to electronics, resins to genetic medicine (refer to article overleaf).

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Starpharma sees strong industry interest in PrioFect™

With the acquisition of DNT, Starpharma gained access to PrioFect™, a new application of dendrimer technology. PrioFect™ is a "transfection agent", a research reagent that improves the ability of scientists to introduce genetic material into cells. One of its most exciting applications is in the transfection of siRNA into cells (see figure 1). RNA interference was the subject of a Nobel prize this year, and this emerging technology provides entirely novel approaches to creating therapies. For example, in certain illnesses the wrong proteins are produced at the wrong time, and siRNA can switch off these pathological proteins and thereby treat disease.

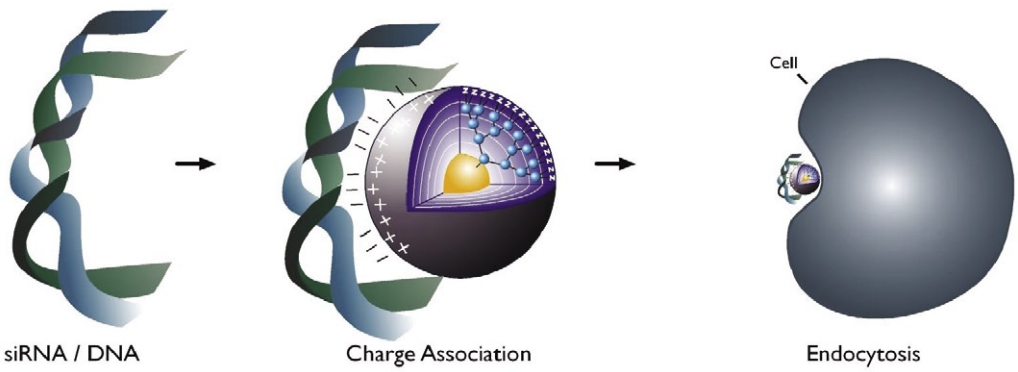
Starpharma management from the Michigan site attended the annual meeting of the American Society for Cell Biology (ASCB) in San Diego, California in December, to conduct pre-marketing activities for PrioFect™ and strong interest was expressed by many of the large life sciences companies represented at the conference. Attendees were very receptive to the advantages of PrioFect™ over common existing approaches.

Starpharma is now actively pursuing the considerable expressions of interest in collaborating and testing the product.

Facts about small interfering RNA (siRNA) and RNA interference (RNAi)

- Small interfering RNA activates the natural cellular process RNAi that cause degradation of specific RNA molecules and, as a result, prevents expression of the corresponding genes. The technology has the potential to **provide highly specific medicines** for existing and new disease targets.
- The first step in using RNAi as a research tool to interfere with gene expression is the introduction of nucleic acids into cells – a technique known as transfection. The **PrioFect™ reagent represents a new generation of transfection reagent**.
- **The first siRNA-based product is undergoing clinical trials** for the treatment of the eye disease age-related macular degeneration (AMD) by leading siRNA company Sirna Therapeutics.
- In October 2006 **US firm Merck and Co purchased Sirna for US$1.1 billion**. GlaxoSmithKline has also signed a collaboration agreement with Sirna.
- The researchers who first reported the biological process of RNAi were **awarded the Nobel Prize** for Physiology or Medicine in 2006.

Figure 1. **A complex of negatively charged genetic material associated with positively charged PrioFect™. The dendrimer-nucleic acid complex attached is taken up by the cell by endocytosis.**



Starpharma's US profile strengthening

Starpharma continues to build on its US shareholder base, which is approaching 20% of issued capital.

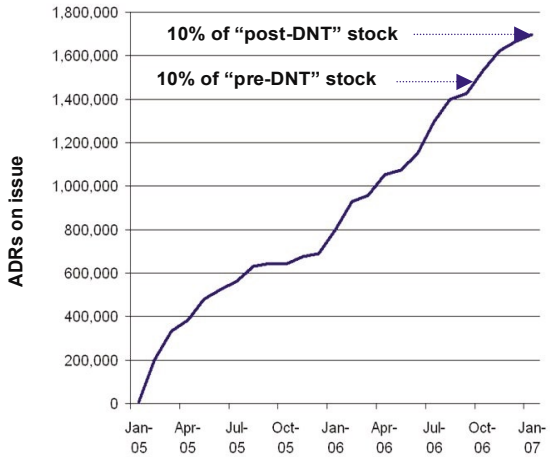
To maintain this momentum and to capitalise on the enhanced footprint that comes with the DNT acquisition, Starpharma has appointed a New York-based agency specialising in providing investor relations programs in the US for emerging public companies. Starpharma CEO Dr Jackie Fairley travels to the US on a regular basis to promote the company to US investors and partners, and her most recent visit in December resulted in US institutional buying of our stock. Jackie will be in New York and Boston again this month for a further series of presentations and meetings with partners and investors.

ADR program – up 13.6% since DNT acquisition

Since Starpharma's ADR (American Depositary Receipts) program began in January 2005 there has been strong uptake and it now represents 10.2% of issued capital.

A number of major milestones have impacted positively and sharply on the ADR program. These include the awarding of a US government contract of US$20.3 million to develop VivaGel™ in October 2005, and the acquisition of DNT in October 2006. The number of Starpharma ADRs on issue has grown by 13.6% since the acquisition of DNT.

Figure 2: Starpharma ADRs on issue



Starpharma's ADRs to list on International OTCQX

Starpharma has applied to list its ADRs on International OTCQX, a new premier market tier operated by Pink Sheets, LLC that is due to begin trading in March 2007.

International OTCQX has been established to provide a gateway to US securities markets by giving international exchange-listed companies an efficient vehicle to have their shares traded in the US and to provide ongoing disclosure to US investors.

More importantly, International OTCQX will distinguish the reputable international issuers from the thousands of securities electronically traded on the OTC markets. Only leading companies that have substantial operating businesses and provide credible disclosure to the public are eligible for inclusion on the International OTCQX. Inclusion in the program will also involve the appointment of a number of active market makers who will be trading Starpharma's ADRs.

"The upgrading of Starpharma's Level 1 ADR to International OTCQX will allow us to distinguish our company to the US markets as a reputable issuer with ongoing business operations that provides quality disclosure to US shareholders. It also gives us another tier on our way to a Level 2 ADR," said Dr. Jackie Fairley, CEO of Starpharma.

Starpharma's ADRs are deposited with the Bank of New York, which was approved by Pink Sheets on 17 January 2007 as an ADR Principal American Liaison (PAL) for International OTCQX-listed companies.

Starpharma's ADRs trade under the code SPHRY (CUSIP number 855563102), with the program managed by the Bank of New York. SPHRY is traded by major brokers including Merrill Lynch, Credit Lyonnais, Natexis Bleichroeder, and Pershing LLC.

Each ADR is equivalent to 10 ordinary shares of Starpharma as traded on the Australian Stock Exchange. Information on the ADR program is available at www.adrbny.com.

Financials for quarter ended December 2006

Starpharma lodged its quarterly cash flow report with the ASX on 31st January 2007. The transaction to acquire DNT was completed on 20 October 2006 and the report for this quarter included DNT as a wholly owned subsidiary since the acquisition date.

Receipts of A$3.7 million for the quarter included grant payments of A$3.5 million from the US National Institutes of Health (NIH) for Starpharma's microbicide development projects. Cash at the end of the quarter was A$11.2 million – A$1.1 million less than the previous quarter.

Integration of DNT delivering early value

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This month DNT will be moving into new laboratory facilities that were provided with funding support under the Michigan SmartZone initiative. This move will allow DNT to scale up manufacturing to better meet the needs of new and existing customers.

Inside DNT's new Michigan laboratory

Former chairman and CEO of Dow Corning joins Starpharma Board

Mr Richard A Hazleton, retired chairman and CEO of Dow Corning Corporation, has joined the Board of Starpharma as a Non-Executive Director.

Mr Hazleton began his career with Dow Corning in 1965 and held diverse positions in engineering, manufacturing and finance with the company in the US and Europe. He was appointed CEO of Dow Corning in 1993, and Chairman of the Board a year later. He retired in 2001.

Mr Hazleton has served on the Boards of the American Chemistry Council and the Chemical Bank and Trust Company, US as well as several non-profit social service agencies in Michigan and Belgium. He joined the Board of DNT in 2003 and was Chairman of the DNT Board from 2004 until the Starpharma acquisition in October 2006.

About Starpharma

Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY) is a world leader in the development of dendrimer nanotechnology for pharmaceutical, life science and other applications. SPL is principally composed of two operating companies, Starpharma Pty Ltd in Melbourne, Australia and Dendritic Nanotechnologies, Inc in Michigan, USA.

Products based on SPL's dendrimer technology are already on the market as diagnostic elements and laboratory reagents.

The company's lead pharmaceutical product is VivaGel™ (SPL7013 Gel), a vaginal microbicide designed to prevent the transmission of sexually transmitted infections, including HIV and genital herpes.

Further information

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