

Shareholder Update: May 2008

Welcome to the latest edition of Starpharma's Investor Update, a periodic newsletter designed to keep shareholders informed about recent developments.

This issue provides an update of our latest achievements, and in particular our recent trial results for VivaGel[®], our lead product under development for the prevention of HIV and genital herpes. We also report on the potential expanded application of VivaGel[®] to a further sexually transmitted infection - the human papillomavirus, the new commercial opportunities for our wider dendrimer pipeline, and the increased investment by US institutional investor Platinum Partners.

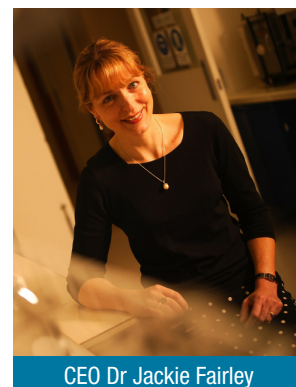
Positive clinical trial results for VivaGel[®]

Starpharma recently announced positive results of a clinical trial demonstrating that VivaGel[®] was safe and well-tolerated in sexually abstinent women when administered vaginally, twice daily for 14 days. This NIH supported trial extends the duration of use for VivaGel[®] and is the first international trial of the product. The trial was conducted in women in the USA and Africa - two important target populations for a marketed product.

The study enrolled 54 women in San Francisco and Kisumu, Kenya and was double blinded so that the participants, the investigators and study staff did not know who was receiving VivaGel[®] or placebo gel. The 3% SPL7013 Gel (VivaGel[®]) was administered vaginally twice daily for 14 days, in this National Institutes of Health (NIH) supported trial, and was found to be safe and well-tolerated in the sexually abstinent women. There was no evidence of serious adverse events or treatment-related effects on vaginal microflora.

Based on these results and existing supporting data, the product is deemed suitable for continued development as a topical microbicide for the prevention of HIV and genital herpes. These findings support current and future clinical studies to assess the safety and efficacy of VivaGel[®] for genital herpes and HIV in sexually active women.

CEO Jackie Fairley said: "We are very pleased to report that VivaGel[®] has met its safety and tolerability endpoints in this expanded safety study. These results further strengthen and support the safety profile of VivaGel[®] and we look forward to moving ahead with further trials of the product to support registration of VivaGel[®], not only for HIV and Herpes prevention but also potentially for other STIs and contraception."



Full details of the trial were released to the ASX and can be found on our website www.starpharma.com.

Expanding VivaGel[®]'s application for other STIs: Human papillomavirus

The human papillomavirus (HPV) will become the third disease area under investigation for the topical microbicide VivaGel[®] following encouraging pre-clinical data.

Genital HPV infection is the most common sexually transmitted infection in the US, with 6.2 million people newly infected each year. Refer to page three for the full story.

Starpharma's dendrimer technology a platform for new commercial opportunities

A significant benefit of Starpharma's dendrimer technology is its diverse application to pharmaceutical and industrial products – some of which are already generating revenues. Whilst VivaGel® is our most well known and advanced dendrimer under development we continue to explore its commercial potential in a number of new applications. This expansion strengthens our pipeline of products and opens up new opportunities for the Company.

In our last issue we reported on the company's exciting research of dendrimers as agents for the early detection of arterial disease. In this issue we can report on a number of new applications for Starpharma's dendrimers:



Arthritis and skin care

In April, Starpharma announced the filing of a new patent application for the use of SPL7013, the active ingredient in VivaGel®, in a completely new area. It has been found that SPL7013 is a potent inhibitor of the enzyme hyaluronidase. Such an inhibitor could improve the effectiveness of an established

class of therapeutics based on a second molecule called hyaluronan or hyaluronic acid.

Hyaluronan is already used in the treatment of diseases including osteoarthritis and various cosmetic applications, but it is quickly degraded by the body's own enzyme hyaluronidase. Since SPL7013 inhibits hyaluronidase it may have a commercial application to extend the lifetime of the therapeutic molecule hyaluronan, allowing it to do its work better.

Unilever deal

In April Starpharma also signed a deal with Unilever, one of the largest food companies in the world, to co-develop a research tool using its proprietary dendrimer technology as an imaging agent to analyse the microscopic structure of foods. Understanding the microstructure is an important factor in creating appetizing food, determining properties such as 'mouthfeel' and controlled release of taste and smell. An undisclosed fee is payable to Starpharma as part of the arrangement with Unilever.

EMD Chemicals launches DNA transfection agent kit

NanoJuice™ – the name for a new product developed by Starpharma's wholly owned US subsidiary DNT that transports DNA into cells – was launched last month by EMD Chemicals, an affiliate of Merck KGaA, Darmstadt, Germany.

Under the commercial agreement Starpharma will supply product for, and receive royalties from the sale of the EMD transfection kits.

In good company: VivaGel® profiled with The Asia Pacific Business Coalition on AIDS (APBCA)

Starpharma has become a member of the APBCA, which was launched by former US President Bill Clinton in February 2006 and lists many high-profile members including international pharmaceutical companies Pfizer, Merck Sharp & Dohme and Boehringer Ingelheim.

Members of the APBCA board, drawn from some of the world's leading companies, include Lachlan Murdoch and former Chair of Qantas and business leader Margaret Jackson.

The APBCA was established to increase the engagement of the private sector in the fight against HIV/AIDS. The coalition, which includes BHP Biliton, Qantas and other ASX200 companies, is working with businesses to limit the impact of HIV and AIDS in the Asia Pacific region.

The APBCA's central tenet is that HIV warrants concern not only for humanitarian reasons, but also for sound economic considerations.

CEO Jackie Fairley was invited to present the Starpharma story at a meeting of the APBCA board and members on 5 May.



Potential third STI application of VivaGel® to be pursued: Human papillomavirus

The human papillomavirus (HPV) will become the third disease area under investigation for the topical microbicide VivaGel® following encouraging pre-clinical data. Genital HPV infection is the most common sexually transmitted infection in the US, with 6.2 million people newly infected each year.

In late April, the company announced that SPL7013 – the core ingredient in VivaGel® – inhibited strains of HPV in laboratory tests. HPV is the cause of genital warts and cervical cancer.

The finding adds to the suite of sexually transmitted infections against which SPL7013 shows activity.

The studies were conducted in the laboratories of Professor Ian Frazer (University of Queensland, Australia), whose discoveries led to the development of the cervical cancer vaccine Gardasil®, and Dr John Schiller (National Cancer Institute, US).

The researchers demonstrated that SPL7013 had strong activity against the HPV strains responsible for warts of the skin or genitals (HPV-5, -6) and the cancer-causing HPV strains (HPV-16 & -45).

Further testing of other clinically relevant HPV strains is currently under way. It is of particular interest that the gel shows good activity against HPV-45: current vaccines, which are not completely effective, are not marketed to protect against this strain.

Platinum Partners increases share holding in Starpharma

A major focus for Starpharma CEO Dr Jackie Fairley has been leveraging US investment interest in the company. Starpharma's listing on the US-based OTCQX exchange, US analyst coverage and regular contact with US investors have been key elements of this strategy. A concrete outcome was the AU\$3.8 million placement led by US institutional fund Platinum-Montaur Life Sciences LLC, a fund associated with Platinum Partners Plc, in August 2007.

In February this year, Platinum-Montaur Life Sciences built on its initial holding with on-market purchases and lodged a substantial shareholder notice with the ASX.

The increased share holding by this US institution reflects the growing awareness of Starpharma in the United States with US investors now representing more than 25% of total equity.

This improved access to US capital has been one tangible outcome of Starpharma's investor relations program in the US and it has introduced investors such as Platinum-Montaur Life Sciences to the company. According to the fund manager Michael Goldberg, MD, the rationale for the increased investment in Starpharma was based on the following fundamentals:



"We were impressed by a few things, for example the size of the markets addressed by Starpharma's technology and the relatively low cost of answering the question "Does it work?" Consideration of Starpharma's high level of funding from the NIH contributed to our decision to invest; as did the fact that the technology had already been proven to work on

the target. This second point told us that the major risk in humans was safety, not efficacy."

"Additionally, the preclinical efficacy data, particularly those from the primate studies, were impressive. And finally, we were impressed with the CEO, Jackie Fairley, the strategy she created and her matter-of-fact, non-promotional manner."

Starpharma in the News

EQUITIES Magazine, April 2008



Starpharma featured in a story in the April editions of *EQUITIES Magazine*, and *EQUITIES EUROPE*, under the heading 'Why US Investors love the Australian ADR - An ADR to Watch: Starpharma'.

The article may be viewed at www.starpharma.com.

Other media outcomes in the last quarter include:

- CFO Magazine;
- Australian Financial Review;
- Financial Standard; and
- The Herald Sun.

2007 – 2008 Achievements and Progress

VivaGel® as a stand-alone microbicide

- ✓ Positive results of UCSF/Kenya Expanded Safety/IIa trial - VivaGel® safe and well-tolerated (May 2008)
- ✓ SPL7013 Inhibits Clinically Relevant Strains of HPV – potential to expand VivaGel® applications (April 2008)
- ✓ Successful completion of clinical trial demonstrating that VivaGel® is well tolerated in men (July 2007)

VivaGel® as a condom coating

- ✓ Agreement with condom manufacturer SSL International (owner of Durex®), to negotiate a commercial licence for co-development of condoms with a VivaGel® coating (October 2007)
- ✓ Agreement with a leading (unnamed) condom company in relation to the use of VivaGel® as a condom coating within a specified geographical region (July 2007)

SPL7013 - other applications

- ✓ Potential application for arthritis and cosmetic treatments - SPL7013 found to inhibit hyaluronidase (April 2008)

Other dendrimer products and applications

- ✓ First commercial product launch Priostar® dendrimers – EMD Chemicals launches Nanojuice™ DNA transfection kit (April 2008)
- ✓ Agreement with Unilever – Priostar® dendrimers to be made available as imaging agents to analyse structure of food (April 2008)
- ✓ Agreement with Stiefel Laboratories, Inc., to apply SPL's dendrimer technology to delivery of drugs through the skin (December 2007)
- ✓ Awarding of a US\$1.3 million Defense Dept contract to DNT and Central Michigan University Research Corporation to develop water purification technology using Priostar® (August 2007)

Recent Meetings and Events

5th Biannual International Microbicides Conference, India (24-27 February)

The positive findings of the Phase I clinical trial of VivaGel® in healthy males were delivered via an oral presentation by Starpharma's Clinical Development Manager, Clare Price.

Further information in relation to the contraceptive properties of VivaGel® was also presented at this meeting.

235th American Chemical Society National Meeting and Exposition, New Orleans (6–10 April)

Dr David Owen, Vice President, Discovery, made a presentation entitled "Dendrimers as Drugs: New Opportunities to Treat and Prevent Human Diseases".

Advances and Challenges in STI Microbicide Research conference, US (April 15-16)

Dr Jeremy Paull, Vice President, Development and Regulatory Affairs presented an overview of sexually transmitted infections as primary endpoints, with a focus on VivaGel® for the prevention of genital herpes.

Excellence in Biotechnology Investment, Sydney (20-21 April)

Dr Jackie Fairley presented to more than 150 investors at the Excellence In Biotechnology Investment conference in Sydney in April.

About Starpharma

Starpharma Holdings Limited (ASX:SPL, OTCQX: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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