



## **Dendritic Nanotechnologies to be Acquired by Australian Nanobiotech Company Starpharma Holdings Ltd.**

Acquisition benefits both companies through a more diversified product pipeline with near-term revenue opportunities and significant development synergies

**Mount Pleasant, Mich.—October 4, 2006—**Dendritic Nanotechnologies Inc. (DNT) and Starpharma Holdings Limited (ASX:SPL, USOTC:SPHRY), today signed an agreement for Starpharma to acquire the outstanding equity of U.S.-based DNT for \$6.97 million, payable through the issue of Starpharma shares. Starpharma currently owns 33% of DNT, and The Dow Chemical Company is the other major shareholder, with a 30% equity stake.

The transaction is subject to DNT shareholder approval, which is expected to be obtained in the next two weeks. DNT will retain its corporate identity, remain a U.S. corporation based in Mount Pleasant, Michigan, and will become a wholly owned operating subsidiary of Starpharma.

The resulting company will be positioned as the global leader in dendrimers, holding a dominant IP portfolio in the field of dendrimer-based nanotechnology.

DNT's CEO, Dr. Robert Berry, will remain with the company and will oversee the U.S. operation. Dr. Donald Tomalia, DNT's chief scientific officer and the inventor of dendrimers, will also remain with DNT to continue research efforts. As part of the transaction, Starpharma will appoint two new U.S.-based directors with North American corporate and capital markets experience to the Starpharma board.

"The technical and commercial synergies that result from combining the respective dendrimer product platforms of DNT and Starpharma, with the combined development expertise, IP portfolios and business opportunities, will lead to faster, cost-effective application development," said Dr. Robert Berry, CEO of DNT. "Starpharma was the first company in the world to have an Investigational New Drug (IND) allowed by the U.S. Food and Drug Administration for a dendrimer-based pharmaceutical product. The combination of Starpharma's FDA expertise and our dendrimer know-how offers new and exciting opportunities in biomedical applications."

The merger of DNT with Starpharma has significant benefits:

1. Starpharma gains ownership of a new family of precision, scalable dendrimer nanostructures pioneered by DNT, called Priostar™. Priostar dendrimers may be synthesized more quickly and at a lower cost than alternatives.
2. This proprietary technology allows the company to develop a broad range of specialized commercial applications that were previously not economically feasible. The Priostar family of dendrimers serves as a major nanostructure platform that will have broad commercial applications.
3. These cost-effective dendrimers have commercial value in the industrial sector as they enable the development of new products and improve existing technologies for functionalized surface coatings, sensors, antimicrobials, cosmetics, pigments, dyes, and many other applications. Last year, Frost & Sullivan awarded DNT the "Advanced Medical Applications Technology of the Year" Award for its work in developing and commercializing the Priostar family of dendrimers.

"The acquisition of DNT is an extremely positive development for Starpharma," said Starpharma CEO Dr. Jackie Fairley. "DNT has exciting new intellectual property in its Priostar™ dendrimers and existing royalty streams in place from leading pharmaceutical and industrial companies. We believe that the combined entity is ideally placed to capitalize on the significant commercial opportunities for the technology. This

gives Starpharma the opportunity to commercialize dendrimer technology not only in the pharmaceutical sector but in other, nearer-term life-science and industrial applications.”

### **Transaction Details**

Starpharma is to acquire the remaining 67% of DNT to increase its equity interest to 100%, through the offer of ordinary shares in Starpharma for a value of \$6.97 million. Post-transaction, The Dow Chemical Company will hold approximately 8.6% of Starpharma. The issue to DNT shareholders has been determined based on a VWAP (Volume Weighted Average Price) of Starpharma shares traded during the five trading days up to and including Monday, October 2, 2006. The total number of Starpharma shares to be issued is 20.097 million This represents approximately 13.6% of the issued capital of the company. These shares will rank equally in all respects with existing shares on issue. Shares issued as part of this transaction will be subject to varying escrow arrangements of up to three years. Starpharma has also agreed a royalty arrangement with Dow for a proportion of existing DNT royalty streams for up to five years, providing Dow maintains its shareholding in Starpharma. The Starpharma news release, issued this morning in Australia, can be viewed at [www.starpharma.com](http://www.starpharma.com).

### **Dendrimers**

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

### **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 sexually transmitted infections, 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-signaling and targeting groups are added to allow location of specific cell type, such as cancer cells). See [www.starpharma.com](http://www.starpharma.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.

### **About DNT**

Dendritic Nanotechnologies Inc. (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 and led numerous commercial developments during a 25-year management and senior scientist career with The Dow Chemical Company. 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 <http://www.dnanotech.com>.

Priostar and STARBURST are trademarks of Dendritic Nanotechnologies Inc. VivaGel is a trademark of Starpharma Holdings Limited.

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