

SILENCE THERAPEUTICS plc
(“Silence Therapeutics” or “the Group”)

INTERIM RESULTS FOR THE SIX months ended 30 June 2009

Operational Highlights

- Silence commenced a phase I clinical study of Atu027, its lead therapeutic product candidate. Dosing of patients with advanced solid tumours began in June following the approval of a Clinical Trial Application from the German regulator BfArM
- Quark initiated phase I/II clinical trials of QPI-1002, another product candidate based on Silence's proprietary chemistry. Quark is developing QPI-1002 for use in kidney transplant surgery
- The European Patent Office (EPO) granted a patent on protein kinase N3 (PKN3), the target gene for Silence's lead compound Atu027
- The Technical Board of Appeal of the European Patent Office revoked in its entirety European patent EP1 214 945, which is a fundamental competitor patent owned by Alnylam Europe AG

Post period

- In August Silence announced a delivery collaboration agreement with Dainippon Sumitomo Pharma Co., Ltd. of Japan to demonstrate the functional delivery of Silence's proprietary small interfering RNA molecules to specific targets

Financial Highlights

- Revenue for the six months ended 30 June 2009 was £856,626 (six months ended 30 June 2008: £124,338)
- Research & Development costs were reduced to £2.55m (six months ended 30 June 2008: £3.1m) following the completion of the extensive pre-clinical programme for Atu027
- Administrative expenses were reduced to £1.92m (six months ended 30 June 2008: £2.3m)
- In January Silence raised £2.65m via a share placing. The cash position as of 30 June 2009 was £3.1m (as at 31 December 2008: £3.35m)

Merger discussions

Silence Therapeutics plc yesterday announced that the Company is in merger discussions. The Company expects the proposed transaction to be treated as a reverse takeover under the AIM Rules. Accordingly, trading in the Company's shares has been suspended pending publication of an Admission document. The proposed transaction is subject to due diligence and would be conditional upon shareholder approval.

A further announcement will be made in due course.

Enquiries:

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SILENCE THERAPEUTICS PLC**CONSOLIDATED INCOME STATEMENT****SIX MONTHS ENDED 30 JUNE 2009**

	Six months ended 30 June 2009 £	Six months ended 30 June 2008 £	Year ended 31 December 2008 £
Revenue	856,626	124,338	2,208,699
Research and development direct costs	(2,554,426)	(3,071,040)	(6,712,032)
Gross Loss	<u>(1,697,800)</u>	<u>(2,946,702)</u>	<u>(4,503,333)</u>
Administrative expenses	(1,915,498)	(2,301,875)	(3,288,304)
Operating Loss	<u>(3,613,298)</u>	<u>(5,248,577)</u>	<u>(7,791,637)</u>
Finance income	38,667	326,498	356,996
Loss for the period before tax	<u>(3,574,631)</u>	<u>(4,922,079)</u>	<u>(7,434,641)</u>
Taxation credit for the period	-	20,000	-
Retained loss for the period after taxation attributable to Equity Holders transferred from reserves	<u>(3,574,631)</u>	<u>(4,902,079)</u>	<u>(7,434,641)</u>
Loss per Ordinary Equity Share	<u>(2.66)p</u>	<u>(4.09)p</u>	<u>(6.20)p</u>

All transactions arose from continuing activities.

SILENCE THERAPEUTICS PLC**CONSOLIDATED BALANCE SHEET****AT 30 JUNE 2009**

	30 June 2009 £	31 December 2008 £	30 June 2008 £
Non-current assets			
Property, plant and equipment	396,288	535,909	448,230
Goodwill	7,704,390	8,611,087	7,175,906
Other intangible assets	733,492	812,696	738,953
	<u>8,834,170</u>	<u>9,959,692</u>	<u>8,363,089</u>
Current assets			
Trade and other receivables	724,331	1,068,702	996,292
Cash and cash equivalents	3,057,038	3,350,187	5,661,213
	<u>3,781,369</u>	<u>4,418,889</u>	<u>6,657,505</u>
Current liabilities			
Trade and other payables	828,676	934,601	786,393
	<u>828,676</u>	<u>934,601</u>	<u>786,393</u>
Net current assets	<u>2,952,693</u>	<u>3,484,288</u>	<u>5,871,112</u>
Net assets	<u>11,786,863</u>	<u>13,443,980</u>	<u>14,234,201</u>
Capital and Reserves attributable to the Company's Equity Holders			
Share capital	1,349,134	1,199,134	1,198,835
Share premium account	40,467,956	37,967,956	37,964,447
Merger reserve	6,140,874	6,140,874	6,140,874
Share-based payment reserve	3,234,333	2,901,584	3,285,862
Translation reserve	2,226,254	3,291,489	1,171,096
Profit and loss account	(41,631,688)	(38,057,057)	(35,526,913)
Equity Holders' funds	<u>11,786,863</u>	<u>13,443,980</u>	<u>14,234,201</u>

SILENCE THERAPEUTICS PLC
CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Shares	Share Premium	Merger Reserve	Share-based Payment Reserve	Translation Reserve	Profit and Loss Account	Shareholder Funds
	£	£	£	£	£	£	£
at 1 January 2009	1,199,134	37,967,956	6,140,874	2,901,584	3,291,489	(38,057,057)	13,443,980
Shares issued in the period	150,000	2,500,000					2,650,000
Loss for 6 months to 30 June 2009						(3,574,631)	(3,574,631)
Charge based on options issued	-	-	-	332,749	-	-	332,749
Translation adjustment	-	-	-	-	(1,065,235)	-	(1,065,235)
at 30 June 2009	<u>1,349,134</u>	<u>40,467,956</u>	<u>6,140,874</u>	<u>3,234,333</u>	<u>2,226,254</u>	<u>(41,631,688)</u>	<u>11,786,863</u>

SILENCE THERAPEUTICS PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months to 30 June 2009	Six months to 30 June 2008	Year ended 31 December 2008
	£	£	£
Cash flows from operating activities			
Loss before taxation	(3,574,631)	(4,922,079)	(7,434,641)
Adjustments for:			
Depreciation charges	63,476	52,816	116,489
Amortisation charges	128,499	137,877	306,916
Loss on sale of fixed assets	-	-	307
Charge for the period in respect of share-based payments	339,845	926,016	544,158
Foreign exchange movement	(14,476)	(76,182)	73,410
Recovery of loan provided for in previous years	-	(18,000)	(31,000)
Finance income	(38,667)	(308,498)	(253,634)
	<u>(3,095,954)</u>	<u>(4,208,050)</u>	<u>(6,677,955)</u>
Decrease in trade and other receivables	271,961	494,568	668,891
Increase/(decrease) in trade payables	42,283	(1,015,553)	(1,032,708)
	<u>(2,781,710)</u>	<u>(4,729,035)</u>	<u>(7,041,812)</u>
Cash absorbed by operations			
Income taxes received	-	-	60,000
	<u>(2,781,710)</u>	<u>(4,729,035)</u>	<u>(6,981,812)</u>
Net cash outflow from operating activities			
	<u>(2,781,710)</u>	<u>(4,729,035)</u>	<u>(6,981,812)</u>
Cash flows from investing activities			
Recovery of loan made in previous years	-	18,000	31,000
Interest received	38,667	308,498	253,634
Additions to property, plant and equipment	(6,347)	(70,822)	(135,584)
Additions to intangible assets	(104,146)	(39,817)	(135,752)
	<u>(71,826)</u>	<u>215,859</u>	<u>13,298</u>
Cash (absorbed in)/generated from investing activities			
	<u>(71,826)</u>	<u>215,859</u>	<u>13,298</u>
Cash flows from financing activities			
Proceeds from issue of share capital and options	2,650,000	-	3,808
	<u>(203,536)</u>	<u>(4,513,176)</u>	<u>(6,964,706)</u>
Net (decrease) in cash and cash equivalents			
	<u>(203,536)</u>	<u>(4,513,176)</u>	<u>(6,964,706)</u>
Cash and cash equivalents at beginning of period	3,350,187	10,174,389	10,174,389
Net (decrease) in cash and cash equivalents	(203,536)	(4,513,176)	(6,964,706)
Effect of exchange rate fluctuations on cash held	(89,613)	-	140,504
	<u>3,057,038</u>	<u>5,661,213</u>	<u>3,350,187</u>
Cash and cash equivalents at end of period			

SILENCE THERAPEUTICS PLC
NOTES

1. Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and using the same accounting policies as in the preparation of the audited accounts for the year ended 31 December 2008.

The accounts are drawn up in compliance with IAS 34, Interim Financial Reporting.

The above financial information does not constitute statutory accounts within the meaning of Section 435, Companies Act 2006. The information relating to the six months ended 30 June 2009 is neither audited nor reviewed. Information relating to the year ended 31 December 2008 has been extracted from the statutory accounts of the Group which have been audited by the Group's auditors Grant Thornton UK LLP and whose report thereon is unqualified.

2. Segment Reporting

Six Months Ended 30 June 2009

Business Segments	RNAi Therapeutics £	Immunothera py £	Unallocated Group items £	Consolidated £
Revenue	555,626	301,000	-	856,626
Operating results	(2,925,128)	244,651	(932,821)	(3,613,298)
Net finance income	-	507	38,160	38,667
Net result for the period	(2,925,128)	245,158	(894,661)	(3,574,631)
Segment assets	10,016,507	387,707	2,211,325	12,615,539
Segment liabilities	(632,976)	(51,820)	(143,880)	(828,676)
Costs to acquire property, plant and equipment	6,347	-	-	6,347

Costs to acquire intangible Assets	104,146	-	-	104,146
Depreciation and amortisation	190,475	1,500	-	191,975
Charge for non-cash expenses	127,706	1,158	210,981	339,845

Six months ended 30 June 2008

Business Segment	RNAi Therapeutics	Immunotherapy	Unallocated Group items	Consolidated
	£	£	£	£
Revenue	98,338	26,000	-	124,338
Operating results	(3,569,350)	(180,804)	(1,498,423)	(5,248,577)
Net finance income	165,662	17,371	143,465	326,498
Net result for the period	(3,403,688)	(163,433)	(1,354,958)	(4,922,079)
Segment assets	9,924,389	1,981,913	3,114,292	15,020,594
Segment liabilities	(567,048)	(148,956)	(70,389)	(786,393)
Costs to acquire property, plant and equipment	70,423	399	-	70,822
Costs to acquire intangible Assets	39,817	-	-	39,817
Depreciation and amortisation	189,193	1,500	-	190,693
Charge for non-cash expenses	249,308	343	676,365	926,016

3. Earnings per share

The loss per share is based on the loss for the period after taxation attributable to Equity Holders of £3,574,631 (year ended 31 December 2008 - loss £7,434,641; six months ended 30 June 2008 - loss £4,902,079) and on the weighted average of

134,250,409 ordinary shares in issue during the period (year ended 31 December 2008 – 119,885,617 six months ended 30 June 2008 – 119,883,536). The options outstanding at 30 June 2008, 31 December 2008 and 30 June 2009 are considered to be non-dilutive in that their conversion into ordinary shares would decrease the net loss per share. Consequently, there is no diluted earnings per share to report for either year.

4. Taxation

The credit for UK Corporation Tax arises from the Group taking advantage of the legislation regarding the treatment and surrender of tax losses arising from certain qualifying research and development expenditure.

Notes to Editors:

About Silence Therapeutics plc (www.silence-therapeutics.com)

Silence Therapeutics plc (AIM: SLN) is a leading European RNAi-focused biotechnology company.

RNA interference (RNAi), is a Nobel Prize winning technology and one of the most exciting areas of drug discovery today. It represents a completely new approach to selectively 'silence' or inactivate disease relevant genes and as such it has the potential to create a new class of therapeutic products. RNAi could therefore offer a therapeutic approach to a broad range of diseases (cancer, infectious diseases, inherited diseases), many of which have been regarded as incurable and are not addressed by current therapeutics, therefore providing a large market opportunity.

Silence Therapeutics has developed a platform of novel short interfering RNA ('siRNA') molecules, AtuRNAi, which provide a number of advantages over conventional siRNA molecules, including increased stability against nuclease degradation. In addition, the Company has developed a proprietary systemic delivery system, AtuPLEX. This system enables the functional delivery of siRNA molecules to targeted diseased tissues and cells, while increasing their bioavailability and intracellular uptake.

Following the granting of its patents in Europe, the USA and Australia, Silence Therapeutics is one of only two companies worldwide with a proprietary position on composition of matter for siRNA therapeutics.

Silence's lead internal product, Atu027, is a proprietary AtuRNAi molecule in clinical development for systemic cancer indications. Atu027 has successfully completed single and repeat dose toxicology and geno-toxicology studies, as well as a 28-day toxicology study using multiple dosing regimens. In June 2009, the Company started an open-label, single-centre, dose-escalation Phase I study with Atu027 in patients with advanced solid (malignant) tumours involving single as well as repeated intravenous administration. Atu027 specifically targets PKN3, a molecule involved in cancer growth and metastasis formation. Atu027 is Silence's most advanced clinical candidate for a systemically delivered short interfering RNA (siRNA) using the Company's proprietary AtuPLEX delivery technology.

In March 2008 Silence Therapeutics announced a collaboration with AstraZeneca (LSE: AZN) focused on the development of a range of novel delivery approaches for siRNA molecules. Under the terms of the agreement both Silence Therapeutics and AstraZeneca will be allowed to commercialize the truly novel delivery systems that the two partners develop together.

Silence Therapeutics has granted a licence to AstraZeneca to develop novel AtuRNAi therapeutics against five specific targets. This collaboration was the first industry validation of the potential application of Silence Therapeutics' proprietary AtuRNAi molecules and solidified the Company's leadership position in field of RNAi therapeutics.

The Company's AtuRNAi technology also has been sublicensed to Pfizer via Quark's license to them of the compound RTP-801i-14 for the treatment of age-related macular degeneration (AMD) and a number of other indications. This compound entered a phase II clinical study in July 2008. Silence Therapeutics also has licensed to Quark rights to the AtuRNAi structure for Quark's proprietary compound, AKIi-5 and DGF_i, which are both in Phase I human clinical studies for treatment of acute kidney injury and delayed graft function in kidney transplantation respectively.

Forward-Looking Statements

This press release includes forward-looking statements that are subject to risks, uncertainties and other factors. These risks and uncertainties could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to Silence Therapeutics and Silence Therapeutics assumes no obligation to update any such forward-looking statements.

Silence Therapeutics is based in London, UK, and Berlin, Germany, and is listed on AIM.

