



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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

London, UK, 28 September 2007 - Silence Therapeutics plc (London LSE: SLN) (previously SR Pharma) today announces its unaudited interim financial results for the six months ended 30 June 2007.

Operational highlights

- The European Patent Office grants Silence Therapeutics’ core chemistry patent for its novel AtuRNAi™ molecule providing Silence Therapeutics with commercial protection for its novel RNAi therapeutics
- Quark Pharmaceuticals and Pfizer begin Phase I trials with the first Silence Therapeutics’ AtuRNAi™ based molecule in Age-related Macular Degeneration (AMD)
- Quark is granted an IND for a second AtuRNAi™ molecule, AKli-5, for Acute Kidney Injury
- The Group adopts a new corporate identity and changes its name to Silence Therapeutics to reflect the Group’s core focus and leadership position in the RNAi sector

Post-period highlights

- AstraZeneca collaboration signed to develop novel AtuRNAi molecules against five specific, mainly respiratory, targets - potential to generate up to £200m (US\$ 400m) in access fees and milestone payments plus royalties on product sales
- Silence Therapeutics appoints Jeff Vick as Group CEO in order to strengthen its core management team as the Group seeks to expand its business partnerships
- Silence Therapeutics and Quark Pharmaceuticals, Inc. announce an expansion of their strategic technology licensing agreement - Quark granted non-exclusive license options against three specific targets

Financial highlights

- Group revenues increased to £1.2m from its RNAi technology
- Cash position of £6.4m at the period end (31 December 2006: £8.8m). Post 30 June 2007, £7.5m was received from AstraZeneca

Jeff Vick, Silence Therapeutics' Chief Executive Officer, commenting on today's results announcement said:

"The significant progress that Silence Therapeutics has made over the course of 2007 has positioned us as one of the global leaders in RNAi. Our deal with Astra Zeneca was clearly a major positive as it validated our technology, gave us access to the respiratory field via one of the world leaders and has provided additional funds to support the development of our own pipeline. The entry of the first AtuRNAi molecule into the clinic, via Quark and Pfizer, was a further important milestone, as was the granting of our core chemistry patent in Europe. We are looking forward to the next twelve months with great confidence and expect to generate further value for shareholders as we continue to make progress across all areas of our business."

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Notes to Editors

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

Silence Therapeutics plc (LSE:SLN) is a leading RNAi company. RNA interference (RNAi) can selectively "silence" genes linked to the onset of disease.

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

In July 2007, Silence Therapeutics formed a research and development collaboration with Astra Zeneca to develop AtuRNAi against five specific targets including those in respiratory indications. The Group's AtuRNAi technology also has been sublicensed to Pfizer through Quark's license to Pfizer of the compound RTP-801i-14 for the treatment of Age-related Macular Degeneration (AMD) and a number of other indications. This compound entered the clinic in early 2007. Silence Therapeutics also has licensed to Quark rights to the AtuRNAi structure for Quark's proprietary compound AKIi-5. This compound has been granted an IND for acute kidney injury and is expected to enter the clinic in 2007. In addition, Silence Therapeutics expects to begin the clinical development of its own proprietary AtuRNAi therapeutic molecules for systemic cancer indications, such as gastrointestinal and non-small lung cancer, in 2008.

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

About RNAi

RNA interference (RNAi), a Nobel Prize winning technology, is one of the most exciting areas of drug discovery today. This is because 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.

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 plc
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

CHAIRMAN'S STATEMENT

During the course of 2007, Silence Therapeutics has clearly positioned itself as one of the global leaders in the rapidly emerging field of RNAi therapeutics. In the last nine months we have focused our activities on our RNAi business, signed a major research and development collaboration with Astra Zeneca, which has given our technology access to the respiratory area, seen our first product enter the clinic and further advanced our novel delivery technology. The decision to rename the Group Silence Therapeutics is designed to further enhance our profile in the RNAi space.

The progress that we have made across all areas of our business, allied to the growing interest in RNAi as a source of truly novel therapeutics, has resulted in a rapid rise in our share price as investors begin to appreciate the value of our technology.

Recently I was delighted, after an extensive worldwide search, to be able to announce the appointment of Jeff Vick as our Group CEO. He brings with him a great wealth of experience in science, intellectual property and orchestrating business deals in the high technology sector with big pharma and biotech companies. Under Jeff's leadership we are confident that we can take the Group through its next stage of growth and development.

In July, I am happy to report that we achieved a key milestone with the signing of an important R&D collaboration with AstraZeneca, which is based on our own intellectual property. This, along with the expansion of our agreement with Quark Pharmaceuticals, is further validation of the value of our technology base and I can confirm we continue to have discussions with other third parties with a view to announcing further significant partnerships.

There is little doubt that the RNAi sector is set to maintain a very high profile and we anticipate that Silence Therapeutics along with its competitors will be able to command increasingly higher deal values as the bigger players come to realise the true value of RNAi technology. Our recent deal with AstraZeneca and that of Alnylam with Roche only serve to emphasise the increasing interest in this sector.

The Board has noted the recent share price volatility, which is not only as a result of general fluctuations in the financial markets but also because of the high liquidity in our shares. However we remain confident that, whilst we may see further fluctuations in the share price, we are well placed to continue to enhance significantly the overall shareholder value over the next 12 months.

I would like to thank the Board, the management and the staff for their continued efforts and the shareholders for their continuing support.

Iain G Ross
Chairman
27 September 2007

CHIEF EXECUTIVE OFFICER'S REVIEW

2007 has seen increased recognition in the pharmaceutical and investment communities that RNAi therapeutics are an important and exciting area for development of a new class of products which can address a broad range of disease targets, including those which are difficult to treat with conventional small molecules, antibodies or protein approaches. This recognition specifically has extended to Silence Therapeutics as a clear global leader in the field.

I am pleased to report that during the first half of 2007 the Company has made continued progress across all facets of the business.

R&D Programmes

In February 2007 the first AtuRNAi molecule commenced Phase I clinical trials. RTP801i entered the clinic under a development program of Quark Pharmaceuticals, Inc. and Pfizer for the treatment of age-related macular degeneration. Quark anticipates initiating clinical development of two additional AtuRNAi products in the second half of 2007, AKli-5 for treatment of Acute Kidney Injury and AHLi-11 for treatment of chemotherapy-induced hearing loss. All of these products were discovered and developed by Quark under our long-standing option and license agreement, which we expanded in July 2007 to include three additional targets.

Our internal programs also have advanced. We successfully completed 28 day pre-clinical toxicology studies on Atu027 and have identified a dose level at which further pre-clinical studies will be conducted under GLP prior to the IND submission to enable human studies to commence in 2008 for a systemic cancer indication, such as gastrointestinal or non-small lung cancer. Atu027 is designed to silence the function of a novel kinase protein involved in tumour growth and metastases.

We have continued our pre-clinical studies on prostate and liver cancers. In particular we have developed formulations for systemic applications to eradicate metastases, the spread of cancer cells to distant organs.

We have further continued our efforts to design and test new formulations and drug delivery systems through in-house activities and by starting collaborations with outside institutions and companies.

Intellectual Property

In January 2007 the European Patent Office granted the Company its core RNAi patent EP1527176 B1. This patent covers Silence's novel, stabilised, small interfering RNA (siRNA) molecules which we refer to as "AtuRNAi" and which have blunt ends and positional modifications. Issuance of this patent cements commercial protection for the Company and its partners for all products which we and our partners currently are working on or anticipate developing.

We also have maintained a continued and open dialogue with the US Patent and Trademark Office (PTO) and have advanced significantly the prosecution of our core US AtuRNAi application. Working with the PTO we understand well the issues required to differentiate our technology and seek allowance of our patent claims. We are confident that a US patent will be allowed which will expand our proprietary position on AtuRNAi to include the United States.

Third Party Collaborations and Licenses

In July 2007 we signed with AstraZeneca a Research & Development collaboration, which will be primarily in the respiratory field. The collaboration is target-specific, with development to be focused on up to five targets provided by AstraZeneca. Silence Therapeutics will receive milestone payments of up to £200m (~US\$400m) as well as royalties on product sales and

already has received (in July) a licence fee payment of £2.5m (~US\$5m) plus an equity investment of £5m (~US\$10m) in respect of initial access fees. This collaboration is very important for us. It allies us with a world leader in respiratory medicine and provides additional validation of the attractiveness of our proprietary AtuRNAi technology, and the intellectual property surrounding it, for generation of a new class of therapeutic compounds.

In July 2007 we also expanded our strategic technology licensing agreement with Quark Pharmaceuticals, Inc. to provide Quark with options to non-exclusive licenses to develop AtuRNAi molecules against 3 specific targets. Quark already has proved successful in discovering and developing AtuRNAi products and advancing them into the clinic and we welcome the opportunity for them to increase the number of AtuRNAi products in active development.

In both of these agreements we have maintained our strategy of signing target-specific agreements with our partners. This allows us to enter into multiple collaborations, and develop our own programmes, unencumbered by broad obligations to existing partners. We continue in discussions with a range of pharmaceutical and biotechnology companies and anticipate the announcement of additional partnerships going forward.

Financial Performance

Since the deal with AstraZeneca was signed in early July, the figures do not record any of the financial benefits of this deal. The impact of the funds that we received in July 2007 will be reflected in our figures in second half of the year.

During the six months ended 30 June 2007, the group generated revenues of £1,269,000 (six months ended 30 June 2006: £780,000), of which £1,225,000 arose from its RNAi technology. Total costs have risen to £4,808,000 for the half year compared to £3,028,000 in the same period last year resulting in a loss after interest income and tax credits of £3,308,000 compared to £2,041,000 for the same period last year and £3,826,000 for 2006 as a whole.

There are two principal reasons for the increase in reported costs. Firstly the Group has continued to expand its own in-house development programmes, resulting in an increase in Research and Development costs from £1,674,000 for the first half of 2006 to £2,379,000 for the first half of 2007. This compares to a cost of £3,186,000 for the whole of 2006.

Secondly, the share price increased sharply in the first half of 2007. This movement does have a direct and marked impact on reported costs and financial results. The Group is required to make provision in its profit and loss account for national insurance contributions that would be chargeable as if all the UK based employees and directors exercised all of the outstanding options at the current share price. During the first half of 2007 the Group has recorded options based costs in the profit and loss account of £1,243,000 compared to £207,000 for the same period in 2006 (£713,000 for 2006 as a whole) and of this sum £864,000 related to accrued national insurance costs (six months ended 30 June 2006: nil). Excluding the charges in respect of share options, administration costs rose from £1,147,000 in the first half of 2006 to £1,186,000 for the first half of 2007.

At the start of the year the group had cash balances of £8,824,000. The group has used £2,419,000 of these resources in its operations for the first six months of 2007, net of its revenue raised of £1,269,000. With the inflow of funds from our deal with AstraZeneca coming in the second half of the year, we are confident of ending the year with strong cash balances for investment in further development and advancement of our technology base.

Personal Statement

This is my first report to you as Chief Executive Officer of Silence Therapeutics plc. I was attracted to join Silence Therapeutics for many reasons. I am extremely impressed with all of the people involved in the company, their competence, professionalism and dedication and their

extraordinary achievements to date, by the solid and differentiated science and technology which form the foundation of the company, the tremendous commercial prospects we have, and by the increased attention to our sector and company by both the pharmaceutical and investment communities.

I am both honoured and delighted to join Silence and lead the company through the next stage of growth. I thank all of you for your support of the company and I look forward to working with you to enhance the value of our company.

Summary

During 2007, we have clearly positioned Silence Therapeutics as one of the global leaders in the rapidly emerging RNAi space. We have also worked hard to create a platform from which we can move the Group forward rapidly. Over the next twelve months we expect to sign further deals which will allow us to generate more value from our unique RNAi technology, to have strengthened our intellectual property position, to see more AtuRNAi molecules enter the clinic in the hands of our partners and to have progressed our own lead product to a point where it is about to enter the clinic. Given these developments it is clear that Silence Therapeutics has the potential to generate further significant value for its shareholders.

Jeffery S. Vick
Chief Executive Officer
27 September 2007

SILENCE THERAPEUTICS PLC
CONSOLIDATED INCOME STATEMENT
SIX MONTHS ENDED 30 JUNE 2007

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	£	£	£
Revenue	1,268,837	780,104	1,947,301
Research and development direct costs	(2,378,618)	(1,674,494)	(3,185,886)
Gross Loss	<u>(1,109,781)</u>	<u>(894,390)</u>	<u>(1,238,585)</u>
Administrative expenses	(2,429,415)	(1,354,404)	(3,029,764)
Operating Loss	<u>(3,539,196)</u>	<u>(2,248,794)</u>	<u>(4,268,349)</u>
Finance income	180,955	174,193	347,676
Finance costs	-	(1,372)	(19,905)
Loss for the period before tax	<u>(3,358,241)</u>	<u>(2,075,973)</u>	<u>(3,940,578)</u>
Taxation credit for the period	50,000	35,000	114,094
Retained loss for the period after taxation attributable to Equity Holders transferred from reserves	<u>(3,308,241)</u>	<u>(2,040,973)</u>	<u>(3,826,484)</u>
Loss per Ordinary Equity Share	<u>(2.92)p</u>	<u>(2.24)p</u>	<u>(4.02)p</u>

All transactions arose from continuing activities.

SILENCE THERAPEUTICS PLC

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

	As at 30 June 2007 £	As at 31 Decem ber 2006 £	As at 30 June 2006 £
Non-current assets			
Property, plant and equipment	274,636	146,897	156,002
Goodwill	6,240,181	6,239,679	6,399,743
Other intangible assets	756,385	728,489	788,689
	<u>7,271,202</u>	<u>7,115,065</u>	<u>7,344,434</u>
Current assets			
Inventories	-	-	82,103
Trade and other receivables	1,047,481	812,453	574,187
Cash and cash equivalents	6,405,044	8,824,044	6,801,274
	<u>7,452,525</u>	<u>9,636,497</u>	<u>7,457,564</u>
Current liabilities			
Trade and other payables	1,929,566	929,607	663,304
Provisions – current	-	115,342	189,680
Provisions – non current	-	-	47,420
	<u>1,929,566</u>	<u>1,044,949</u>	<u>900,404</u>
Net assets	<u>12,794,161</u>	<u>15,706,613</u>	<u>13,901,594</u>
Capital and Reserves attributable to the Company's Equity Holders			
Share capital	1,132,234	1,130,650	930,433
Share premium account	32,204,134	32,185,514	28,192,197
Merger reserve	6,140,874	6,140,874	6,140,874
Share-based payment reserve	2,257,228	1,886,231	1,602,710
Translation reserve	(51,031)	(47,466)	164,067
Profit and loss account	(28,889,278)	(25,589,190)	(23,128,687)
Equity Holders' funds	<u>12,794,161</u>	<u>15,706,613</u>	<u>13,901,594</u>