

4 September 2009

Verona Pharma plc
("Verona Pharma" or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2009

The Board of Verona Pharma, the drug discovery company, is pleased to announce its Interim Results for the six months to 30 June 2009.

Highlights

- Verona Pharma's primary drug project, RPL554, safely passed the first two stages of a three stage Phase I/IIa clinical trial on 20 May 2009
- RPL554 is now being evaluated for therapeutic effectiveness and safety following aerosol administration to the lung, via the nose
- The Company's Cough project is also advancing with the hope of initiating a clinical proof of concept trial with a lead compound in the fourth quarter of 2009
- The third project aimed at discovering a novel polysaccharide based anti-inflammatory drug to improve on the known anti-inflammatory activity of well-known polysaccharides, such as heparin, is continuing to develop with ongoing collaborative work with both Glycomar Ltd and Glycores SpA
- The Company continues to search for new projects to add to its pipeline
- Loss after tax of £0.77 million or 0.36 pence per ordinary share
- Solid balance sheet with £1.7 million cash and cash equivalents
- Low burn rate, due to the semi-virtual nature of operations

Commenting on the interim results, Professor Clive Page, Chairman of Verona Pharma, said:

"This has been a period of significant development for the Company. We are delighted with the progress of our lead project RPL554 and, subject to receiving positive results from the third stage of the Phase I/IIa trial, we will initiate licensing discussions with potential partners.

"We are looking forward to expanding our other projects, starting with Cough project in the fourth quarter of 2009. As part of our strategy to maintain a strong drug portfolio, we are continuing to search for new projects to add to our pipeline."

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About Verona Pharma plc (www.veronapharma.com)

Verona Pharma plc (AIM:VRP) is an AIM-quoted life sciences company dedicated to the research, discovery and development of new therapeutic drugs for the treatment of allergic rhinitis (hay fever) and other chronic respiratory diseases, such as asthma and chronic obstructive pulmonary disease (COPD), as well as chronic inflammatory diseases.

The Company currently has three potential drug treatments under development and continues to look for other possible drug development opportunities aimed at the respiratory and inflammatory diseases markets.

Globally, treatment of these diseases cost an estimated US\$20 billion per annum. Despite such diseases being among the most prevalent diseases in the industrialised world, many of the current treatments have unwanted side effects, and/or limited effectiveness.

Verona Pharma was admitted to AIM in September 2006, and is run by two world experts in pharmacology and drug discovery. Dr Michael Walker is Emeritus Professor of Anesthesiology, Pharmacology and Therapeutics at the University of British Columbia, and a founder of other biotech, and biotech related companies. Chairman Dr Clive Page is a Professor of Pharmacology at King's College London, and an internationally-recognised authority in lung diseases and inflammation.

Verona Pharma is also seeking to develop an anti-tussive drug that works to suppress the generation of a cough signal at the nerve endings in the lungs. The Company's longer term focus is to develop novel polysaccharides (NAIPS) as potential anti-inflammatory drugs for the treatment of respiratory allergies, asthma and other inflammatory diseases.

**CHAIRMAN AND CEO'S JOINT STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

We are very pleased to be able to report that your Company is progressing well with each of its drug discovery projects. Our primary drug project, RPL554, entered clinical evaluation in Holland on 28 January 2009 and safely passed the first two stages of a three stage Phase I/IIa clinical trial on 20 May 2009. This drug is now being evaluated for therapeutic effectiveness and safety following aerosol administration to the lung, via the nose. It was given to two groups of patients; one a group of mildly allergic asthmatic patients, the other a group of patients with nasal allergies. This design thereby allowed the investigation of a clinical proof of concept in terms of potential beneficial effects as a bronchodilator and bronchoprotective drug in the lung, and as an anti-inflammatory drug in the nose. The third stage of the trial has recently been completed and the results are currently being analysed. Following completion of this analysis, subject to the results being positive, we intend to initiate licensing discussions with potential partners so as to allow for the further necessary development and ultimately commercialisation of the drug.

In addition to RPL554 we are making good progress with our cough project and hope to initiate a clinical proof of concept with a lead compound in the fourth quarter of 2009. This lead compound will be administered by inhalation in patients with intractable, persistent cough due to severe underlying pulmonary disease.

Finally, we continue to make progress with our third project aimed at discovering a novel polysaccharide based anti-inflammatory drug to improve on the known anti-inflammatory activity of well-known polysaccharides, such as heparin. This involves ongoing collaborative work with both Glycomar Ltd and Glycores SpA. We continue to search for new projects to add to our pipeline as part of our strategy to maintain a discovery portfolio containing at least three active drug discovery projects.

Outlook

Despite the current economic crisis, we have enjoyed a solid improvement in our share price over the last six months. We continue to maintain a low burn rate, due to the semi-virtual nature of our operations and our continued drive for making progress as efficiently as possible. We look forward to the next six months as our clinical results and potential for licensing RPL554 unfold. This is an exciting phase in our development as a drug discovery company and we thank you for your continued support.

Professor Clive P. Page
Chairman

Professor Michael J. A. Walker
Chief Executive Officer

VERONA PHARMA PLC

GROUP INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

		6 months ended 30 June	6 months ended 30 June	Year ended 31 December 2008
	Notes	2009 (unaudited) £	2008 (unaudited) £	(audited) £
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit/(loss)		-	-	-
Research and development		(458,870)	(424,113)	(878,094)
Administration expenses		(318,790)	(290,966)	(603,519)
Operating loss		(777,660)	(715,079)	(1,481,613)
Finance revenue		6,241	77,153	138,380
Loss before taxation		(771,419)	(637,926)	(1,343,233)
Taxation		-	-	(27,877)
Loss for the period		(771,419)	(637,926)	(1,371,110)
Loss per ordinary share - basic and diluted	3	0.36p	0.31p	0.66p

VERONA PHARMA PLC

GROUP BALANCE SHEET AS AT 30 JUNE 2009

	As at 30 June 2009 (unaudited) £	As at 30 June 2008 (unaudited) £	As at 31 December 2008 (audited) £
ASSETS			
Non current assets			
Tangible assets	10,504	17,736	14,088
Intangible assets	72,609	71,453	71,996
Goodwill	1,469,112	1,469,112	1,469,112
	<u>1,552,225</u>	<u>1,558,301</u>	<u>1,555,196</u>
Current assets			
Trade and other receivables	66,464	93,115	67,632
Cash and cash equivalents	1,672,783	3,166,163	2,454,882
	<u>1,739,247</u>	<u>3,259,278</u>	<u>2,522,514</u>
Total assets	<u>3,291,472</u>	<u>4,817,579</u>	<u>4,077,710</u>
EQUITY AND LIABILITIES			
Capital and Reserves attributable to Equity holders			
Called up share capital	215,481	207,218	215,258
Option reserve	346,588	405,313	343,001
Share premium account	6,513,760	6,347,024	6,504,783
Retained losses	(3,840,944)	(2,437,613)	(3,069,525)
Total equity	<u>3,234,885</u>	<u>4,521,942</u>	<u>3,993,517</u>
Current liabilities			
Trade and other payables	56,587	295,637	84,193
Total liabilities	<u>56,587</u>	<u>295,637</u>	<u>84,193</u>
Total equity and liabilities	<u>3,291,472</u>	<u>4,817,579</u>	<u>4,077,710</u>

VERONA PHARMA PLC

GROUP CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

		6 months ended 30 June	6 months ended 30 June	Year ended 31 December 2008 (audited) £
	Notes	2009 (unaudited) £	2008 (unaudited) £	
Net cash (outflows) from operating activities		(783,428)	(407,856)	(1,322,442)
Cash outflow from taxation		-	-	(27,877)
Cash flows from investing activities				
Interest received		8,774	65,622	137,657
Purchase of tangible assets		(2,321)	(6,684)	(8,588)
Purchase of intangible assets		(5,124)	(8,693)	(13,441)
Net cash inflow from investing activities		1,329	50,245	115,628
Cash flows from financing activities				
Proceeds from issue of shares		-	2,368,533	2,534,332
Issue costs		-	(96,822)	(96,822)
Net cash inflow from financing activities		-	2,271,711	2,437,510
Net increase in cash and cash equivalents		(782,099)	1,914,100	1,202,819
Cash and cash equivalents at the beginning of the period		2,454,882	1,252,063	1,252,063
Cash and cash equivalents at the end of the period		1,672,783	3,166,163	2,454,882
Reconciliation of operating loss to net cash outflow from operating activities				
Operating loss		(777,660)	(715,079)	(1,481,613)
Cost of issuing share options		3,587	-	38,960
Decrease in trade and other receivables		5,835	159,991	174,666
(Decrease)/increase in trade and other payables		(27,606)	138,360	(73,084)
Non-cash expense	4	2,000	-	-
Amortisation of tangible assets		5,905	5,006	10,558
Amortisation of intangible assets		4,511	3,866	8,071
Net cash outflow from operating activities		(783,428)	(407,856)	(1,322,442)

VERONA PHARMA PLC

GROUP STATEMENT OF CHANGES IN NET EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Share capital £	Share premium £	Option reserve £	Retained earnings £	Total £
Balance at 1 January 2009	215,258	6,504,783	343,001	(3,069,525)	3,993,517
Issue of shares	223	8,977	-	-	9,200
Share option charge	-	-	3,587	-	3,587
Net loss for the period	-	-	-	(771,419)	(771,419)
Balance at 30 June 2009 (unaudited)	215,481	6,513,760	346,588	(3,840,944)	3,234,885
Balance at 1 January 2008	146,775	4,135,756	405,313	(1,799,687)	2,888,157
Issue of shares	60,443	2,308,090	-	-	2,368,533
Issue costs	-	(96,822)	-	-	(96,822)
Net loss for the period	-	-	-	(637,926)	(637,926)
Balance at 30 June 2008 (unaudited)	207,218	6,347,024	405,313	(2,437,613)	4,521,942
Balance at 1 January 2008	146,775	4,135,756	405,313	(1,799,687)	2,888,157
Issue of shares	68,483	2,465,850	-	-	2,534,333
Issue costs	-	(96,823)	-	-	(96,823)
Share option charge	-	-	38,960	-	38,960
Exercise of options	-	-	(101,272)	101,272	-
Net loss for the year	-	-	-	(1,371,110)	(1,371,110)
Balance at 31 December 2008 (audited)	215,258	6,504,783	343,001	(3,069,525)	3,993,517

**NOTES TO THE UNAUDITED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

1. Publication of non-statutory accounts

- i) The interim financial information for the six months ended 30 June 2009 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. It was approved by the board of directors on 3 September 2009. The figures for the year ended 31 December 2008 have been extracted from the statutory accounts which have been reported on by the Company's auditor.

ii) Accounting policies

The interim financial statements for the six months ended 30 June 2009 includes the results of Verona Pharma plc and its wholly-owned subsidiary Rhinopharma Limited. The unaudited results for the period have been prepared on the basis of accounting policies adopted in the audited accounts for the year ended 31 December 2008.

- iii) The directors do not recommend the payment of a dividend (period to 30 June 2008 - £Nil, year ended 31 December 2008 - £Nil).

- iv) A copy of the interim report is available on the company's website www.veronapharma.com.

2. Restatement of prior year's results

On the exercise of share options in the year to 31 December 2008 the previously recognised share based payment charge, of £101,272, was transferred from the Option Reserve to the Share Premium Reserve, in order to comply with the Companies Act the balance has been reclassified to the Retained Earnings Reserve.

3. Earnings per share

- i) The basic loss per share of 0.36p (30 June 2008: loss of 0.31p, 31 December 2008: loss of 0.66p) for the Group is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue of 215,321,168 (30 June 2008: 203,140,230, 31 December 2008: 209,100,584).
- ii) The diluted loss per share has not been presented since the Company's stock options are anti-dilutive.

4. Supplemental disclosure with respect to cash flows

Significant non-cash financing transactions during the six months ended 30 June, 2009 consisted of:

An issue of 223,030 new ordinary shares of 0.1p each in the Company at 4.125p per share as consideration for public relations services provided to the Company. Total consideration was £9,200 which includes VAT of £1,200. To 30 June 2009, £2,000 has been amortised to expense and the balance of £6,000 was left in prepayments which will be amortised over the next nine months.

5. Comparatives

The comparatives include audited figures for the year ended 31 December 2008 and unaudited figures for the six months ended 30 June 2008.