Cyclacel Pharmaceuticals reports first quarter 2007 financial results and corporate highlights

CONFERENCE CALL TO BE HELD TODAY AT 8:00 AM EDT

Berkeley Heights, NJ, May 10 2007 — Cyclacel Pharmaceuticals, Inc. (Nasdaq: CYCC) (Nasdaq: CYCCP) today reported financial and operating results for the first quarter of 2007. The company had a net loss in the quarter of $4.9 million or $0.27 per share. At the end of the first quarter of 2007, the company had $80.8 million in cash, cash equivalents and marketable securities.

“During the quarter we strengthened our cash position through a $36 million registered direct financing,” which is allowing us to pursue clinical trials with our three development-stage candidates, sapacitabine, seliciclib and CYC116, in multiple indications,” said Spiro Rombotis, President and CEO of Cyclacel. “In line with that strategy we recently began the first of several planned Phase II studies with sapacitabine, in patients with advanced cutaneous T-cell lymphoma and announced our intention to begin in the second half of the year a Phase II randomized trial with seliciclib in patients with nasopharyngeal cancer.”

The company expects several key milestones in the upcoming months including:

- Presentation of study data from the Phase I trial of sapacitabine used as a single-agent in advanced leukemias and myelodysplastic syndromes at the American Society of Clinical Oncology (ASCO) Annual Meeting in June 2007.
- Initiation of Phase I clinical trials for CYC116, the company's orally-available inhibitor of Aurora kinases A and B and VEGFR2.

Key Financials

Total research and development (R&D) expenses in the first quarter of 2007 were $4.0 million as compared to $8.0 million in the first quarter of 2006. The decrease in R&D expense in the first quarter, compared to the same period in 2006, was primarily related to reduced charges for stock-based compensation of $4.2 million.

Total general and administrative expenses (G&A) for the first quarter of 2007 were $2.6 million as compared to $3.9 million in the first quarter of 2006. The decreased expense in the first quarter of 2007 compared to the same period in 2006 was primarily related to a reduction in stock-based compensation costs of $2.1 million offset by an increase in other expenses primarily for audit, accountancy and other costs related to regulatory filings and increased expense related to compensation and recruitment.

Conference Call and Webcast

Cyclacel management will host a conference call and live audio webcast to discuss financial results and general corporate activities on May 10, 2007 at 8:00 am EDT.

The live webcast can be accessed at:

http://w.on24.com/r.htm?e=44419&s=1&k=534F3E3DC2A0D818849F4F2E3B008686 or via the Cyclacel Pharmaceuticals website at www.cyclacel.com. If you do not have Internet access, the U.S./Canada call-in number is 888-603-6873 conference code 8756179, and the international call-in number is 973-582-2706 conference code 8756179.

An audio replay will be available for one week after the live call for U.S./Canada callers at 877-519-4471 conference code 8756179, and for international callers at 973-341-3080 conference code 8756179. The webcast will be archived for 90 days.

About Sapacitabine, Seliciclib, and CYC116

Sapacitabine is an oral nucleoside analog prodrug that acts through a dual mechanism that is unique among nucleoside analogs. It interferes with DNA synthesis by causing single-strand DNA breaks and induces arrest of the cell cycle. Sapacitabine is undergoing a randomized Phase II trial in patients with advanced cutaneous T-cell lymphoma (CTCL). The study is the first of several planned Phase II trials in solid and hematological tumors. Sapacitabine has been administered to approximately 150 patients to date in Phase I trials in patients with advanced solid tumors, leukemias, or myelodysplastic

syndromes (MDS).

Seliciclib is an orally available cyclin dependent kinase (CDK) inhibitor that selectively inhibits multiple enzyme targets that are central to the process of cell division and cell cycle control. Seliciclib has been administered to approximately 250 patients to date, and is currently being evaluated in “APPRAISE”, a Phase IIb randomized double blinded trial, as a third-line treatment in patients with non-small cell lung cancer (NSCLC). Cyclacel has also announced plans to begin a randomized Phase II clinical trial in patients with nasopharyngeal cancer.

CYC116 is an orally-available inhibitor of Aurora kinases A and B and VEGFR2. In December 2006, Cyclacel submitted to FDA an Investigational New Drug (IND) application to begin clinical trials of CYC116. Phase I trials will be conducted at multiple centers in the US evaluating the safety profile of CYC116 as a single agent in patients with both hematological and solid tumors.

About Cyclacel Pharmaceuticals, Inc.

Cyclacel is a clinical-stage biopharmaceutical company dedicated to the discovery, development and commercialization of novel, mechanism-targeted drugs to treat human cancers and other serious disorders. The Company is currently evaluating sapacitabine (CYC682), an orally-available, cell cycle modulating nucleoside analog, in Phase II randomized trials for the treatment of patients with advanced cutaneous T-cell lymphoma (CTCL). Seliciclib (CYC202), an orally available cyclin dependent kinase inhibitor, is in Phase II randomized trials for the treatment of lung cancer. CYC116 is an orally-available, Aurora kinase and VEGFR2 inhibitor in IND-directed preclinical development. Several additional programs are at an earlier stage.

Note: The Cyclacel logo and Cyclacel® are trademarks of Cyclacel Pharmaceuticals, Inc.

Risk Factors

This news release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Such forward-looking statements include statements regarding, among other things, the efficacy, safety, and intended utilization of Cyclacel’s product candidates, the conduct and results of future clinical trials, plans regarding regulatory filings, future research and clinical trials and plans regarding partnering activities. Factors that may cause actual results to differ materially include the risk that product candidates that appeared promising in early research and clinical trials do not demonstrate safety and/or efficacy in larger-scale or later clinical trials, the risk that Cyclacel will not obtain approval to market its products, the risks associated with reliance on outside financing to meet capital requirements, and the risks associated with reliance on collaborative partners for further clinical trials, development and commercialization of product candidates. You are urged to consider statements that include the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "anticipates," "intends," "continues," "forecast," "designed," "goal," or the negative of those words or other comparable words to be uncertain and forward-looking. These factors and others are more fully discussed under "Risk Factors" in the registration statement on Forms S-3 (File No. 333-134945) and S-4 (File No. 333-131225) and in the other reports of Cyclacel filed with the SEC.

Contacts for Cyclacel:

For Investors:
TS Communications Group, LLC
Tara Spiess
(914) 921-5900

For Media:
Feinstein Kean Healthcare
Heather McDonald
(617) 577-8110

CYCLACEL PHARMACEUTICALS, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three months ended March 31,		Period from August 13, 996 (inception) to March 31,
	2006	2007	2007
	$000, except per share and share amounts		
Revenues:			
Collaboration and research and development revenue	95	10	3,000
Grant revenue	56	42	3,519
	151	52	6,519

Operating expenses:[2]			
Research and development	(8,004)	(3,977)	(125,952)
General and administrative	(3,915)	(2,632)	(38,585)
Other restructuring costs	—	(80)	(305)
Total operating expenses	(11,919)	(6,689)	(164,842)
Operating loss	(11,768)	(6,637)	(158,323)
Other income (expense):			
Costs associated with aborted 2004 IPO	—	—	(3,550)
Change in valuation of derivative	—	(40)	(255)
Change in valuation of warrants	—	458	458
Interest income	127	828	9,435
Interest expense	(68)	(51)	(3,967)
Total other income (expense)	59	1,195	2,121
Loss before taxes	(11,709)	(5,442)	(156,202)
Income tax benefit	360	552	13,036
Net loss	(11,349)	(4,890)	(143,166)
Dividends on Preferred Ordinary shares	(2,827)	—	(38,123)
Net loss applicable to ordinary shareholders	(14,176)	(4,890)	(181,289)
Net loss per share – basic and diluted	($2.09)	($0.27)	
Weighted average shares[1]	6,793,293	18,188,350	

[1]Weighted average shares have been adjusted to reflect the equivalent Xcyte shares and equity structure.

[2]Amounts include stock-based compensation, consisting of stock-based compensation expense under SFAS 123R, the amortization of deferred stock-based compensation and the value of options issued to non-employees for services rendered, allocated as follows:

	Three months ended March 31		Period from August 13, 1996 (inception) to March 31,
	2006	**2007**	**2007**
	$000	**$000**	**$000**
Research and development	(4,546)	(290)	(8,386)
General and administrative	(2,425)	(253)	(4,310)
	(6,971)	(543)	(12,696)

CYCLACEL PHARMACEUTICALS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	As of December 31 2006	As of March 31, 2007
	$000	**$000**
ASSETS		
Current assets:		
Cash and cash equivalents	44,238	75,215
Short-term investments	9,764	5,536
Prepaid expenses and other current assets	4,163	4,480
Total current assets	58,165	85,231
Property, plant and equipment (net)	2,121	2,025
Deposits and other assets	241	241
Goodwill	2,749	2,749
Total assets	63,276	90,246
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	2,175	2,076
Accrued liabilities	3,324	2,468

Other current liabilities	290	173
Derivative liability	1,135	867
Current portion of other accrued restructuring charges	908	976
Current portion of equipment financing	89	19
Total current liabilities	7,921	6,579
Other accrued restructuring charges, net of current	1,436	1,229
Warrants liability	—	6,292
Total liabilities	9,357	14,100
Stockholders' equity:	53,919	76,146
Total liabilities and stockholders' equity	63,276	90,246