

News

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Cielo Holdings Plc ("Cielo" "the "Company")

Announcement of the conditional acquisition of Curidium Limited, re-admission of the enlarged group to AIM and the Extraordinary General Meeting ("EGM")

SUMMARY

- Cielo has conditionally agreed to acquire Curidium Limited ("Curidium")
- The consideration for the acquisition is £3.88m satisfied by the issue new ordinary shares
- Corporate Synergy Plc has conditionally placed £1.5m for further working capital purposes
- EGM at 10.00 am on 5 July 2006 to approve resolutions
- Proposed re-admission of the enlarged group to AIM on 6 July 2006

REASONS FOR THE ACQUISITION

The proprietary technology, Homomatrix, has led to four product development programmes to date Curidium has a strong management team with expertise in central nervous system diseases. The market for targeted medicines provides access to strong growth opportunities

Corporate Synergy Plc acted as Nominated Adviser and Broker to the Company.

CONTACTS

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Cielo Holdings Plc ("Cielo" "the "Company")

Announcement of the conditional acquisition of Curidium Limited, re-admission of the enlarged group to AIM and the Extraordinary General Meeting ("EGM")

Further to the announcement on 29 March 2006, the Company today announces that it has conditionally agreed to acquire the entire issued share capital of Curidium Limited ("Curidium") ("the Acquisition"). Curidium is a drug discovery and development company focussed on identifying targeted medicines to treat patients more effectively.

Curidium has developed a novel and proprietary technology, Homomatrix, to identify the underlying mechanisms of human diseases. Curidium's technology identifies different patient subpopulations each having a distinct disease mechanism. This enables the generation of new diagnostic tools and medicines designed for a subgroup of patients and potentially offering improved safety and effectiveness. Curidium's business model is based on identifying new uses for existing drugs and drug candidates in the area of central nervous system diseases.

The consideration for the Acquisition is £3.88m, to be satisfied by the issue of new ordinary shares of 0.1 pence each ("Ordinary Shares") in the capital of the Company at a price of 2 pence per share.

In connection with the Acquisition, the Company has also conditionally raised £1.5 million (before expenses) at 2 pence per share ("the Placing") the proceeds of which will be used to provide the enlarged group with additional working capital.

The size of Curidium in relation to the Company and the new direction of the business of the enlarged group means that the Acquisition is considered to be a "reverse takeover" for the purposes of the AIM Rules and also falls within the ambit of Rule 9 of the City Code. Accordingly, the Acquisition and the waiver of Rule 9 by the Takeover Panel require the approval of the shareholders of the Company. In addition, the directors of Cielo consider it appropriate to change the Company's name on completion to "Curidium Medica Plc" to reflect the change in the Company's business.

Corporate Synergy Plc acted as nominated adviser and Hichens, Harrison & Co Plc acted as broker to the Company.

BACKGROUND

The Company was admitted to AIM on 12 September 2003 to trade as a content provider for sports related text messages for mobile telephones. However, the business suffered from poor trading and its shares were suspended on 30 January 2004. Adam Reynolds and Paul Foulger joined the board of Cielo on 18 February 2005 and implemented a strategy to wind down the trading business, re-finance the Company and create an investment company. Trading in the Company's shares recommenced and the Company changed its name to Cielo Holdings plc on 11 May 2005 with the objective of identifying a suitable acquisition. The Directors believe that Curidium is a suitable acquisition for the Company and falls within the Company's strategy.

REASONS FOR THE ACQUISITION

Curidium is a drug discovery and development business that is seeking to enable a new method of disease management, that of personalised and targeted medicines. The directors of Curidium believe that, through a better understanding of the biological, genetic and environmental causes of diseases, future drug development will be targeted to more accurately defined subgroups of patients who will benefit from focused drug therapies. Although Curidium's funding situation has only allowed the use of its proprietary technology, Homomatrix, in a limited way to date, its application has already led to four drug development programmes. The existing cash available within Cielo and the accompanying net proceeds of the Placing will allow Curidium to accelerate its research

activity and build a greater bank of intellectual property whilst also accelerating the commercialisation of existing intellectual property assets.

CURRENT TRADING AND PROSPECTS

Cielo did not trade during the year ended 31 October 2005 and as at 31 October 2005 had net assets of £816,000. Following completion of the Acquisition, Curidium's business will account for the entire activity of the Enlarged Group.

The Company was incorporated on 25 July 2003 and is currently an investment company.

Curidium has not generated income during 2005 as its business activities were focused on strengthening its product pipeline. Curidium's directors believe that following these internal activities, Curidium is likely to establish collaborative or licensing agreements with pharmaceutical companies that may result in a revenue stream from 2006 onwards.

The directors and proposed directors are optimistic about the enlarged group's future.

TERMS OF THE ACQUISITION

The Company has agreed to acquire the entire issued share capital of Curidium from the Curidium shareholders for a consideration of £3.88m, to be satisfied by the issue of 194,055,696 new Ordinary Shares (the "Consideration Shares") upon Admission.

The Acquisition is conditional, inter alia, on the passing at the extraordinary general meeting of the Company taking place on 5 July 2006 of the resolutions proposed thereat and Admission to trading on AIM ("Admission").

The Consideration Shares will rank pari passu in all respects with the existing Ordinary Shares on Admission.

DETAILS OF THE PLACING

The Company has conditionally raised £1.5 million (before expenses) through the placing of 75,100,000 new Ordinary Shares (the "Placing Shares") at 2 pence per share. The Placing Shares will represent 16.5 per cent. of the enlarged share capital of the Company on Admission. All of the Placing Shares have been conditionally placed with institutional and other investors pursuant to the placing agreement. The placing shares will rank pari passu with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made after the date of their issue.

BOARD OF DIRECTORS

On Admission, Adam Reynolds will resign as a director and the current directors of Curidium will be appointed to the Cielo board. Details of the directors of Curidium are set out below:

Simon Cartmell (Proposed Non-executive Chairman), aged 46, Simon has 24 years pharmaceutical, healthcare and biotechnology industry experience and spent 17 years at GlaxoWellcome (now GlaxoSmithKline) in a number of UK and global roles. In addition to his role as chairman of Curidium, he is currently CEO of ApaTech Ltd, a spine focussed medical technology company and chairman of OSsray Ltd, a dental materials company.

Dr Anne Bruinvels (Proposed Chief Executive Officer), aged 39, Anne has more than 15 years experience in the pharmaceutical and biotechnology industry. Prior to founding Curidium, Anne was scientific director, business development at Pharmagene (now Asterand). Previously, she has led research groups, as head of neurogenetics, SmithKline Beecham Pharmaceuticals (now GlaxoSmithKline) and as head of neuroanatomy and coleader of global schizophrenia research at Wyeth, an American pharmaceutical company. Anne was awarded a PhD scholarship at Sandoz Pharma (now Novartis) and obtained her PhD (neuroscience) from Utrecht University. She was presented with the London Biotechnology Network "Young Entrepreneur of the Year Award" in 2003.

Dr Barry Porter (Proposed Non-executive Director), aged 48, Barry is CEO of ReOx Limited and a non-executive director of Inhibox Limited. He has more than 20 years pharmaceutical industry experience. Recently Barry has been senior vice president drug discovery and director at De Novo Pharmaceuticals Limited.

Dr Ann Hayes (Proposed Non-executive Director), aged 54, Ann worked for 22 years for Glaxo and then GlaxoWellcome, initially in research, with particular expertise in the areas of CNS and pain. Before the GlaxoSmithkline merger, she was a director in drug discovery, and was involved in determining long-term discovery strategy, in portfolio management and in discovery project management. Ann left GlaxoSmithkline in 2001 and set up a business as an independent pharmaceutical consultant. In addition to her directorship at Curidium, Ann is a director for Plethora Solutions plc and Theradeas Ltd, and a member of the advisory boards for Paradigm Therapeutics, BrainCells Inc. and CeNes plc.

SHARES IN LIEU

In addition to the Consideration Shares and Placing Shares, the Company has agreed to issue 1,250,000 Ordinary Shares in lieu of fees payable to each of Adam Reynolds and Paul Foulger and Corporate Synergy Plc has agreed to receive 3,000,000 Ordinary Shares at admission in satisfaction of part of the corporate finance fee payable to it under the placing agreement.

EXTRAORDINARY GENERAL MEETING

An AIM admission document setting out full details of Curidium, the terms of the Acquisition and Placing and a notice convening an extraordinary general meeting of the Company for 10.00 am on 5 July 2006 will be sent to shareholders today.

ADMISSION TO AIM

Application will be made to the London Stock Exchange for all of the existing Ordinary Shares, the Placing Shares, the Consideration Shares and the Shares In Lieu to be admitted to trading on AIM. Admission is expected to become effective and trading in the Ordinary Shares to commence on 6 July 2006.

End

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