27 February 2012

SAREUM HOLDINGS PLC
("Sareum" or "the Company")

HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Sareum (AIM: SAR), the specialist cancer drug discovery business, is pleased to announce its half-yearly results for the six month period ended 31 December 2011.

Financial highlights

- The Company has traded in line with the Board's expectations
- Loss on ordinary activities (after taxation) of £327,000 (2010: Loss of £258,000)
- Cash at bank at period end was £530,000 (2010: £621,000)

Operational highlights

- Programme research and commercialisation making good progress
- Pre-clinical development candidate nominated in Chk1 programme
- Chk1 programme presented at major international cancer conferences

Dr Tim Mitchell, CEO of Sareum Holdings plc, said: "We have been actively progressing and marketing our cancer research programmes and are pleased to announce the nomination of a development candidate in our Chk1 programme. We continue to put maximum effort into delivering worthwhile deals and believe that the appetite for licensing deals remains strong. The Company looks forward to being in a position to provide a detailed update when a deal has been concluded and we anticipate that such a deal will be agreed before the end of the calendar year.

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Half-yearly results for the six months ended 31 December 2011

Chairman and CEO's Statement

The highlight of the period was the selection of the preclinical candidate compound from the Chk1 inhibitor programme which is run as a joint collaboration with The Institute of Cancer Research and Cancer Research Technology Ltd. The current research work on this programme has been undertaken by The Institute of Cancer Research or through outsourced programmes sponsored by Sareum. The best orally absorbed compounds from this programme have been submitted to a series of challenging studies *in-vitro* and in model systems. A comprehensive review of this data permitted the selection of the compound with the best all round characteristics. This compound has been submitted to further testing to determine its pharmacokinetic profiles and to generate pre-clinical safety data. This has been used to extend the dossier of information that is being provided to potential licensing partners for their consideration. Both development partners believe that a more complete data package will facilitate the process of agreeing advantageous licensing terms.

The Directors believe that the appetite for licensing deals remains strong, despite the current financial climate, and that a deal will be brokered before the calendar year end. The Executive Directors have been delegates and presenters at key conferences and bio-partnering events throughout the period, providing opportunities to showcase the Company's technology and to present new information on all our drug discovery programmes. In particular, they provide a forum to meet with potential licensing partners for one to one discussions.

Good progress has also been made with our wholly-owned internal research programmes, arising from our SKIL® platform. The requirement here is to design new molecules using the data generated in test programmes to improve the performance of compounds against the kinase target. These studies measure the potency of a molecule and its specificity for the target with the aim being to improve potency and narrow the affinity for other targets. Greater specificity usually equates to less toxicity and greater potency means that smaller doses can be given, which itself can lead to reduced toxicity or provide the opportunity to use higher and more effective doses without reaching dose levels that would be toxic to the patient. The considerable experience of manipulating molecules to improve the important properties is a well-developed skill within the Sareum team. This improves the probability of successfully designing molecules with enhanced properties and minimises the trial and error approach such that we are able to derive the best return from the spend on compound synthesis and testing.

The Aurora+FLT3 programme is wholly owned by Sareum and continues to make good progress. We have two strong lead candidates and additional studies are in hand and planned to generate further data in order to select the pre-clinical development candidate. We shall then undertake some early stage pre-clinical studies to create a dossier of information sufficient to satisfy the initial requirements of potential licensees and partners. We are already talking to a number of interested parties and our aim for this programme would be to sign a co-development deal, which would enable the Company to negotiate a better license deal at a later stage when the clinical potential of the chosen compound can be better assessed. Potential revenue from a deal involving Chk1 could help fund this activity.

Progress continues with our Aurora+ALK programme. Compounds have been developed that are effective in reducing the proliferation of identifiable subsets of lung cancers, lymphomas and neuroblastomas where ALK is believed to be the driver of the tumour development. Work continues to develop compounds that can be delivered via the oral route, and that are effective against ALK variants that are resistant to the marketed ALK inhibitor, crizotinib (Xalkori).

Compounds generated in our TYK2 programme have shown initial efficacy in *in-vivo* models of multiple sclerosis and arthritis. These indications represent major opportunities since they are poorly served currently and represent unmet needs. Although the portfolio of data on the lead compounds needs to be expanded there is sufficient interest in this area from pharma companies to make early approaches worthwhile and a number of conversations are taking place with interested parties.

Additionally, a new programme, targeting tubulin polymerisation, has been identified from the continued screening of SKIL library compounds. Lead compounds act in a similar manner to the billion dollar selling taxane drugs, but have the advantageous potential of being deliverable via the oral route. These compounds are effective against a range of leukaemia and colon, lung, breast & prostate cancer cell lines.

It should be noted that major investment in these programmes will be required from a licensee or partner and until a significant body of clinical data has been built up the risk to the partner (and to Sareum) remains high. It usually takes a significant period of time to turn a discussion with an interested party into a multi-million dollar commitment and to agree the terms of a deal. The Company is unable to provide a detailed update until such time as a deal has been concluded and all parties agree that an announcement is required. Though there is a lack of more specific news, investors and interested parties should recognise that the Company is putting maximum effort into delivering worthwhile deals.

Financial review

We ended the half year with net assets of £552,000, including £530,000 of cash in the bank. Loss (after taxation) for the period was £327,000 (2010: £258,000), the increase reflecting the increased R&D investment indicated in the Company's RNS announcement of 10 February 2011.

Outlook

The Company is set to continue with its present structure and funding model since this is making the most effective use of available funds and resources to drive programmes forward rather than being used to build infrastructure. Revenues from early deals will be used to progress the in-house programmes and reduce the need to generate investment from shareholders. Commercial strategies in the Industry are constantly evolving as pharmaceutical companies review their priorities and the focus switches to different therapeutic areas and to different targets within those areas. However, oncology remains one of the most important therapeutic areas being pursued and Sareum's focus on a range of established and newer targets within this field provides some future proofing. In addition, the ability to move into other fields, additional to our oncology programmes, such as the potential of TYK2 inhibitors in multiple sclerosis and rheumatoid arthritis, opens further valuable opportunities.

The Directors believe that the opportunity to generate revenues and value from signing deals with pharmaceutical partners can be delivered and expect at least one such deal to be completed this calendar year.

Dr Paul Harper **Dr Tim Mitchell**

Chairman, Sareum Holdings plc **CEO, Sareum Holdings plc**

Consolidated Income Statement for the six months ended 31 December 2011

	Unaudited Six months ended 31 Dec 11 £'000	Unaudited Six months ended 31 Dec 10 £'000	Audited Year ended 30 Jun 11 £'000
Revenue	**-**	**-**	**-**
Operating expenses	(361)	(283)	(638)
Operating loss	**(361)**	**(283)**	**(638)**
Finance income	3	2	10
Loss before tax	**(358)**	**(281)**	**(628)**
Tax	31	23	60
Loss on ordinary activities after taxation	**(327)**	**(258)**	**(568)**
Basic loss per share (pence)	**(0.02)p**	**(0.02)p**	**(0.04)p**

Consolidated Balance Sheet as at 31 December 2011

	Unaudited As at 31 Dec 11 £'000	Unaudited As at 31 Dec 10 £'000	Audited As at 30 Jun 11 £'000
Non-current assets			
Intangible assets	-	1	-
Property, plant and equipment	1	1	1
	1	**2**	**1**
Current assets			
Debtors	26	34	41
Tax receivable	86	86	60
Cash and cash equivalents	530	621	871
	642	**741**	**972**
Creditors: amounts due within one year	(91)	(44)	(97)
Net current assets	**551**	**697**	**875**
Net assets	**552**	**699**	**876**
Equity			
Called-up share capital	363	350	363
Share premium	6,902	6,444	6,902
Retained earnings	(6,744)	(6,107)	(6,417)
Share-based compensation reserve	31	12	28
Total equity	**552**	**699**	**876**

Consolidated Statement of changes in equity for the six months ended 31 December 2011

	Share Capital £'000	Share Premium £'000	Retained Loss £'000	Share-based compen-sation reserve £'000	Total £'000
As at 30 June 2010 (Audited)	**294**	**6,078**	**(5,849)**	**-**	**523**
Issue of share capital (net)	56	366	-	-	422
Loss for the period	-	-	(258)	-	(258)
Share-based compensation reserve	-	-	-	12	12
As at 31 December 2010 (Unaudited)	**350**	**6,444**	**(6,107)**	**12**	**699**
Issue of share capital (net)	13	458	-	-	471
Loss for the period	-	-	(310)	-	(310)
Share-based compensation reserve	-	-	-	16	16
As at 30 June 2011 (Audited)	**363**	**6,902**	**(6,417)**	**28**	**876**
Loss for the period	-	-	(327)	-	(327)
Share-based compensation reserve	-	-	-	3	3
As at 31 December 2011 (Unaudited)	**363**	**6,902**	**(6,744)**	**31**	**552**

Consolidated Cash Flow Statement for the six months ended 31 December 2011

	Unaudited Six Months ended 31 Dec 11 £'000	Unaudited Six Months ended 31 Dec 10 £'000	Audited Year ended 30 Jun 11 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	(358)	(281)	(628)
Depreciation charges	-	-	1
Share-based compensation charge	3	12	28
Finance income	(3)	(2)	(10)
	(358)	(271)	(609)
Decrease/(Increase) in trade and other receivables	15	(8)	(14)
Decrease in trade and other payables	(6)	(53)	-
Cash generated from operations	(349)	(332)	(623)
Tax received	5	12	74
Net cash from operating activities	**(344)**	**(320)**	**(549)**
Cash flows from investing activities			
Interest received	3	2	10
Net cash from investing activities	**3**	**2**	**10**
Cash flows from financing activities			
Share issue	-	56	69
Share premium on share issue	-	366	824
Net cash from financing activities	**-**	**422**	**893**
(Decrease)/Increase in cash and equivalents	**(341)**	**104**	**354**
Cash and equivalents at start of period	**871**	**517**	**517**
Cash and equivalents at end of period	**530**	**621**	**871**

NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1. Financial information

These half-yearly financial statements do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006. The Annual Report and Accounts for the year ended 30 June 2011 are available from Sareum's web site, www.sareum.co.uk.

2. Basis of accounting

The half-yearly results have been prepared in accordance with IFRS accounting standards.

3. Taxation

No liability arises for corporation tax for the six month period ended 31 December 2011. Research and Development tax credits, receivable as cash, are estimated to be £31,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2011.

5. Loss per share

Basic loss per share is 0.02p (2010: 0.02p). The basic loss per ordinary share is calculated by dividing the Group's loss for the six months of £327,000 (2010: £258,000) by 1,450,597,713 (2010: 1,261,059,670), the weighted average number of shares in issue during the period.

6. Availability of half-yearly report

This half-yearly statement is available on request from the offices of the Company at Unit 2a, Langford Arch, London Road, Pampisford, Cambridge CB22 3FX and to download from the Company's website www.sareum.co.uk.