(AIM:SAR) 26 March 2020

Sareum Holdings plc

("Sareum" or the "Company")

HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Sareum Holdings plc (AIM: SAR), the specialist small molecule drug development business focused on autoimmune diseases and cancer, announces its unaudited half-yearly results for the six months ended 31 December 2019 and provides an update on significant post-period events. A conference call will take place later today at 2:00 p.m. – details of which are set out below.

Operational Highlights

Proprietary selective dual tyrosine kinase 2 (TYK2) / Janus kinase 1 (JAK1) inhibitors in preclinical development as potential once-daily, oral immunotherapies, targeting autoimmune diseases and cancer:

- Further progress made advancing development candidates SDC-1801 (autoimmune diseases) and SDC-1802 (cancers) through preclinical studies
- SDC-1801 has demonstrated excellent tolerability in toxicology studies in rodents and is undergoing studies to complete the dose-finding and longer-term toxicology studies, which would form part of the regulatory documentation needed to apply to begin human trials
- Additional research to refine the Company's clinical plans, including prioritisation of indications, is continuing
- Positive preclinical data demonstrating the anti-tumour activity of SDC-1802, via novel immunotherapeutic mechanism of action, presented at the 2019 AACR-NCI-EORTC International Cancer Conference (October 2019)
- Preclinical (IND-enabling) studies targeted to complete in late 2020, subject to successful progress and financing
- Programmes continue to attract interest from international pharmaceutical companies

Licensed programme – SRA737 (Chk1 inhibitor) in clinical development for multiple cancer indications exhibiting defined genetic profiles:

- Sierra Oncology Inc. ("Sierra"), the licence holder of SRA737 (an oral selective Chk1 inhibitor), initiated a campaign to seek non-dilutive strategic options to support the next stages of development of SRA737
- Dosing of patients in a Phase 1/2 study of SRA737 monotherapy was completed in October 2019. The Phase 1/2 combination study of SRA737 + low-dose gemcitabine (LDG) completed patient enrolment in July 2019 and overall is expected to complete shortly

Post-period end

- Announced today the grant of an exclusive worldwide licence to develop, manufacture and commercialise certain small molecule inhibitors of FLT3+Aurora kinases, including Sareum's lead candidate SAR-20293, to a China-based speciality pharmaceutical company. Sareum will receive a small upfront payment, with a further c.£0.9m due if certain milestones related to the oral bioavailability are achieved within nine months from the date of the agreement, as well as further potential revenues from commercialisation

- New research highlighting the therapeutic potential of SRA737 in a new drug combination targeting lung and colorectal cancers published in *Cancer Research*, a leading peer-reviewed journal
- As previously indicated, R&D Tax Credit of £0.23m received in January 2020
- In the light of the Covid-19 pandemic, the Company has been following UK government advice in order to minimise risk to staff. At present, Sareum remains fully operational, although management's effectiveness may be impacted if restrictions are increased. To date there has been minimal impact on the Company's network of Contract Research Organisations, with some minor delays in the delivery of chemical intermediates and solvents. While this has not so far affected the Company's timelines, there may be delays if further restrictions on work and movement are added.

Financial highlights (subject to audit)

- Loss on ordinary activities (after taxation) of £0.61m (2018: loss of £0.76m)
- Cash at bank as at 31 December 2019 was £1.0m (£0.92m as at 30 June 2019; £1.54m as at 31 December 2018)

Dr Tim Mitchell, CEO of Sareum, commented:

"We continue to focus our efforts on advancing our proprietary dual TYK2/JAK1 inhibitor programmes through preclinical development. We are convinced that these programmes have the potential to provide a novel oral immunotherapy approach to addressing unmet needs in autoimmune diseases and cancer. Furthermore, industry interest in the TYK2/JAK1 mechanism of action remains high, with multiple late-stage clinical trials ongoing and readouts expected during the next 12-18 months for the most advanced candidates in this class. We believe that positive results in these trials, would support the positioning and potential value of our own candidates and, alongside our own data, could be attractive to potential licensing partners.

"We are delighted to announce today a global licensing deal for our FLT3+Aurora inhibitor programme targeting blood cancers with a China-based specialty pharma company. We believe this new partner has the resources and expertise to further advance these molecules through the clinic to commercialisation, with Sareum eligible to receive significant milestone payments and the possibility of further revenues in the future.

"For SRA737, Sierra continues to actively seek a partner to advance its development and we remain optimistic that, with the data reported in clinical trials to date, they will achieve this.

"We look forward to providing further updates on all our programmes as they advance."

Conference call

Tim Mitchell (Chief Executive Officer), John Reader (Chief Scientific Officer) and Stephen Parker (Chairman) will host a conference call today, 26 March 2020 at 2:00 p.m. to present the financial and operational results, followed by a Q&A session.

Participants can pre-register at any time using this link and they will receive a PIN to access the call: https://www.speakservecloud.com/register-for-call/e846b228-935c-404a-9df3-dbe449d4ebd0

Dial-in numbers:	UK:	0800 408 7373
	International:	www.speakservecloud.com/dial-in-numbers

Conference call room number: 622024
Participant PIN (if not pre-registered): 4511

The results presentation will be available in the Document Centre in the Investors section of the Sareum website (www.sareum.com/investors) from 12:00 noon today.

For further information, please contact:

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The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014.

Notes for editors:

Sareum is a specialist drug development company delivering targeted small molecule therapeutics to improve the treatment of cancer and autoimmune disease. The Company aims to generate value through licensing its candidates to international pharmaceutical and biotechnology companies at the preclinical or early clinical trials stage.

Sareum is advancing internal programmes focused on distinct dual tyrosine kinase 2 (TYK2) / Janus kinase 1 (JAK1) inhibitors through preclinical development as therapies for autoimmune diseases (SDC-1801) and cancers (SDC-1802). Subject to financing, the Company is targeting completion of preclinical development for each molecule in 2020.

The Company's preclinical FLT3+Aurora inhibitor programme targeting haematological cancers has today been licensed to a China-based specialty pharmaceutical company.

Sareum also has an economic interest in SRA737, a clinical-stage oral, selective Checkpoint kinase 1 (Chk1) inhibitor that targets cancer cell replication and DNA damage repair mechanisms. Preliminary data suggest SRA737 may have broad application in combination with other oncology and immune-oncology drugs in genetically defined patients.

SRA737 was discovered and initially developed by scientists at The Institute of Cancer Research in collaboration with Sareum, and with funding from Sareum and Cancer Research UK. SRA737 was licensed by CRT Pioneer Fund (CPF) to Sierra Oncology Inc., which is currently seeking to on-license SRA737 to a third party for further development.

Sareum Holdings plc is listed on the AIM market of the London Stock Exchange, trading under the ticker SAR. For further information, please visit www.sareum.co.uk

Half-yearly Results for the Six Months ended 31 December 2019

Chairman's and CEO's Statement

Good progress has been made advancing the preclinical programmes for our proprietary TYK2/JAK1 inhibitor candidates, SDC-1801 and SDC-1802. These candidates offer a novel oral immunotherapy approach to addressing unmet needs in autoimmune diseases and cancer and the mechanism by which they act appears to be gaining increasing credibility and interest from the pharmaceutical industry. In line with its business model, the Company continues to engage with potential partners with a view to securing commercial licences when they reach late preclinical or early clinical stages.

With regards to the Chk1 inhibitor SRA737, the licensee, Sierra Oncology Inc. ("Sierra"), has generated positive Phase 1/2 clinical data, particularly in anogenital cancer, and identified a possible route to market in this indication. However, Sierra has reprioritised its resources and is currently seeking to on-license SRA737 to a third party for further development. This decision has meant a delay in the achievement of near-term clinical milestones, which would otherwise have led to payments being made to Sareum.

The Board is actively monitoring the situation and remains in dialogue with CRT Pioneer Fund (CRF), the licensor of SRA737 to Sierra, to ensure it is informed of developments and is committed to updating shareholders when further information is available.

More recently, the Company has signed a global licensing agreement for its FLT3+Aurora kinase inhibitors with a China-based specialty pharmaceutical company. Under this agreement, Sareum will receive a small upfront payment, with a further c.£0.9m due on certain milestones being achieved within nine months plus further success-based development and commercialisation payments.

In the light of the Covid-19 pandemic, the Company has been following UK government advice in order to minimise risk to staff. At present, Sareum remains fully operational, though our effectiveness may be impacted if restrictions are increased. To date there has been minimal impact on the Company's network of Contract Research Organisations, with some minor delays in the delivery of chemical intermediates and solvents. While this has not so far affected the Company's timelines, there may be delays if further restrictions on work and movement are added.

The Board is actively monitoring the working capital position of the Company and has taken steps to maximise the cash runway to ensure the continued funding of the Company's two TYK2/JAK1 programmes.

Programme Updates

Proprietary Pipeline – Selective TYK2/JAK1 Inhibitors in Autoimmune Diseases and Cancer

Sareum's internal programmes focus on distinct dual TYK2/JAK1 inhibitors, which are progressing through preclinical development as therapies for autoimmune diseases (SDC-1801) and cancers (SDC-1802).

Both programmes have progressed well so far, building on the compelling efficacy seen in autoimmune and cancer models combined with their potential for once-daily oral dosing and good early safety profiles. The Company expects to complete preclinical (IND-enabling) studies in late 2020, subject to successful progress and financing, and is conducting research to refine its clinical trial plans, including prioritisation of indications.

The Company's stated value-generating strategy is to secure commercial licences when its assets reach late preclinical or early clinical stages and management is engaged in initial discussions with several potential partners.

Industry interest in TYK2/JAK1 inhibition as a therapeutic mechanism of action

TYK2 and JAK1 are both members of the Janus Kinase (JAK) family of protein kinase enzymes with important roles in maintaining a healthy immune system. Both kinases have well-documented roles in:

- promoting inflammatory responses in autoimmune diseases; and
- tumour cell proliferation in certain cancers.

There are currently no marketed products with specific selectivity for TYK2. However, members of the JAK family are the targets of several marketed and clinical-stage drugs in both disease areas. There is notable interest in the pharmaceutical industry for novel molecules that can selectively target TYK2 and JAK1, and particularly for those that can avoid the potentially dangerous side-effects caused by targeting JAK2 or JAK3. These side-effects led to "Black Box" warnings on the prescribing information of approved products with known activity at JAK2 or JAK3, including Xeljanz (tofacitinib) and Olumiant (baricitinib), restricting their use under conditions specified in such warnings.

Key clinical programmes currently underway include Bristol-Myers Squibb's BMS-986165, which is in Phase 3 trials in psoriasis (readout expected in 2020) and in Phase 2 studies in psoriatic arthritis, lupus, Crohn's disease and ulcerative colitis (readouts expected in 2021); and Pfizer's PF-06700841 and PF-06826647, which are in Phase 2 trials in a broader range of inflammatory diseases.

This progress and anticipated positive readouts in these trials support the TYK2/JAK1 mechanism of action in these indications and are expected to provide additional validation for Sareum's proprietary programmes.

The Company notes with interest a paper in the *European Respiratory Journal* published in 2017, suggesting that TYK2 inhibition might be effective in the treatment of influenza driven secondary bacterial pneumonia. While the Company is not aware of any ongoing studies in this space, this is potentially highly relevant against the backdrop of the Covid-19 pandemic. The Company intends to investigate grant funding opportunities to assess the potential use of its inhibitors to address this threat to global public health.

**J Berg et al. TYK2 as a target for immune regulation in human viral/bacterial pneumonia. (2017) European Respiratory Journal 50: 1601953*

SDC-1801 – targeting autoimmune diseases

SDC-1801 and related molecules have previously shown promising activity in autoimmune disease models, including psoriasis, rheumatoid arthritis, inflammatory bowel disease and systemic lupus erythematosus (lupus).

SDC-1801 is currently being advanced through a series of toxicology and other preclinical studies designed to form part of the regulatory documentation needed to apply to begin human trials in healthy volunteers – known as IND (Investigational New Drug) in the US and CTA (Clinical Trial Application) in Europe.

The compound has demonstrated excellent tolerability in toxicology studies in rodents (as reported in June 2019), with doses up to 30 times the level that displayed good responses in efficacy studies. Dosing in two short-term dose range-finding studies and laboratory analysis of the data obtained has

now been completed. These studies were designed to identify low, medium and high doses, to use in specific longer-term toxicology studies. However, as no adverse effects were observed at the doses tested, it will be necessary to either repeat a study at even higher doses, or to demonstrate that the maximum possible exposure of the compound was achieved. Planning the optimum route forward is currently underway.

In addition, a short and robust manufacturing route has been developed for SDC-1801. This route has been used to produce several hundred grams of active ingredient for further preclinical studies and is suitable for production of SDC-1801 under GMP (Good Manufacturing Practice) conditions for clinical studies. Research to identify the most stable crystal form of the molecule, and the most reliable manufacturing process to deliver this form have successfully completed.

Sareum has a co-development agreement with SRI International (Menlo Park, CA, USA), a non-profit scientific research institute, to develop TYK2 inhibitors in autoimmune diseases. SRI, working under a US Department of Defense ("DoD") grant, has completed preclinical studies using Sareum TYK2/JAK1 inhibitors SAR-20347 and SAR-20351 (now known as SDC-1802) in lupus disease models and the final report from these studies is expected to be made public by the DoD in the future. As SDC-1802 is not optimised for autoimmune applications, the Company is considering funding an SDC-1801 lupus study at a commercial provider to support its future development in this indication.

Sareum retains commercialisation rights for these and other TYK2 inhibitors with profiles optimised for oncology and immuno-oncology applications.

SDC-1802 – targeting cancers

SDC-1802 and related TYK2/JAK1 inhibitors have previously shown encouraging anti-tumour activity in multiple cancer disease models.

Sareum presented new preclinical data supporting these findings at the American Association for Cancer Research (AACR) National Cancer Institute (NCI) European Organisation for Research and Treatment of Cancer (EORTC) International Conference in October 2019.

The presentation described how SDC-1802 significantly reduces tumour growth in models of solid tumours (pancreatic, colon, skin and kidney) and blood cancers (B-cell lymphomas). The studies also determined that SDC-1802 induces this anti-cancer activity through a novel immunotherapeutic mechanism of action that stimulates the immune system to attack cancer cells.

These positive results were seen both when SDC-1802 was dosed orally as a monotherapy and in combination with chemotherapy. They provide further evidence that TYK2/JAK1 inhibition has potential to become a new approach to cancer therapy and supports the SDC-1802 cancer research programme.

Sareum's recent and current activities have been geared towards the toxicology studies designed to gain insight to the maximum-tolerated doses (MTD) of SDC-1802 in rodents. The Company has completed formulation studies to maximise the amount of compound delivered following oral dosing of SDC-1802. The chemistry to produce SDC-1802 uses the same sequence of reactions as those utilised in the production of SDC-1801. Formal optimisation of this process has not yet been completed for SDC-1802, however, the Company has enough material in hand to initiate short-term toxicology studies in rodents.

Sareum intends to publish further research from its TYK2/JAK1 programmes at conferences and in peer-reviewed publications in the future to support its ongoing business development activities with potential partners.

Licensed Programme – SRA737: A Selective Chk1 inhibitor

SRA737 is a potent, highly selective, orally bioavailable small molecule inhibitor of Checkpoint Kinase 1 (Chk1), a key regulator of important cell cycle checkpoints and central mediator of the DNA Damage Response (DDR) network.

SRA737 was discovered and initially developed by scientists at The Institute of Cancer Research (London, UK) in collaboration with Sareum, and with funding from Cancer Research UK ("CRUK").

CRT Pioneer Fund ("CPF"), which is dedicated to financing assets and companies including projects derived from CRUK's oncology drug discovery portfolio, licensed SRA737 to the Nasdaq-listed company Sierra Oncology in 2016. In return, CPF is eligible for up to US$328.5 million, including an upfront payment of US$7 million and US$321.5 million payable upon the achievement of certain development, regulatory and commercial milestones, plus royalties on future sales.

CPF has a Co-investment and Partnership agreement with Sareum, under which Sareum is eligible to receive 27.5% of all payments made to CPF as SRA737 advances, equivalent to up to a total of US$88 million in future milestone payments, plus sales royalties.

SRA737 – Current Status

The development work that Sierra has conducted has positioned SRA737 as potentially one of the leading clinical assets targeting the DDR pathway. During 2019, Sierra presented positive safety & efficacy of SRA737+low-dose gemcitabine (LDG) from a broad Phase 1/2 clinical development programme supporting standalone development in anogenital cancer. In addition, compelling preclinical data was presented supporting the use of SRA737 in combination with novel therapeutic approaches that are gaining traction as mainstays of targeted cancer treatment, including PARP inhibitors and immune checkpoint blockade.

At the 2019 ASCO Annual meeting in June, preliminary efficacy and safety data from the SRA737 monotherapy trial (clinicaltrials.gov identifier NCT02797964) was reported. Evidence of anti-tumour activity was observed in subjects with high-grade serous ovarian cancer (HGSOC), colorectal, prostate and non-small cell lung cancer; no RECIST Partial Responses (PRs) or Complete Responses (CRs) were confirmed, but several noteworthy tumour reductions were recorded. Dosing of patients in this study was completed in October 2019.

At the same ASCO meeting, preliminary efficacy and safety data from the SRA737+LDG combination trial (NCT02797977) were also reported. Overall, PRs were observed in six subjects and 41 subjects had a best response of Stable Disease (SD); durable SD lasting approximately 4 months was recorded in 32 subjects and was observed in all expansion cohorts. The combination of SRA737+LDG was generally well tolerated. Patient enrolment in this study was completed in July 2019 and the study overall is expected to complete shortly.

Sierra had stated that future trials were being planned to investigate SRA737 further in all these areas. However, in June 2019 post-ASCO, Sierra announced it was reprioritising its R&D resources towards the Phase 3 development of its lead candidate, momelotinib.

Sierra still aims to complete the ongoing Phase 1/2 trial programme; however, it has stated that it would explore non-dilutive strategic options to support the next stages of development of SRA737.

Sierra has since clarified that its preferred solution is to on-license the drug to a third party and an active process is underway.

Sareum remains cautiously optimistic that, based on the promising clinical and preclinical data generated to date, Sierra will find a suitable partner to undertake the future development of SRA737. Sareum has no immediate visibility on the state of progress, nor any terms which might be sought in the on-licensing deal. As a result, the Directors have concluded that the timing of two near-term milestone payments – disclosed by Sierra for the first time in August 2019 and together worth approximately US$5 million to Sareum – is likely to be delayed, and the Board of directors does not currently expect payment during this financial year.

Sareum remains in dialogue with CPF to ensure it is informed of developments and is committed to updating shareholders and the market in general as and when it can.

New research published highlighting anti-cancer potential of SRA737

On 12 March 2020, Sareum noted the publication of new research in the peer-reviewed journal *Cancer Research*, describing the anti-cancer effect of SRA737 in multiple human lung and colorectal cancer cells, when used in combination with small molecules that block the function of a family of proteins involved in DNA replication and repair (B-family DNA polymerases). This new approach was reported by researchers at the Institute of Cancer Research (ICR) and the University of Kent, who were investigating drug combinations involving SRA737 that act synergistically to kill cancer cells and that could form the basis of further R&D programmes.

**R.F. Rogers et al. CHK1 inhibition is synthetically lethal with loss of B-family DNA polymerase function in human lung and colorectal cancer cells. (2020) Cancer Research https://cancerres.aacrjournals.org/*
DOI number: 10.1158/008-5472.CAN-19-1372

FLT3+Aurora Inhibitors

Sareum today announced it has entered into a global licensing deal for its FLT3+Aurora kinase inhibitor programme with a China-based specialty pharmaceutical company (the "Licensee"). The Licensee is principally engaged in research and development, production and sales of innovative drugs, including oncology drugs, in China.

Under the agreement, the Licensee has been granted an exclusive worldwide licence to develop, manufacture and commercialise small molecule inhibitors of FLT3 and Aurora kinases, including the programme's lead candidate SAR-20293, which has shown potential in preclinical models of acute myeloid leukaemia (AML) and other leukaemias.

The Licensee will fund all future development activities in relation to SAR-20293 and other licensed FLT3+Aurora kinase inhibitors and has been granted the sole rights to commercialise any resulting products worldwide.

Sareum will receive a small upfront payment, with a further c.£0.90m due on certain milestones being achieved within nine months, with a subsequent payment due on the achievement of a pre-specified development milestone. Sareum is also eligible to receive further revenues upon the commercialisation any resulting products.

Financial Review

Sareum ended the six-month period to 31 December 2019 with net assets of £1.22 million (2018: £1.68 million). This includes:

- Cash of £1.0 million (30 June 2019: £0.92 million, 31 December 2018: £1.54 million); and
- An R&D tax credit of £231,000, which was received in January 2020.

Operating expenses for the period at £0.69 million (2018: £0.90 million) have decreased from that of the previous six-month period, as the Company focuses its research expenditure on its TYK2/JAK1 autoimmune disease and cancer programmes, while maintaining careful capital management in its overall business.

The Board of Directors confirmed at its Annual General Meeting on 17 December 2019 that all executive and non-executive directors had entered into a salary deferral scheme, whereby 33% of directors' salaries were being deferred until further notice, as part of the Company's efforts to maximise its cash resources.

The loss on ordinary activities (after taxation) was £0.61 million (2018: £0.76 million).

Outlook

The Covid-19 pandemic and its global impact is creating much uncertainty across all industries. As noted earlier, the Company has been following UK government advice in order to minimise risk to staff and at present remains fully operational, although management's effectiveness may be impacted if restrictions are increased. To date there has been minimal impact on the Company's network of Contract Research Organisations. While this has not so far affected the Company's timelines, there may be delays if further restrictions on work and movement are added.

The Company remains fully focused on advancing its preclinical development programmes with SDC-1801 and SDC-1802, its TYK2/JAK1 inhibitor assets, with the goal of completing preclinical studies in late 2020, subject to successful progress and financing.

The Company believes these are both high-quality assets that will prove attractive to potential partners, leading to licensing agreement(s) at late preclinical or early clinical stage.

The Board remains cautiously optimistic that Sierra will find a licensing partner for SRA737 that would enable its further development and lead to the payment of near-term development milestones.

Headline results from the Phase 1/2 trials, which have already generated promising preliminary data, are anticipated once the necessary analysis has been completed. Positive results from the completed studies would again highlight the potential of SRA737 to become an attractive new therapeutic option for patients in several important and underserved cancer indications. Further updates will be communicated to shareholders as soon as possible.

Sareum is pleased to have signed a worldwide licence agreement for its FLT3+Aurora kinase inhibitor programme with a China-based specialty pharma company. This agreement could provide up to c.£0.9m within nine months to Sareum and the licensing deal may also enable the Company to realise future value from this programme if its longer-term development is successful.

Sareum looks forward to providing updates across these important areas during 2020, which the Board believes will demonstrate the value that is being generated from both internally and externally controlled programmes.

Dr Stephen Parker
Chairman

Dr Tim Mitchell
Chief Executive Officer

Consolidated Income Statement for the six months ended 31 December 2019

	Notes	Unaudited Six months ended 31 Dec 19 £'000	Unaudited Six months ended 31 Dec 18 £'000	Audited Year ended 30 Jun 19 £'000
Revenue		**-**	**-**	**-**
Other operating income		-	-	-
Operating expenses		(690)	(904)	(1,676)
Share of (loss)/profit of associates		(4)	(5)	(10)
Operating (loss)/profit		**(694)**	**(909)**	**(1,686)**
Finance income		3	2	4
(Loss)/profit before tax		(691)	(907)	(1,682)
Tax	3	85	143	230
(Loss)/profit on ordinary activities after taxation		**(606)**	**(764)**	**(1,452)**
Basic and diluted loss per share (pence)	**5**	**0.02p**	**0.03p**	**0.05p**

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2019

	Unaudited Six months ended 31 Dec 19 £'000	Unaudited Six months ended 31 Dec 18 £'000	Audited Year ended 30 Jun 19 £'000
(Loss)/profit for the period	(606)	(764)	(1,452)
Other comprehensive income	-	-	-
Total comprehensive income for the period	(606)	(764)	(1,452)
Total comprehensive income attributable to:			
Owners of the parent	(606)	(764)	(1,452)

Consolidated Balance Sheet as at 31 December 2019

	Unaudited As at 31 Dec 19 £'000	Unaudited As at 31 Dec 18 £'000	Audited As at 30 Jun 19 £'000
Non-current assets			
Property, plant and equipment	3	5	-
Investments in associates	27	37	31
	30	**42**	**31**
Current assets			
Debtors	48	65	59
Tax receivable	311	144	231
Cash and cash equivalents	995	1,542	920
	1,354	**1,751**	**1,210**
Creditors: amounts due within one year	(160)	(118)	(147)
Net current assets	**1,194**	**1,633**	**1,063**
Net assets	**1,224**	**1,675**	**1,094**
Equity			
Called-up share capital	768	719	719
Share premium	13,849	13,162	13,162
Share-based compensation reserve	408	300	408
Retained earnings	(13,801)	(12,506)	(13,195)
Total equity	**1,224**	**1,675**	**1,094**

Consolidated Statement of changes in equity for the six months ended 31 December 2019

	Share Capital £'000	Share Premium £'000	Share-based compensation reserve £'000	Retained Loss £'000	Total £'000
As at 30 June 2018 (Audited)	**686**	**12,396**	**293**	**(11,742)**	**1,633**
Issue of share capital (net)	**33**	**766**	**-**	**-**	**799**
Loss for the period	-	-	-	(764)	(764)
Share-based compensation reserve	-	-	7	-	7
As at 31 December 2018 (Unaudited)	**719**	**13,162**	**300**	**(12,506)**	**1,675**
Loss for the period	-	-	-	(689)	(689)
Share-based compensation reserve	-	-	108	-	108
As at 30 June 2019 (Audited)	**719**	**13,162**	**408**	**(13,195)**	**1,094**
Issue of share capital (net)	49	687	-	-	736
Loss for the period	-	-	-	(606)	(606)
Share-based compensation reserve	-	-	-	-	-
As at 31 December 2019 (Unaudited)	**768**	**13,849**	**408**	**(13,801)**	**1,224**

Consolidated Cash Flow Statement for the six months ended 31 December 2019

	Unaudited Six Months ended 31 Dec 19 £'000	Unaudited Six Months ended 31 Dec 18 £'000	Audited Year ended 30 Jun 19 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	(691)	(907)	(1,682)
Depreciation	-	3	8
Share-based compensation charge	-	7	115
Share of costs of associate	4	5	10
Finance income	(3)	(2)	(4)
	(690)	(894)	(1,553)
Decrease/(increase) in trade and other receivables	11	72	74
Decrease/(increase) in trade and other payables	13	(65)	(36)
Cash (used in)/generated from operations	(666)	(887)	(1,515)
Tax received	5	252	252
Net cash from operating activities	**(661)**	**(635)**	**(1,263)**
Cash flows from investing activities			
Purchase of tangible fixed assets	(3)	-	-
Interest received	3	2	4
Net cash from investing activities	**-**	**2**	**4**
Cash flows from financing activities			
Repayment of loan to Director	-	1	4
Share issue	49	33	33
Share premium on share issue	687	766	766
Net cash inflow/(outflow) from financing activities	**736**	**800**	**803**
Increase/(decrease) in cash and equivalents	**75**	**167**	**(456)**
Cash and equivalents at start of period	**920**	**1,375**	**1,376**
Cash and equivalents at end of period	**995**	**1,542**	**920**

NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. Financial information

These half-yearly financial statements are unaudited and 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 2019 have been delivered to the Registrar of Companies and are available from Sareum's web site, www.sareum.com. The report of the auditor on those accounts was not qualified and contained no statement under Section 498 of the Companies Act 2006.

2. Basis of accounting

The accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2019, as described in those financial statements. As at the date of signing the interim financial statements, there are no new standards likely to affect the financial statements for the year ending 30 June 2020.

The Group's current cash and short-term deposits will meet the existing commitments and operating needs for at least a year. The directors anticipate that the Group will secure sufficient equity-based funding and/or revenue from partnering agreements during the coming year to ensure the continued advancement of the Group's programmes. Therefore these financial statements have been prepared on a going concern basis.

3. Taxation

No liability arises for corporation tax for the six-month period ended 31 December 2019. Research and Development tax credits, receivable as cash, are estimated to be £85,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2019.

5. Loss per share

Basic and diluted loss per share is 0.02p (2018: 0.03p). The basic and diluted loss per ordinary share is calculated by dividing the Group's loss for the six months of £606,000 (2018: £764,000) by 3,069,240,621 (2018: 2,783,601,914), the weighted average number of shares in issue during the period.

6. Availability of Half-yearly Report

This Half-yearly Report 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.