FINAL 3 October 2012

Sareum Holdings plc

("Sareum" or "the Company")

Final Results

Sareum Holdings plc (AIM: SAR), the specialist cancer drug discovery business, is pleased to announce its final results for the year ended 30 June 2012.

Operational Highlights

- Significant progress on its drug research programmes including:
    - nomination of a pre-clinical development candidate from its Chk1 programme
    - positive *in vivo* results from its TYK2 programme
- Presentations of research data at high profile international scientific and business conferences

Financial Highlights

- £252,500 (before expenses) raised through two share placings
- Cash at bank and in hand of £511,000 (2011: £871,000)
- Loss on ordinary activities (after taxation) £651,000 (2011: £568,000 loss) in line with expectations and reflecting planned increase in R&D spend
- Since the year-end, agreement on a £4m SEDA financing facility from Yorkville Associates (announced 10 September 2012)

Tim Mitchell, Chief Executive Officer of the Company, said: "We have made considerable progress during the year in a number of key areas including seeing positive *in-vivo* results for our TYK2 programme and the nomination of a development candidate for Chk1.

We continue to focus our efforts on commercialising our research programmes to fuel the future growth of the Company and I remain confident that these efforts will result in the conclusion of one such deal this calendar year.

The addition of the £4 million SEDA financing facility gives us considerable flexibility in funding further development work; hence Sareum is well positioned for the next stage in its corporate development."

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Chairman's statement

This year has been a defining one for Sareum with the nomination of a lead compound in the Chk1 kinase programme and the reports on the activity on the programme inhibitors alone against specific cancers such as neuroblastoma.

Whilst the CHK1 programme made most of the headlines, other pipeline activities made good progress, with at least one where a potential pre-clinical development candidate is beginning to emerge and another programme which may have potential outside the cancer field. Our SKIL® (Sareum Kinase Inhibitor Library) chemical template platform continues to provide a route to identifying potential candidate compounds for the future.

Collaboration and licensing discussions around several programmes are ongoing and, as noted in several recent RNS announcements (the most recent being on 10 September 2012 when the Company announced the £4m SEDA facility, details of which are summarised below), the Directors continue to believe the Company will conclude at least one deal before the end of the calendar year.

The Company raised £252,500 (before expenses) in June 2012 through placings of 29,705,880 shares at 0.85p. This was completed in a difficult investment market and is a reflection of the strong support for the Company's strategy. The funds are being used to support ongoing development work and to progress new programmes. This research work continues to be outsourced to third-party providers, thus maintaining a low operational cost base.

In addition, after the year-end, the Company announced (on 10 September 2012) that it had entered into a £4m Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Ltd, an investment fund managed by Yorkville Advisors LLC ("Yorkville").

The SEDA is intended to provide a flexible source of future funding to the Company to support its ongoing drug research activities as well as reassurance to Sareum's potential commercial partners that it has access to other funds, in addition to any current or future anticipated licence deal income.

Although not an immediate requirement for the Company, the availability of financing provided by Yorkville's SEDA complements the flexibility of Sareum's outsourced research model and demonstrates to potential commercial partners that the Company has the means to continue to add value to its research programmes.

The Directors believe that the SEDA agreement, in conjunction with existing funds, can provide sufficient working capital for the foreseeable future based upon current spending levels on ongoing programmes. Cash at bank at the year-end was £511,000 and the loss after taxation was £651,000 in line with our budget and market expectations.

Chk1 Kinase

The Chk1 programme remains our most advanced programme. In August 2011, after further positive model studies, the Company, in collaboration with its partners, was able to announce the selection of a preclinical development candidate, representing a significant milestone in the programme's progress.

Data on the discovery of programme inhibitors and the performance of an advanced lead in model systems was published in poster presentations in November 2011 at the AACR-NCI-EORTC conference in the US. In summary, the programme Chk1 inhibitor dosed orally and in combination with the chemotherapeutics, gemcitabine and irinotecan, was significantly more effective in *in vivo* tumour models of colon and lung than the chemotherapeutic dosed alone. In further studies in an *in vivo* model of neuroblastoma, treatment with the Chk1 inhibitor caused a 79% reduction in tumour volume compared to treatment without the programme compound. The oral dosing of our inhibitors offers an advantage over competitor programmes that can only be administered intravenously. This data was also recently published in the peer-reviewed journal, Clinical Cancer Research. We have continued to add more data on the performance and safety of our lead compound to build the dossier used to brief potential partners.

Aurora+FLT3

Inhibitors developed in programmes target two enzyme types: Aurora kinases are required during the mitosis stage of cell division and are over expressed in many cancer types. FLT3 kinase over-activation is one of the most common mutations found in Acute Myeloid Leukaemia (AML) patients.

Work continues to select a pre-clinical development candidate from two of the programme's lead compounds. One of these compounds, and its effectiveness in a model of AML, was described in the research update of February 2011. We are discussing opportunities regarding the co-development of the programme to prepare for clinical studies. Work also continues to optimise a second series of molecules with demonstrated oral bioavailability.

TYK2 Kinase

Inhibition of tyrosine kinase 2 (TYK2) has potential in treating many auto-immune disorders such as multiple sclerosis, rheumatoid arthritis, psoriasis and Crohn's disease.

An initial *in-vivo* study into the effectiveness of a programme lead compound in a model of multiple sclerosis was encouraging, giving a statistically significant reduction in disease severity, across a range of criteria. Similarly, in a model of arthritis, the same lead compound had significant beneficial effects on disease severity. These important proof-of-concept experiments have encouraged us to continue optimisation of programme compounds. In the meantime, we continue to discuss co-development opportunities.

Microtubule Binding Agents

This is a new programme arising from the continued screening of our SKIL library compounds. Lead compounds act in a similar manner to the billion-dollar selling taxane drugs, by altering the dynamics of tubulin polymerisation, and therefore affecting the ability of a cell to divide. However, in contrast to taxanes, which are natural product derivatives, our lead compounds are entirely synthetic and have the potential to be dosed via the oral route. We intend to expand our understanding of Structure Activity Relationships (SAR) within this series, whilst seeking to improve potency and pharmacokinetic properties, before initiating marketing activities.

VEGFR-3 (FLT4)

We have prioritised our research spend on other programmes whilst we pursue grant funding opportunities alongside an academic partner with the necessary biology expertise to assist us in the progression of this programme.

Outlook

The Company Is now well funded through the placing that was concluded earlier in the year and the recently announced SEDA draw down facility. It is able to more actively pursue its key programmes, in particular Aurora+FLT3, Chk1 and TYK2, as well as new areas such as Microtubule Binding Agents. The SEDA draw down facility has the potential to provide up to £4m of new funding and it is our intention to take some programmes into pre-clinical testing and into early Phase 1 studies before seeking to partner them. This will potentially lead to more lucrative deals since the risk of early failure has been reduced as the quantum of data from studies in patients accumulates. Moreover, it is a simpler process to partner later stage programmes and on better terms.

Sareum's CEO, Dr Tim Mitchell, is leading an initiative to broaden our pipeline activities to replace programmes that are reaching maturity. The team will be evaluating new kinase targets and extending the review beyond the boundaries of applications in oncology into other therapeutic areas.

We are expecting a busy period ahead with activities on a number of fronts all aimed at building the value of intellectual assets in the business and reaping some rewards for the research and development completed to date which can then be used to pursue new programmes.

Paul Harper

Chairman

Sareum Holdings PLC

Consolidated Income Statement

for the Year Ended 30 June 2012

	Notes	2012 £	2011 £
CONTINUING OPERATIONS			
Revenue		-	-
Administrative expenses		(726,660)	(637,859)
OPERATING LOSS		(726,660)	(637,859)
Finance income		4,821	9,611
LOSS BEFORE INCOME TAX	3	(721,839)	(628,248)
Income tax	4	71,276	59,890
LOSS FOR THE YEAR		(650,563)	(568,358)
Loss attributable to:			
Owners of the parent		(650,563)	(568,358)
Earnings per share expressed in pence per share:	5		
Basic		(0.04)p	(0.04)p

Consolidated Statement of Comprehensive Income

for the Year Ended 30 June 2012

	2012 £	2011 £
LOSS FOR THE YEAR	(650,563)	(568,358)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(650,563)	(568,358)
Total comprehensive income attributable to:		
Owners of the parent	(650,563)	(568,358)

Sareum Holdings PLC

Consolidated Balance Sheet

30 June 2012

	Notes	2012 £	2011 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		-	393
Property, plant and equipment		363	851
Investments		-	-
		363	1,244
CURRENT ASSETS			
Trade and other receivables		30,972	40,768
Tax receivable		61,362	60,090
Cash and cash equivalents	6	510,555	870,829
		602,889	971,687
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		122,874	97,168
NET CURRENT ASSETS		480,015	874,519
NET ASSETS		480,378	875,763
SHAREHOLDERS' EQUITY			
Called up share capital		370,075	362,649
Share premium		7,131,433	6,901,816
Share-based compensation reserve		46,473	28,338
Merger reserve		27	27
Retained earnings		(7,067,630)	(6,417,067)
TOTAL EQUITY		480,378	875,763

Sareum Holdings PLC

Consolidated Statement of Changes in Equity

for the Year Ended 30 June 2012

	Called up share capital £	Profit and loss account £	Share premium £
Balance at 1 July 2010	293,899	(5,848,709)	6,077,821
Changes in equity			
Issue of share capital	68,750	-	823,995
Total comprehensive income	-	(568,358)	-
Share-based compensation	-	-	-
Balance at 30 June 2011	362,649	(6,417,067)	6,901,816
Changes in equity			
Issue of share capital	7,426	-	229,617
Total comprehensive income	-	(650,563)	-
Share-based compensation	-	-	-
Balance at 30 June 2012	370,075	(7,067,630)	7,131,433

	Share-based compensation reserve £	Merger reserve £	Total equity £
Balance at 1 July 2010	-	27	523,038
Changes in equity			
Issue of share capital	-	-	892,745
Total comprehensive income	-	-	(568,358)
Share-based compensation	28,338	-	28,338
Balance at 30 June 2011	28,338	27	875,763
Changes in equity			
Issue of share capital	-	-	237,043
Total comprehensive income	-	-	(650,563)
Share-based compensation	18,135	-	18,135
Balance at 30 June 2012	46,473	27	480,378

Sareum Holdings PLC

Consolidated Cash Flow Statement

for the Year Ended 30 June 2012

	Notes	2012 £	2011 £
Cash flows from operating activities			
Cash generated from operations	7	(672,142)	(622,918)
Tax paid		70,004	74,774
Net cash from operating activities		(602,138)	(548,144)
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(264)
Sale of tangible fixed assets		-	100
Interest received		4,821	9,611
Net cash from investing activities		4,821	9,447
Cash flows from financing activities			
Share issue		7,426	68,750
Share premium on share issue		229,617	823,995
Net cash from financing activities		237,043	892,745
(Decrease)/increase in cash and cash equivalents		(360,274)	354,048
Cash and cash equivalents at beginning of year		870,829	516,781
Cash and cash equivalents at end of year	6	510,555	870,829

Notes to the Consolidated Financial Statements
for the Year Ended 30 June 2012

1. Adoption of New and Revised International Financial Reporting Standards (“IFRS”)

In the current year, the Group has adopted all of the revised Standards and Interpretations issued by the International Accounting Standards Board (lASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations.

The Group has adopted the following new and amended IFRS and IFRIC interpretation during the year. Adoption of this revised standard and interpretation did not have any effect on the financial performance or financial position of the Group in the current or prior periods.

- Amendments to IFRS 7 "Financial instruments: Disclosures" - disclosures on transfers of financial assets

This did not have an effect on the accounts of the Group.

The IASB has issued the following standards and interpretations considered relevant to the company, with an effective date after the date of these financial statements. Their adoption, where applicable, is not expected to have a material effect on the financial statements of the company.

- Amendment to IAS 1, 'Presentation of financial statements' - presentation of items of other comprehensive income (applies to periods beginning from 1 July 2012)
- IFRS 10 'Consolidated financial statements' (applies to periods beginning from 1 January 2013)
- IFRS 12 'Disclosure of interests in other entities' (applies to periods beginning from 1 January 2013)
- IFRS 13 'Fair value measurement' (applies to periods beginning from 1 January 2013)
- IAS 19 (revised) 'Employee benefits' (applies to periods beginning from 1 January 2013)
- IFRS 9 'Financial instruments' - classification of financial assets and financial liabilities (applies to periods beginning from 1 January 2015)

2. Accounting Policies

Basis of preparation

The consolidated financial statements of Sareum Holdings plc and its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union, with IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB). IFRS, as adopted by the European Union, differ in certain respects from IFRS as issued by the IASB. However, consolidated financial statements for the financial years presented would be no different had IFRS as issued by the IASB been applied. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

Going concern

Sareum Holdings plc is a research and development based business with, at present, no currently marketed products. The Directors consider that the cash held by the Group, together with financing from the Standby Equity Distribution Agreement, described in more detail in the Report of the Directors, will be sufficient to support the Group's activities for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of another entity or business, so as to obtain benefits from its activities. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are eliminated on consolidation.

Amortisation of intangibles

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Intellectual property - straight line over 5 years

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and computers - straight line over 3 or 4 years

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either, financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development
Expenditure on research and development is written off in the year in which it is incurred.

Operating lease agreements
Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension contributions
The Group does not operate a pension scheme for the benefit of its employees, but instead makes contributions to their personal pension policies. The contributions due for the period are charged to the profit and loss account.

Employee share scheme
The Group has in place a share option scheme for employees, which allows them to acquire shares in the Company. Equity settled share-based payments are measured at fair value at the date of grant. The fair value of options granted is recognised as an expense spread over the estimated vesting period of the options granted. Fair value is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

3. Loss before Income Tax

The loss before income tax is stated after charging:

	2012	2011
	£	£
Other operating leases	10,686	10,726
Depreciation - owned assets	488	488
Loss on disposal of fixed assets	-	56
Intellectual property amortisation	393	591
Research and development	330,974	282,733
Auditors' remuneration - see analysis below	11,750	11,790

	2012	2011
The analysis of auditors' remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the		
Audit of the Company	4,000	3,700
Audit of subsidiaries	6,500	5,780
Total Audit Fees	10,500	9,480
Fees payable to the Company's auditors for other services		
Taxation services	1,250	2,310
Total fees payable to the Company's auditor	11,750	11,790

4. Income Tax

	2012	2011
	£	£
Current tax:		
UK corporation tax credit on losses of the period	(61,362)	(54,887)
Adjustments recognised in the current year in relation to the current tax of prior years	(9,914)	(5,003)
Tax credit to the income statement	(71,276)	(59,890)

The credit for the year can be reconciled to the accounting loss as follows:

	2012	2011
	£	£
Current tax:		
Loss before tax	(721,839)	(628,248)
At standard rate of 20% (2011 - 21%)	(144,368)	(131,932)
Effects of:		
Expenses not allowable for tax purposes	11,627	5,951
Capital allowances in excess of depreciation	(657)	(938)
Unutilised tax losses	91,041	79,873
Losses surrendered for research and development tax credits (less uplift)	42,357	47,046
Research and development tax credits claimed	(61,362)	(54,887)
Prior year adjustments	(9,914)	(5,003)
Actual current tax credit in the year	(71,276)	(59,890)

The tax rate used above for the 2012 and 2011 reconciliations of 20% and 21% respectively, are the small company corporation tax rates applicable in the United Kingdom, on taxable profits under tax law in that jurisdiction.

5. Earnings per Share

The calculation of loss per share is based on the following data:

	2012	2011
Loss on ordinary activities after tax	£(650,563)	£(568,358)
Weighted average number of shares for basic loss per share	1,452,212,949	1,348,885,384
Basic loss per share	(0.04p)	(0.04p)

As the Group has generated a loss for the period, there is no dilutive effect in respect of share options.

6. Cash and Cash Equivalents

	2012	2011
	£	£
Bank deposit account	500,115	859,978
Bank accounts	10,440	10,851
	510,555	870,829

7. Reconciliation of Loss before Income Tax to Cash Generated from Operations

	2012	2011
	£	£
Loss before income tax	(721,839)	(628,248)
Depreciation charges	881	1,078
Loss on disposal of fixed assets	-	56
Add back: Share-based compensation	18,135	28,338
Finance income	(4,821)	(9,611)
	(707,644)	(608,387)
Decrease/(increase) in trade and other receivables	9,796	(14,141)
Increase /(decrease) in trade and other payables	25,706	(390)
Cash generated from operations	(672,142)	(622,918)

8. Dividend

The Directors are not able to recommend a payment of a dividend.

9. Copies of the Report and Accounts

Copies of the report and accounts will be posted to those Shareholders that have requested them shortly. Copies will also be available from the Company's registered office at 2a Langford Arch, London Road, Pampisford, Cambridgeshire CB22 3FX and from the Company's website www.sareum.co.uk.