

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

Sareum (AIM: SAR), the specialist cancer drug discovery business, is pleased to announce its interim results for the six month period ended 31 December 2008.

Financial highlights

- Cash in bank at period end £531,000 (2007: £920,000)
- Loss on ordinary activities (after taxation) of £848,000 (2007: £674,000), includes one-off re-structuring costs of £360,000

Operational highlights

- Strategic review and restructuring completed
- Trading on AIM restored
- Primary focus is on development of compounds targeting cancer
- Relocation of office premises, resulting in significant cost savings

Dr Tim Mitchell, CEO of Sareum Holdings plc, said: "We have completed the restructuring of the Company and operate from a greatly reduced cost base following our strategic review last year. We can now concentrate on the development and commercialisation of our cancer drug pipeline."

Sareum Holdings plc

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Interim Results for the six months ended 31 December 2008

Chairman's Statement

During the period, Sareum Holdings plc completed a strategic review of the business, which it initiated in May 2008. This was prompted by an awareness of the increasingly difficult trading conditions experienced by the fee for services division. The executive directors presented a re-structuring plan to the Board and, following consultation with the Company's advisers, the plan was approved and implemented. The re-structuring of Sareum included selling the fee for services division, along with all of its laboratory equipment.

Sareum has retained the intellectual property contained in its research programmes and is now able to concentrate on its primary task of cancer drug discovery, whilst operating from a significantly reduced and controllable cost-base. The research activities, such as synthesis of new molecules and their testing, are sub-contracted to third parties. Sareum designs and selects the drug candidates for each of the three programmes currently in development, and maintains the appropriate patent portfolio

The Company has continued to make positive progress with its in-house cancer drug discovery programmes, resulting in three further patent applications and the publication of three patents from previous filings.

Sareum's most advanced in-house programme is carried out in conjunction with one of the world's leading cancer research organisations, The Institute of Cancer Research and Cancer Research Technologies Ltd. Additionally, we are developing cancer drug discovery programmes against a further two targets. These programmes are wholly owned by Sareum. Significantly, we have obtained positive results from in-vivo pre-clinical experiments designed to demonstrate that programme compounds increase the efficacy of cancer chemotherapeutics that are in clinical use.

We have received expressions of interest from pharmaceutical and biotechnology companies in these programmes. We are actively pursuing these approaches. This supports our belief that our approach to drug discovery is capable of generating valuable commercial assets.

Changes to the Board

Dr Alastair Riddell (Non-Executive Director), Giorgio Reggiani (Finance Director) and Dr David Williams (VP, Biology & Structural Sciences) resigned from the Board of the Company during the period. I thank them for their valuable contribution to the Company and wish them well for the future.

Financial review

During the period, revenues of £32,000 were recognised arising from fee-for-service collaborations prior to the sale of that part of the business.

The sale of the fee for service business included the sale of almost all of the equipment assets of the company and the write-down of the improvements made to the (now vacated) laboratory building. The cash received from the fee for service business and asset sale approximately equalled the write-down in equipment and building improvement assets, such that the effect on the balance sheet was an estimated £10,000 reduction in net assets. All of the Company's long-term loans, which included equipment lease financing and a loan from the landlord, have been paid off.

The re-structuring incurred one-off costs of £360,000, which included redundancy payments to staff, compensation to the landlord for early termination of the lease on the laboratory building and payments to specialist advisors. The consequential decrease in staff numbers and move to smaller office premises has resulted in an approximate 6-fold reduction in ongoing operating costs.

We ended the half year with net assets of £552,000, including £531,000 of cash in the bank. The Directors believe that the Company has sufficient cash to fund the business until at least January 2010. A commercial deal on one or more of the research programmes would further increase the duration of its funds.

Outlook

Our primary objective is to advance our in-house cancer drug discovery pipeline to deliver drug candidates that are positioned to attract lucrative partnering deals with pharmaceutical companies. We will continue to advance these programmes and file further drug patent applications during the year to protect our intellectual property portfolio. We expect to develop further drug candidates for pre-clinical studies during the current financial year. We are actively seeking licensing partners with the aim of achieving a licensing deal on at least one of our three current in-house programmes.

Dr Paul Harper
Chairman
Sareum Holdings plc

Consolidated Income Statement for the six months ended 31 December 2008

	Unaudited Six months ended 31 Dec 08 £'000	Unaudited Six months ended 31 Dec 07 £'000	Audited Year ended 30 Jun 08 £'000
Revenue	32	1,096	1,503
Research and Development costs	(354)	(1,168)	(2,123)
Administrative expenses	(582)	(731)	(1,396)
Operating Loss	(904)	(803)	(2,016)
Interest receivable and similar income	13	9	33
Interest payable and similar charges	(3)	(3)	(36)
Loss on ordinary activities before taxation	(894)	(797)	(2,019)
Tax on loss on ordinary activities (R&D Tax Credit)	46	123	327
Loss on ordinary activities after taxation	(848)	(674)	(1,692)
Loss per share (pence)			
<i>Basic</i>	(0.10)p	(0.13)p	(0.28)p
<i>Diluted</i>	(0.10)p	(0.13)p	(0.27)p

Consolidated Balance Sheet as at 31 December 2008

	Unaudited As at 31 Dec 08 £'000	Unaudited As at 31 Dec 07 £'000	Audited As at 30 Jun 08 £'000
Non-current assets			
Intangible assets	2	32	26
Tangible assets	2	917	724
	4	949	750
Current assets			
Debtors	87	722	608
Cash at bank and in hand	531	920	481
	618	1,642	1,089
Creditors: amounts due within one year	(70)	(530)	(313)
Net current assets	548	1,112	776
Total assets less current liabilities	552	2,061	1,526
Creditors: amounts due in over one year	-	(165)	(126)
Net assets	552	1,896	1,400
Equity			
Called up share capital	204	150	204
Share premium account	5,401	4,933	5,401
Profit and loss account	(5,053)	(3,187)	(4,205)
Total equity	552	1,896	1,400

**Consolidated Statement of changes in equity for the six months ended
31 December 2008**

	Share Capital £'000	Share Premium £'000	Retained Loss £'000	Total £'000
As at 30 June 2007 (Unaudited)	115	3,764	(2,513)	1,366
Issue of share capital (net)	35	1,169	-	1,204
Loss for the period	-	-	(674)	(674)
As at 31 December 2007 (Unaudited)	150	4,933	(3,187)	1,896
Issue of share capital (net)	54	468	-	522
Loss for the period	-	-	(1,018)	(1,018)
As at 30 June 2008 (Unaudited)	204	5,401	(4,205)	1,400
Loss for the period	-	-	(848)	(848)
As at 31 December 2008 (Unaudited)	204	5,401	(5,053)	552

Consolidated Cash Flow Statement for the six months ended 31 December 2008

	Unaudited Six Months ended 31 Dec 08 £'000	Unaudited Six Months ended 31 Dec 07 £'000	Audited Year ended 30 Jun 08 £'000
Operating activities			
Cash outflow from operating activities	(792)	(930)	(1,847)
Interest paid	(3)	(3)	(36)
Research and Development tax credit	325	123	198
Net cash used in operating activities	(470)	(810)	(1,685)
Investing activities			
(Acquisition)/Disposal of fixed assets	721	(84)	(89)
Interest received	13	9	33
Net cash used in investing activities	(734)	(75)	(56)
Financing activities			
Net proceeds from ordinary shares issued	-	1,203	1,727
(Repayment)/Increase of loans	(214)	(58)	(165)
Net increase/(decrease) in cash and equivalents	50	260	(179)
Cash and equivalents at start of period	481	660	660
Cash and equivalents at end of period	531	920	481

**NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2008**

1. FINANCIAL INFORMATION

These interim statements do not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985. The 30 June 2008 Annual Report and Accounts are available from Sareum's web site, www.sareum.co.uk.

2. BASIS OF ACCOUNTING

The interim financial statements have been prepared in accordance with the IFRS accounting policies.

3. TAXATION

No liability arises for corporation tax for the period ended 31 December 2008. Research and Development tax credits received as cash are estimated to be £46,000 for the period.

4. DIVIDENDS

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2008.

5. LOSS PER SHARE

Basic loss per share is 0.10p (2007: 0.13p). The basic loss per ordinary share is based on the Group's loss for the six months of £848,000 (2007: £674,000) divided by the weighted average number of shares in issue during the period of 818,098,000 (2007: 506,105,121).

Diluted loss per share is 0.10p (2007: 0.13p). The diluted loss per ordinary share is based on the Group's loss for the six months of £848,000 (2007: £674,000) divided by the total of the weighted average number of shares in issue and the number of dilutive options which amounts to 839,098,000 (2007: 519,105,121).

6. AVAILABILITY OF INTERIM ACCOUNTS

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