

SAREUM HOLDINGS PLC**("Sareum" or "the Company")****HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

Sareum Holdings plc (AIM: SAR), the specialist cancer drug discovery and development business, announces good progress with its cancer and autoimmune disease research programmes and its half-yearly results for the six months ended 31 December 2014.

Operational highlights

- Co-development agreement with CRT Pioneer Fund to advance CHK1 programme continues to make good progress as it moves through preclinical development and towards Phase I clinical trials.
- Good progress being made to optimise process for larger scale production and develop new formulations to administer the Aurora+FLT3 candidate molecule via the oral route.
- The discovery and potential of SAR-20347, the TYK2/JAK1 inhibitor targeting autoimmune diseases reported in peer-reviewed Journal of Immunology.
- The granting of several key patents that secure the intellectual property around programme drug candidates.

Financial highlights

- Cash at the Company's bank at period end was £429,000 (2013: £1,598,000) and the Company's unspent investment in the CHK1 Project was £447,000.
- Loss on ordinary activities (after taxation) of £659,000 (2013: Loss of £350,000) in line with expectations and reflecting commitments to co-development agreements.

Dr Tim Mitchell, CEO of Sareum Holdings plc, said: "We are very pleased with the progress that has been made in the last six months. CHK1 in particular is reaching a crucial phase of development as it nears its first in-human trials."

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Half-yearly results for the six months ended 31 December 2014

Chairman and CEO's Statement

The first half of the year has seen activity concentrate on the development of our three lead programmes. In addition to these results, a Research Update has been released today, which gives more detail on the progress that has been made.

Programme updates

The CHK1 programme, which is progressing in collaboration with CRT Pioneer Fund, is now reaching a critical phase as it nears completion of toxicology studies. Following the results of these studies, application for permission to commence Phase I clinical trials will be submitted. This is now expected to take place in the first half of the Company's financial year to 30 June 2016 and will trigger a financial commitment of up to £797,500 by Sareum.

We are also making good progress with our TYK2 and Aurora+FLT3 programmes. Both programmes continue to demonstrate potent efficacy in models of debilitating and life-threatening diseases.

The granting of several key patents in important major markets secures the intellectual property that underpins all our discoveries.

Financial review

The Company ended the period with net assets of £1,074,000 (2013: £1,650,000) of which £429,000 (2013: £1,598,000) comprised of cash at bank. Non-cash assets include £447,000 of unspent investment in the CHK1 co-development partnership and R&D tax credit (£166,000, of which £76,000 has recently been received).

The loss on ordinary activities (after taxation) was £659,000 (2013: Loss of £350,000). The year-on-year increase reflects the increased investment in our research programmes, particularly CHK1, as they reach more advanced stages of development.

Outlook

We have reached a critical stage in the development of our programmes, particularly CHK1. The next phase could be transformative in terms of the Company reaching its goal of delivering a clinical-stage research programme. Later stage programmes achieve higher asset values and, while there is always risk with any drug development, there is also significant potential upside.

As the programme development progresses, we continue to engage with potential licence partners to discuss commercialisation opportunities. To maintain the product pipeline, particularly in the event of a programme being licenced, we continue to investigate sources of new research opportunities.

We believe the Company is well placed to secure positive outcomes for its existing programmes and collaborations. With this in mind we look forward with cautious optimism.

Dr Paul Harper
Chairman, Sareum Holdings plc

Dr Tim Mitchell
CEO, Sareum Holdings plc

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Consolidated Income Statement for the six months ended 31 December 2014

	Unaudited Six months ended 31 Dec 14 £'000	Unaudited Six months ended 31 Dec 13 £'000	Audited Year ended 30 Jun 14 £'000
Revenue	-	-	-
Other operating income	-	68	150
Operating expenses	(378)	(444)	(928)
Share of loss of associates	(260)	-	(63)
Operating loss	(638)	(376)	(841)
Finance income	2	1	4
Finance costs	(113)	-	-
Loss before tax	(749)	(375)	(837)
Tax	90	25	74
Loss on ordinary activities after taxation	(659)	(350)	(763)
Basic and diluted loss per share (pence)	(0.03)p	(0.02)p	(0.05)p

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2014

	Unaudited Six months ended 31 Dec 14 £'000	Unaudited Six months ended 31 Dec 13 £'000	Audited Year ended 30 Jun 14 £'000
Loss for the period	(659)	(350)	(763)
Other comprehensive income	-	-	-
Total comprehensive income for the period	(659)	(350)	(763)
Total comprehensive income attributable to: Owners of the parent	(659)	(350)	(763)

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Consolidated Balance Sheet as at 31 December 2014

	Unaudited As at 31 Dec 14 £'000	Unaudited As at 31 Dec 13 £'000	Audited As at 30 Jun 14 £'000
Non-current assets			
Property, plant and equipment	4	-	5
Investments in associates	447	800	707
	451	800	712
Current assets			
Debtors	39	46	99
Tax receivable	166	80	76
Investments	37	-	200
Cash and cash equivalents	429	1,598	701
	671	1,724	1,076
Creditors: amounts due within one year	(48)	(874)	(66)
Net current assets	623	850	1,010
Net assets	1,074	1,650	1,722
Equity			
Called-up share capital	477	450	477
Share premium	9,549	9,095	9,549
Share-based compensation reserve	76	61	65
Retained earnings	(9,028)	(7,956)	(8,369)
Total equity	1,074	1,650	1,722

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**Consolidated Statement of changes in equity for the six months ended
31 December 2014**

	Share Capital £'000	Share Premium £'000	Share- based compens- ation reserve £'000	Retained Loss £'000	Total £'000
As at 30 June 2013 (Audited)	380	7,611	54	(7,606)	439
Issue of share capital (net)	70	1,484	-	-	1,554
Loss for the period	-	-	-	(350)	(350)
Share-based compensation reserve	-	-	7	-	7
As at 31 December 2013 (Unaudited)	450	9,095	61	(7,956)	1,650
Issue of share capital (net)	27	454	-	-	481
Loss for the period	-	-	-	(413)	(413)
Share-based compensation reserve	-	-	4	-	4
As at 30 June 2014 (Audited)	477	9,549	65	(8,369)	1,722
Loss for the period	-	-	-	(659)	(659)
Share-based compensation reserve	-	-	11	-	11
As at 31 December 2014 (Unaudited)	477	9,549	76	(9,028)	1,074

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Consolidated Cash Flow Statement for the six months ended 31 December 2014

	Unaudited Six Months ended 31 Dec 14 £'000	Unaudited Six Months ended 31 Dec 13 £'000	Audited Year ended 30 Jun 14 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	(749)	(375)	(837)
Depreciation	1	-	-
Share-based compensation charge	11	7	11
Share of loss of associate	260	-	63
Finance income	(2)	(1)	(4)
Finance costs	113	-	-
	<u>(366)</u>	<u>(369)</u>	<u>(767)</u>
Decrease/(Increase) in trade and other receivables	60	(4)	(58)
Decrease in trade and other payables	(18)	(6)	(14)
Cash used in operations	<u>(324)</u>	<u>(379)</u>	<u>(839)</u>
Tax received	-	-	54
Net cash from operating activities	<u>(324)</u>	<u>(379)</u>	<u>(785)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	-	-	(5)
Purchase of fixed asset investments	-	-	(770)
Equity swap arrangement	50	-	(200)
Interest received	2	1	4
Net cash from investing activities	<u>52</u>	<u>1</u>	<u>(971)</u>
Cash flows from financing activities			
Share issue	-	70	97
Share premium on share issue	-	1,484	1,938
Net cash from financing activities	<u>-</u>	<u>1,554</u>	<u>2,035</u>
(Decrease)/Increase in cash and equivalents	<u>(272)</u>	<u>1,176</u>	<u>279</u>
Cash and equivalents at start of period	<u>701</u>	<u>422</u>	<u>422</u>
Cash and equivalents at end of period	<u>429</u>	<u>1,598</u>	<u>701</u>

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NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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 2014, on which the auditors gave an unqualified audit opinion, are available from Sareum's web site, www.sareum.co.uk.

2. Basis of accounting

The accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2014, 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 2015.

3. Taxation

No liability arises for corporation tax for the six month period ended 31 December 2014. Research and Development tax credits, receivable as cash, are estimated to be £90,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2014.

5. Loss per share

Basic and diluted loss per share is 0.03p (2013: 0.02p). The basic and diluted loss per ordinary share is calculated by dividing the Group's loss for the six months of £659,000 (2013: £350,000) by 1,910,038,273 (2013: 1,582,081,743), 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.