22 October 2010

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

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010

Sareum (AIM: SAR), the specialist cancer drug discovery business, is pleased to announce its final results for the year ended 30 June 2010.

Operational highlights:
- On track and in-line with budget with the development of cancer research programmes. Progress presented at major international partnering events
- Launched "SKIL" drug discovery platform
- Three patent applications published

Financial highlights:
- Loss on ordinary activities for period (after taxation): £0.57 million (2009: £1.1 million)
- Cash in bank at period end: £0.52 million (2009: £0.27 million)
- Placings in the period to raise £815,000 (before expenses)

Post year end highlights:
- Placing in August 2010 to raise £200,000 (before expenses)
- Cash resources sufficient for the foreseeable future
- Additional patent application filed

Dr Paul Harper, Chairman of Sareum, said: "Sareum continues to focus its research and cash resources on its pipeline of anti-cancer programmes and its commercial energies on engaging the attention of potential licencees for all its programmes.

We continue to supplement the data package for each of our programmes and take every reasonable opportunity to update those companies that have shown interest in these programmes, as well as using major international partnering events to engage new interest in our oncology programmes. The most advanced of these is still the Chk1 programme carried out in conjunction with the Institute of Cancer Research (ICR) and Cancer Research Technology Limited (CRT). We have demonstrated that our compounds compare favourably with those of our competitors.

The recent fund raisings will support increased investment in the development of our in-house programmes and satisfy our working capital requirements for the foreseeable future."

For further information please contact:

Sareum Holdings plc
Tim Mitchell 01223 497700

Merchant Securities Limited	
Simon Clements/Bidhi Bhoma	020 7628 2200
Hybridan LLP	
Claire Noyce	020 7947 4350

Final Results for the year ended 30 June 2010

Chairman and Chief Executive's Statement

Background

The key value creator for Sareum's shareholders continues to be the development and commercialisation of drug candidates from the Company's in-house drug development pipeline. Our research spend this year has been targeted on advancing our SKIL programmes. The research emphasis on Chk1 has focused on studies in models designed to build the portfolio of data provided to potential licencees.

Our plan has been to help deliver successful *in-vivo* efficacy studies through our collaboration with the Institute of Cancer Research and Cancer Research Technology Limited. We have also used third party providers of models to provide corresponding data for our other programmes.

Additionally, in the period under review three patent applications relating to Sareum programmes were published and a further patent application has been filed post period-end. These patents protect families of promising compounds arising from Sareum's research programmes and demonstrate the strength of our intellectual property to prospective customers.

The Company's business model is to concentrate primarily on its in-house cancer drug discovery research by outsourcing the chemistry and biology components of each programme. Our in-house expertise and experience is used to interpret the relationship between chemical structure and biological activity associated with each of the new compounds tested. The information from each study is used to assist in the design of new molecules which should show more activity and less toxicity. The synthesis and testing of new compounds is undertaken in a world-wide network of third party laboratories.

As the development programmes progress, additional data is generated demonstrating the quality of the candidate molecules. Simultaneously, an active campaign continues to draw these results to the attention of companies seeking to licence programmes such as these. In particular, the results of our research are presented at important conferences and seminars that focus on cancer and cancer drugs. This serves to provide an excellent shop window for our research as well as an opportunity to engage with decision makers from the major pharmaceutical companies that are seeking to in-licence new cancer drugs.

Progress with Drug Discovery Programmes

The Company's principal asset is its intellectual property derived from its cancer drug discovery programmes. Sareum is actively developing five drug discovery programmes at the present time. The Company has continued to make positive progress with these drug discovery programmes, resulting in the publication of three patents from historic filings.

Sareum's pipeline is built on the expertise of its founders in pre-clinical drug discovery, particularly in the field of cancer. Sareum concentrates its research on targeted small molecule therapeutics.

Our strategy is to focus on developing best in class cancer therapies, where pre-clinical and early clinical data is available to indicate that disrupting the targeted biochemical process will indeed prevent tumour growth and prolong survival without significant side-effects. We can capitalise on these published results to direct our own programmes and to indicate, for instance, whether or not the therapy needs to be administered in combination with additional cancer therapies.

In May 2010, Sareum launched its "SKIL"® technology platform. SKIL (Sareum Kinase Inhibitor Library) includes a patent-protected molecular core and the intellectual know-how to fine-tune these molecules into inhibitors of a wide range of kinase enzymes. Aberrant kinase activity is associated with many cancer types, as well as other diseases including certain types of auto-immune disease and diabetes. This kinase class of enzymes constitutes Sareum's ongoing research efforts, primarily targeting kinases associated with cancer.

SKIL programme targets include Aurora kinase, VEGFR-3 kinase and FLT3 kinase. Recently, interesting activity has been found against ALK and TYK2 kinases. ALK kinase overactivity is associated with certain types of lung cancer and anaplastic large cell lymphoma (ALCL), a cancer of the lymphatic cells of the immune system. Inhibition of TYK2 kinase activity can be used to control immune disorders such as rheumatoid arthritis, psoriasis and Crohn's disease.

Sareum's expertise was boosted in April 2010 by the appointment of Dr Bob Jackson to the Scientific Advisory Board. Dr Jackson was formerly Chief Scientific Officer at the cancer drug discovery company, Cyclacel. During his distinguished career he has led teams that have brought many compounds to clinical trials, including the Aurora kinase inhibitor, CYC116. This appointment comes at an important stage in the development of Sareum's Aurora kinase programme and Dr Jackson's expertise will be key to the development of the programme.

Chk1 Kinase

This is Sareum's most advanced programme and is carried out in conjunction with one of the world's leading cancer research organisations, The Institute of Cancer Research and Cancer Research Technology Limited. Chk1 kinase inhibitors enhance the effects of DNA-damaging chemotherapeutics such as Campto® (irinotecan) and Gemzar® (gemcitabine). During the period, Chk1 kinase inhibitors with the potential to be delivered via the oral route (as opposed to injection) have been developed. This gives our programme advantages over competitor compounds that are in early clinical trials.

In January 2010, scientists from Sareum and the ICR published key data in the peer reviewed journal *Molecular Cancer Therapeutics*. The article describes how the programme compound SAR-020106 significantly enhances the anti-tumour effects of the cancer chemotherapeutics Campto® (irintotecan) and Gemzar® (gemcitabine) in preclinical disease models.

The time interval between the administration of the doses of DNA-damaging agent and Chk1 kinase inhibitor is an important factor. To better understand this, in March 2010 we entered into a collaboration with Physiomics plc to perform computer simulations of the effects of different scheduling of such drugs in living systems. The results obtained from this collaboration have provided valuable insights into the importance of appropriate scheduling of combination therapies.

Aurora Kinase

During the period, we have been concentrating our efforts on developing Aurora kinase inhibitors to treat AML, a type of leukaemia. This is partly in response to the clinical results from competitors' Aurora programmes, which have shown positive responses in AML patients, and partly as a result of our Aurora compounds also displaying potent FLT3 kinase activity. FLT3 kinase is overly active in many AML variants and Sareum's Aurora/FLT3 inhibitors are potent against AML cell lines. Initial results in *in-vivo* studies are also positive. We are now seeking to optimise the properties of these compounds to allow delivery via the oral route whilst maintaining or improving upon the existing efficacy and safety profile.

VEGFR-3 (FLT4) Kinase

VEGFR-3 kinase, also known as FLT4 kinase, is believed to be important in the formation of lymph and blood vessels into a growing tumour. These vessels provide nutrients, eliminate waste and provide a route for metastasis (cancer spread). Sareum compounds have been shown to inhibit the growth of lymph endothelial cells by selectively inhibiting VEGFR-3.

Other SKIL Programmes (ALK, TYK2)

We continually screen our SKIL compounds, e.g. from our Aurora and VEGFR-3 programmes, against a selection of kinase enzymes, looking for interesting activity against other therapeutically relevant kinases. Recently, we have discovered SKIL compounds with interesting activity against ALK kinase (implicated in certain lymphomas and lung cancers) and TYK2 kinase (implicated in certain auto-immune diseases). Currently, we are developing joint Aurora/ALK kinase inhibitors and approaching potential commercial partners, with expertise in auto-immune disease, with our TYK2 inhibitors.

Earlier-Stage Programmes (FLT3, FASN, PLK1, B-raf)

These programmes are currently on hold, pending a collaborative research deal with a pharmaceutical company partner or receipt of a research grant. FLT3, in addition to being a potential target for certain leukaemias, also has the potential to treat auto-immune diseases such as multiple sclerosis and rheumatoid arthritis, which further expands the commercial opportunities for this programme.

Financial Review

During the period, the loss after taxation decreased to £0.57 million (2009: £1.1 million). The cash position at the period end was £0.52 million (2009: £0.27 million), enhanced by the share placings, announced in September and October 2009 that raised £815,000 before expenses. The Company's cash position was further improved by a share placing to raise £200,000 (before expenses) in August 2010. As a result of these placings, the Directors believe the Company is able to maintain its R&D spend to further advance its cancer drug pipeline whilst also providing sufficient working capital for the foreseeable future

Outlook

The Company has an exciting opportunity to focus solely on its in-house cancer drug discovery programmes to generate shareholder value. The research work for the ongoing programmes is being provided via third parties, enabling the Company to operate with a minimal fixed cost base.

The Company will continue to build value from its in-house research and development by seeking to advance its cancer drug discovery programmes. With sufficient cash resources to fund the ongoing business plan for the foreseeable future, the Company looks forward to further development and commercialisation of these cancer drug programmes.

Dr Paul Harper
Chairman

Dr Tim Mitchell
Chief Executive Officer

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	£	£
REVENUE		
Discontinued operations	**-**	31,600
OPERATING EXPENSES		
Continuing operations	**(643,742)**	(1,170,007)
Discontinued operations	**-**	(14,669)
	(643,742)	(1,184,676)
OPERATING LOSS		
Continuing operations	**(643,742)**	(1,170,007)
Discontinued operations	**-**	16,931
	(643,742)	(1,153,076)
Finance costs	**-**	(3,092)
Finance income	**3,127**	14,436
LOSS BEFORE TAX	**(640,615)**	(1,141,732)
Income tax credit	**71,526**	67,860
LOSS FOR THE YEAR	**(569,089)**	(1,073,872)
Attributable to:		
Equity holders of the parent	**(569,089)**	(1,073,872)
Basic loss per share expressed in pence per share	**(0.05)p**	(0.13)p

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	2010 £	2009 £
NON-CURRENT ASSETS		
Intangible assets	**984**	1,575
Property, plant and equipment	**1,230**	1,170
	2,214	2,745
CURRENT ASSETS		
Trade and other receivables	**26,627**	33,619
Tax receivable	**74,974**	67,860
Cash and cash equivalents	**516,781**	273,977
	618,382	375,456
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**97,558**	51,639
NET CURRENT ASSETS	**520,824**	323,817
NET ASSETS	**523,038**	326,562
EQUITY		
Issued capital	**293,899**	204,524
Share premium	**6,077,821**	5,401,631
Merger reserve	**27**	27
Retained earnings	**(5,848,709)**	(5,279,620)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**523,038**	326,562

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	£	£
Net cash flow from operating activities		
Continuing operations:		
Loss before tax	**(640,615)**	(1,158,663)
Depreciation charges	**1,729**	34,588
Loss on disposal of fixed assets	**-**	5,706
Finance costs	**-**	3,092
Finance income	**(3,127)**	(14,436)
Tax received	**64,412**	324,570
	(577,601)	(805,143)
Discontinued operations	**-**	16,931
Decrease in trade and other receivables	**6,992**	250,083
Increase/(Decrease) in trade and other payables	**45,919**	(172,683)
Net cash used in operating activities	**(524,690)**	(710,812)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,198)**	(351)
Sale of tangible fixed assets	**-**	706,991
Interest received	**3,127**	14,436
Net cash from investing activities	**1,929**	721,076
Cash flows from financing activities		
Repayment of leasehold improvements loan	**-**	(34,830)
Capital element of finance leases	**-**	(179,216)
Share issue	**89,375**	-
Share premium on issue of shares	**676,190**	-
Interest paid	**-**	(3,092)
Net cash from/(used in) financing activities	**765,565**	(217,138)
Increase/(Decrease) in cash and cash equivalents	**242,804**	(206,874)
Cash and cash equivalents at beginning of year	**273,977**	480,851
Cash and cash equivalents at end of year	**516,781**	273,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

The financial information set out above does not constitute the company's statutory accounts within the meaning of section 434 of the Companies Act 2006.

The 2010 figures are based on unaudited accounts for the year ended 30 June 2010. The auditors do not expect to issue a qualified report on the statutory accounts which will be finalised on the basis of the financial information presented by the directors in the preliminary announcement and which will be delivered to the Registrar of Companies following the company's annual general meeting.

The 2009 comparatives are derived from the statutory accounts for 2009 which have been delivered to the Registrar of Companies and received an unqualified audit report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This statement will be made available online at www.sareum.co.uk

2 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

3 Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by 1,086,228 million being the weighted average number of ordinary shares outstanding during the period (2009: 818.098 million).

4 Dividend

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

5 Copies of the Report and Accounts

Copies of the report and accounts will be posted to those Shareholders that have requested them shortly. Copies are also 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.