

SAREUM HOLDINGS PLC

(“Sareum” or “the Company”)

HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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 2015.

Operational highlights

- Completion of preclinical studies for the CHK1 clinical development candidate, in preparation for two planned clinical trials in cancer patients.
- Publication of a description of CCT245737, the CHK1 clinical development candidate, in the high-impact journal, *Oncotarget*.
- US and European Patents granted for discoveries that underpin the Aurora+FLT3 Kinase Inhibitors programme.
- Demonstration of effective reduction of symptoms when the TYK2 lead molecule is administered in a disease model of rheumatoid arthritis.

Financial highlights

- Loss on ordinary activities (after taxation) of £485,000 (2014: Loss of £659,000), in line with expectations.
- Cash at the Company’s bank at period end was £335,000 (2014: £429,000) and the Company’s unspent investment in the CHK1 Project was £841,000 (2014: £447,000).

Post period end

- CHK1 Clinical Trials Application (CTA) submissions on 29 January 2016, triggering a £200,000 milestone payment to Sareum.

Dr Tim Mitchell, CEO of Sareum Holdings plc, said: “We have made considerable progress in the last six months. With clinical trials for the CHK1 programme expected to start before our financial year end, we are swiftly moving towards our goal of becoming a clinical-stage development company.”

Sareum Holdings plc

Tim Mitchell, Chief Executive Officer

01223 497 700

WH Ireland Limited (Nominated Adviser and Co-Broker)

Chris Fielding / Nick Prowting

020 7220 1650

Hybridan LLP (Co-Broker)

Claire Noyce / William Lynne

020 3764 2341 / 2342

The Communications Portfolio (Media enquiries)

Ariane Comstive

Ariane.comstive@communications-portfolio.co.uk

07785 922 354

Half-yearly results for the six months ended 31 December 2015

Chairman and CEO's Statement

Introduction

The first half of the year has seen good progress in our research and development programmes, with particular focus on the CHK1 preclinical studies.

Research Update

In addition to these results a Research Update, released today, gives more detail on the progress that has been made.

Programme updates

The CHK1 programme, which is progressing in collaboration with CRT Pioneer Fund, has successfully completed its preclinical studies. Application for permission to commence Phase I clinical trials was submitted in January 2016. Two clinical trials in cancer patients are planned, one with the drug candidate as a single anti-cancer agent and one in combination with standard-of-care chemotherapy.

Our TYK2 and Aurora+FLT3 programmes continue to demonstrate potent efficacy in models of debilitating and life-threatening diseases.

Key patents were secured in the US and Europe for inventions associated with our Aurora+FLT3 programme, adding to our valuable intellectual property portfolio.

Financial review

The Company ended the period with net assets of £1,380,000 (2014: £1,074,000) of which £335,000 (2014: £429,000) comprised cash at bank. Non-cash assets include £841,000 of our share of unspent investment in the CHK1 co-development partnership and £269,000 of R&D tax credit (of which £90,000 was received post period end and a further £96,000 is expected shortly).

The submission of the Clinical Trials applications required a financial commitment towards the funding of these trials of £797,500 from Sareum, which was paid in December 2015. These submissions triggered a £200,000 milestone payment from Cancer Research Technology Ltd., which we expect to receive in the near future.

The loss on ordinary activities (after taxation) was £485,000 (2014: Loss of £659,000). This decrease in loss is due in part to a lower spend on CHK1 than in the half year to December 2014, re-phasing of development costs and the receipt of part of the June 2015 funding award from Innovate UK. In addition, in the prior period the Company incurred a non-recurring finance cost of £113,000.

Outlook

With CHK1 clinical trials expected to commence before the period end, 2016 will mark the start of our move towards becoming a clinical-stage development company. While there is always risk with any drug development, this is an important milestone for Sareum as clinical-stage drug development programmes typically attract higher licence values than those which are still in the preclinical research stages.

We continue to engage with potential partners with a view to securing commercial licenses for our programmes, while exploring new research programmes from our in-house drug discovery platform as well as external early-stage opportunities that we can potentially in-license and progress in to the clinic.

We look forward with real anticipation as CHK1 enters clinical trials and retain a cautious, but positive outlook for all our existing programmes and collaborations.

Dr Paul Harper
Chairman, Sareum Holdings plc

Dr Tim Mitchell
CEO, Sareum Holdings plc

Consolidated Income Statement for the six months ended 31 December 2015

	Unaudited Six months ended 31 Dec 15 £'000	Unaudited Six months ended 31 Dec 14 £'000	Audited Year ended 30 Jun 15 £'000
Revenue	-	-	-
Other operating income	45	-	-
Operating expenses	(449)	(378)	(812)
Share of loss of associates	(167)	(260)	(497)
Operating loss	(571)	(638)	(1,309)
Finance income	3	2	3
Finance costs	-	(113)	(135)
Loss before tax	(568)	(749)	(1,441)
Tax	83	90	186
Loss on ordinary activities after taxation	(485)	(659)	(1,255)
Basic and diluted loss per share (pence)	(0.02)p	(0.03)p	(0.06)p

Consolidated Statement of Comprehensive Income for the six months ended 31 December 2015

	Unaudited Six months ended 31 Dec 15 £'000	Unaudited Six months ended 31 Dec 14 £'000	Audited Year ended 30 Jun 15 £'000
Loss for the period	(485)	(659)	(1,255)
Other comprehensive income	-	-	-
Total comprehensive income for the period	(485)	(659)	(1,255)
Total comprehensive income attributable to: Owners of the parent	(485)	(659)	(1,255)

Consolidated Balance Sheet as at 31 December 2015

	Unaudited As at 31 Dec 15 £'000	Unaudited As at 31 Dec 14 £'000	Audited As at 30 Jun 15 £'000
Non-current assets			
Property, plant and equipment	2	4	3
Investments in associates	841	447	210
	843	451	213
Current assets			
Debtors	74	39	51
Tax receivable	269	166	186
Investments	-	37	-
Cash and cash equivalents	335	429	1,480
	678	671	1,717
Creditors: amounts due within one year	(141)	(48)	(67)
Net current assets	537	623	1,650
Net assets	1,380	1,074	1,863
Equity			
Called-up share capital	622	477	622
Share premium	10,761	9,550	10,761
Share-based compensation reserve	107	76	105
Retained earnings	(10,110)	(9,029)	(9,625)
Total equity	1,380	1,074	1,863

**Consolidated Statement of changes in equity for the six months ended
31 December 2015**

	Share Capital £'000	Share Premium £'000	Share- based compens ation reserve £'000	Retained Loss £'000	Total £'000
As at 30 June 2014 (Audited)	477	9,550	65	(8,370)	1,722
Loss for the period	-	-	-	(659)	(659)
Share-based compensation reserve	-	-	11	-	11
As at 31 December 2014 (Unaudited)	477	9,550	76	(9,029)	1,074
Issue of share capital (net)	145	1,211	-	-	1,356
Loss for the period	-	-	-	(596)	(596)
Share-based compensation reserve	-	-	29	-	29
As at 30 June 2015 (Audited)	622	10,761	105	(9,625)	1,863
Loss for the period	-	-	-	(485)	(485)
Share-based compensation reserve	-	-	2	-	2
As at 31 December 2015 (Unaudited)	622	10,761	107	(10,110)	1,380

Consolidated Cash Flow Statement for the six months ended 31 December 2015

	Unaudited Six Months ended 31 Dec 15 £'000	Unaudited Six Months ended 31 Dec 14 £'000	Audited Year ended 30 Jun 15 £'000
Net cash flow from operating activities			
Continuing operations:			
Loss before tax	(568)	(749)	(1,441)
Depreciation	1	1	2
Share-based compensation charge	2	11	40
Share of loss of associate	167	260	497
Finance income	(3)	(2)	(3)
Finance costs	-	113	135
	<u>(401)</u>	<u>(366)</u>	<u>(770)</u>
(Increase)/Decrease in trade and other receivables	(23)	60	48
Increase/(Decrease) in trade and other payables	74	(18)	2
Cash used in operations	<u>(350)</u>	<u>(324)</u>	<u>(720)</u>
Tax received	-	-	76
Net cash from operating activities	<u>(350)</u>	<u>(324)</u>	<u>(644)</u>
Cash flows from investing activities			
Purchase of fixed asset investments	(798)	-	-
Equity swap arrangement	-	50	64
Interest received	3	2	3
Net cash from investing activities	<u>(795)</u>	<u>52</u>	<u>67</u>
Cash flows from financing activities			
Share issue	-	-	145
Share premium on share issue	-	-	1,211
Net cash from financing activities	<u>-</u>	<u>-</u>	<u>1,356</u>
(Decrease)/Increase in cash and equivalents	<u>(1,145)</u>	<u>(272)</u>	<u>779</u>
Cash and equivalents at start of period	<u>1,480</u>	<u>701</u>	<u>701</u>
Cash and equivalents at end of period	<u>335</u>	<u>429</u>	<u>1,480</u>

NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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 2015 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 contained an emphasis of matter paragraph in respect of going concern but 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 2015, 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 2016.

3. Taxation

No liability arises for corporation tax for the six month period ended 31 December 2015. Research and Development tax credits, receivable as cash, are estimated to be £83,000 for the period.

4. Dividends

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2015.

5. Loss per share

Basic and diluted loss per share is 0.02p (2014: 0.03p). The basic and diluted loss per ordinary share is calculated by dividing the Group's loss for the six months of £485,000 (2014: £659,000) by 2,487,438,273 (2014: 1,910,038,273), 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.