

21 February 2011

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

**HALF YEARLY RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

**Sareum** (AIM: SAR), the specialist cancer drug discovery business, is pleased to announce its half-yearly results for the six month period ended 31 December 2010.

**Financial highlights**

- Cash at bank at period end was £621,000 (2009: £740,000)
- Loss on ordinary activities (after taxation) of £258,000 (2009: £295,000)
- Placings of £450,000 (gross) in the period to advance cancer drug pipeline

**Operational highlights**

- Research programmes making good progress
- Progress in Chk1 & VEGFR-3 cancer programmes and SKIL<sup>®</sup> platform presented at IDDST drug discovery conference, China

**Post period end highlights**

- Positive results in leukaemia studies from Aurora+FLT3 programme
- Placing to raise a further £500,000 to accelerate Aurora+FLT3 programme development

**Dr Tim Mitchell, CEO of Sareum Holdings plc, said:** "We have been actively progressing and marketing our cancer research programmes and are pleased to announce positive results in our Aurora+FLT3 programme. The recent fundraisings provide us with additional resources to accelerate the development of this programme and sufficient working capital for the foreseeable future."

**Sareum Holdings plc**

Tim Mitchell, Chief Executive Officer

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**Merchant Securities Limited (NOMAD)**

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Claire Noyce

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## Half-yearly results for the six months ended 31 December 2010

### Chairman's Statement

In the period under review, Sareum has continued to progress its in-house cancer drug pipeline, whilst managing the research spend such that we can drive the most promising lines of development to build the asset value of our programmes.

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 Technology Limited. This programme targets Checkpoint Kinase 1, which is important in controlling a cancer cell's response to DNA damage, which may be a consequence of the cancer itself, or intentionally caused by chemotherapy or radiotherapy. The latest progress in the programme was presented by the Company's Chief Scientific Officer, Dr John Reader, at the IDDST meeting in Beijing, China in October 2010. We believe that the results we have obtained from compounds from this programme compare favourably with those from current 'best in class' clinical candidates, and presentations such as these will be viewed favourably by potential licensing partners.

This programme has recently shifted focus to studies designed to allow us to pick our strongest candidate compound and a good back-up compound for a main stream cancer application. We have also been exploring the effectiveness of our lead compounds in other types of cancer model systems, the results of which are also encouraging. The Directors believe that a broader range of clinical applications for a compound provides a greater potential for completing out licensing agreements. We anticipate producing a further update on this work before the end of the current period.

The Company's other cancer programmes; targeting Aurora+FLT3, Aurora+ALK and VEGFR3 kinases, are progressing to plan, and continue to be evaluated in *in-vivo* efficacy models. Earlier this month, the Company announced significant progress against AML (acute myeloid leukaemia, the most common form of adult leukaemia) in its Aurora+FLT3 programme. A recent study for the programme showed that the leukaemia regressed to such an extent that no detectable cancer could be found in any of the cases treated (ten in total) with a Sareum compound. By comparison, leukaemia increased five to fifteen fold in the study examples treated without Sareum's compound. At six weeks following treatment, no detectable cancer could be found in two of the ten examples dosed with the Sareum compound. In the remaining eight examples, the average time taken for the leukaemia to reappear and increase 5-fold was six weeks, compared to two weeks in the untreated cases. This study compares very favourably with similar studies published in the literature for the Aurora kinase inhibitors that are currently in clinical trials.

It is important to evaluate and benchmark the performance of our lead compounds against those already in clinical development as it not only shows how they rank with those already approved for clinical development but allows us to assess their relative strengths and weaknesses. This means that we can develop analogues and modified versions to improve the compound's overall profile, as far as is possible, and ensures we progress with those compounds with the best prospects. Our ability to raise additional funds has greatly assisted in this process and allows us to accelerate the process further.

This research activity is coupled with a very active marketing campaign to licence the programmes to a prospective pharmaceutical or biotechnology company partner. In October 2010, Sareum Chief Executive Officer, Dr Tim Mitchell, presented the Company's SKIL<sup>®</sup> cancer drug discovery pipeline at the IDDST conference in China. Presentation of programme data to conferences of this type provides an excellent opportunity to show what the Company has achieved. The conferences are attended not only by scientists but also by commercial and corporate representatives from potential licensing partners.

## **Fundraising**

Share placings in August and December 2010 help to maintain the Company's cash resources and working capital for the foreseeable future whilst providing a significant investment in the Company's pipeline of cancer programmes. The Directors were pleased to generate this support during the period under review and in the period following it, particularly in light of the challenging economic climate that small biotech companies are facing.

During the six months under review the group raised £450,000, before expenses, from two placings of new ordinary shares on AIM. £200,000 was raised in August at 0.2p per share and the remaining £250,000 was raised in December at 0.2p per share. Earlier this month a further £500,000 was raised at 1p a share. The funds raised will accelerate the ongoing development of the group's drug discovery programmes; in particular the Aurora+FLT3 programme, and provide working capital for the foreseeable future.

## **Financial review**

We ended the half year with net assets of £699,000, including £621,000 of cash in the bank.

## **Outlook**

Our primary objective is to progress our in-house cancer drug discovery pipeline to deliver candidates that are positioned to attract lucrative partnering deals with pharmaceutical companies. We expect to develop further drug candidates for pre-clinical studies during the current financial year. Our Chk1 and Aurora kinase programmes are now maturing and producing high quality compounds that, on the basis of the data generated to date, will allow us to select candidate compounds that we believe will perform favourably when compared to those in clinical development at the present time.

We are actively seeking licensing partners with the aim of achieving a licensing deal on at least one of our current in-house programmes in addition to the Chk1 programme.

**Dr Paul Harper,**

**Chairman, Sareum Holdings plc**

**Consolidated Income Statement for the six months ended 31 December 2010**

	Unaudited Six months ended 31 Dec 10 £'000	Unaudited Six months ended 31 Dec 09 £'000	Audited Year ended 30 Jun 10 £'000
<b>Revenue</b>	-	-	-
Operating expenses	(283)	(321)	(644)
<b>Operating Loss</b>	<b>(283)</b>	<b>(321)</b>	<b>(644)</b>
Finance income	2	-	3
<b>Loss before tax</b>	<b>(281)</b>	<b>(321)</b>	<b>(641)</b>
Tax	23	26	72
<b>Loss on ordinary activities after taxation</b>	<b>(258)</b>	<b>(295)</b>	<b>(569)</b>
<b>Basic Loss per share (pence)</b>	<b>(0.02)p</b>	<b>(0.03)p</b>	<b>(0.05)p</b>

## Consolidated Balance Sheet as at 31 December 2010

	Unaudited As at 31 Dec 10 £'000	Unaudited As at 31 Dec 09 £'000	Audited As at 30 Jun 10 £'000
<b>Non-current assets</b>			
Intangible assets	1	1	1
Property, plant and equipment	1	1	1
	<b>2</b>	<b>2</b>	<b>2</b>
<b>Current assets</b>			
Debtors	34	43	26
Tax receivable	86	94	75
Cash and cash equivalents	621	740	517
	<b>741</b>	<b>877</b>	<b>618</b>
Creditors: amounts due within one year	(44)	(82)	(97)
<b>Net current assets</b>	<b>697</b>	<b>795</b>	<b>521</b>
<b>Net assets</b>	<b>699</b>	<b>797</b>	<b>523</b>
<b>Equity</b>			
Called up share capital	350	294	294
Share premium	6,444	6,078	6,078
Retained earnings	(6,095)	(5,575)	(5,849)
<b>Total equity</b>	<b>699</b>	<b>797</b>	<b>523</b>

**Consolidated Statement of changes in equity for the six months ended  
31 December 2010**

	<b>Share Capital £'000</b>	<b>Share Premium £'000</b>	<b>Retained Loss £'000</b>	<b>Total £'000</b>
<b>As at 30 June 2009 (Audited)</b>	<b>204</b>	<b>5,402</b>	<b>(5,280)</b>	<b>326</b>
Issue of share capital (net)	90	676	-	766
Loss for the period	-	-	(295)	(295)
<b>As at 31 December 2009 (Unaudited)</b>	<b>294</b>	<b>6,078</b>	<b>(5,575)</b>	<b>797</b>
Loss for the period	-	-	(274)	(274)
<b>As at 30 June 2010 (Audited)</b>	<b>294</b>	<b>6,078</b>	<b>(5,849)</b>	<b>523</b>
Issue of share capital (net)	56	366	-	422
Loss for the period	-	-	(258)	(258)
Share-based compensation	-	-	12	12
<b>As at 31 December 2010 (Unaudited)</b>	<b>350</b>	<b>6,444</b>	<b>(6,095)</b>	<b>699</b>

## Consolidated Cash Flow Statement for the six months ended 31 December 2010

	Unaudited Six Months ended 31 Dec 10 £'000	Unaudited Six Months ended 31 Dec 09 £'000	Audited Year ended 30 Jun 10 £'000
<b>Net cash flow from operating activities</b>			
Continuing operations:			
Loss before tax	(281)	(321)	(641)
Depreciation charges	-	1	2
Share-based compensation charge	12	-	-
Finance income	(2)	-	(3)
Tax received	12	-	64
	<hr/>	<hr/>	<hr/>
	(259)	(320)	(578)
(Increase)/Decrease in trade and other receivables	(8)	(10)	7
(Decrease)/Increase in trade and other payables	(53)	30	46
	<hr/>	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(320)</b>	<b>(300)</b>	<b>(525)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	-	-	(1)
Interest received	2	-	3
	<hr/>	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Cash flows from financing activities</b>			
Net proceeds from ordinary shares issued	422	766	766
	<hr/>	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>422</b>	<b>766</b>	<b>766</b>
<b>Increase in cash and equivalents</b>			
	<hr/>	<hr/>	<hr/>
	104	466	243
<b>Cash and equivalents at start of period</b>	<b>517</b>	<b>274</b>	<b>274</b>
	<hr/>	<hr/>	<hr/>
<b>Cash and equivalents at end of period</b>	<b>621</b>	<b>740</b>	<b>517</b>

## **NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

### **1. FINANCIAL INFORMATION**

These half-yearly results 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 2010 are available from Sareum's web site, [www.sareum.co.uk](http://www.sareum.co.uk).

### **2. BASIS OF ACCOUNTING**

The half-yearly results have been prepared in accordance with IFRS accounting standards.

### **3. TAXATION**

No liability arises for corporation tax for the six month period ended 31 December 2010. Research and Development tax credits, receivable as cash, are estimated to be £23,000 for the period.

### **4. DIVIDENDS**

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2010.

### **5. LOSS PER SHARE**

Basic loss per share is 0.02p (2009: 0.03p). The basic loss per ordinary share is calculated by dividing the Group's loss for the six months of £258,000 (2009: £295,000) by 1,261,059,670 (2009: 998,315,104), 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](http://www.sareum.co.uk).