FINAL 6 March 2008

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

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Sareum Holdings plc (AIM: SAR), the specialist structure-based drug discovery business, is pleased to announce its financial results for the six month period ended 31 December 2007.

Financial highlights during period 1 July to 31 December 2007:
- Revenues of £1,096,000 (2006: £1,205,000)
- Loss on ordinary activities (after taxation) of £674,000 (2006: £208,000)
- Cash in bank £920,000 (2006: £767,000)
- Placing of £1,250,000 (gross) to advance in-house cancer drug pipeline
- No significant financial impact on adopting IFRS

Business highlights during period 1 July to 31 December 2007:
- Strengthened in-house drug discovery pipeline with the commencement of two further oncology drug discovery programs
- Significant increase in patent application filings
- Additional repeat business with H. Lundbeck A/S
- Extension of research services agreement with Genentech, Inc.
- Mr Giorgio Reggiani and Dr Alastair Riddell appointed to the Board

Post-period end highlights:
- Additional in-house cancer research program and associated patent filings

Dr Tim Mitchell, CEO of Sareum Holdings plc, said: "We believe shareholder value can be maximised from our in-house cancer programmes and are pleased to report a productive research period where we have significantly progressed our internal pipeline. Sareum has managed to maintain its level of fee for service work and we continue to focus on the development and commercialisation of our internal programmes."

Sareum Holdings plc **01223 497700**
Tim Mitchell, Chief Executive Officer

Buchanan Communications **020 7466 5000**
Tim Anderson, Mary-Jane Johnson

Grant Thornton Corporate Finance **020 7383 5100**
Philip Secrett, Colin Aaronson

Interim Results for the six months ended 31 December 2007

Chairman's Statement

Sareum Holdings plc has continued to make significant advances in its in-house cancer drug discovery programmes and, despite tight trading conditions made more difficult by the level of merger and acquisition activity among our key customer group, it has managed to largely maintain the overall level of revenue-generating business. We made an important decision in early 2007 to add to our in-house pipeline and to increase the resources devoted to in-house programmes. This has resulted in considerable progress being made in these programmes which are the key value drivers of the business, and is reflected in the frequency with which new patent applications are being made.

Sareum has an integrated drug discovery platform that is capable of delivering high quality novel drug leads quickly and effectively, delivering solid IP results with great efficiency and flexibility for both the Company and its collaborators.

The key value creator for Sareum's shareholders is in the development and future licensing of drugs from the Company's in-house drug development pipeline. Notable progress in Sareum's programmes, which focus on novel treatments for cancer, has led to a decision to increase investment in the drug discovery activity, adding new programmes and increasing the resource applied to existing programmes. We are expecting to be able to nominate a compound to enter pre-clinical development in the next six months.

Our most advanced in-house programme is carried out in conjunction with The Institute of Cancer Research, one of the world's leading cancer research organisations. Additionally, we are developing five further quality cancer drug discovery targets through our in-house programmes. We have so far generated a total of seven drug compound patent applications including the filing of four patent applications during this period and one post-period end. Significantly, we have obtained positive results from initial pre-clinical experiments to understand the behaviour of our drug leads following systemic administration, including experiments to determine the response of a tumour upon exposure to these compounds. Based on these results, we expect to commence detailed efficacy model studies in early Q2 2008.

We have received expressions of interest from pharmaceutical and biotechnology companies in three of these programmes and early stage licensing discussions are taking place. This supports our belief that our technology platform and expertise can generate valuable drug discovery assets.

Additions to the Board

Mr Giorgio Reggiani, who joined Sareum as Finance Director and Company Secretary in June 2007, was appointed to the Board of the Company in September. Mr. Reggiani is a Chartered Management Accountant with 17 years of senior financial experience in companies including Esprit Capital Partners LLP, Vidus Limited and Mobile Systems International plc. Giorgio has brought a wealth of corporate and financial skills to our strategic management of the Company.

Dr Alastair Riddell joined the Board in November 2007 as a non-executive director. Alastair is CEO of Stem Cell Sciences plc and was previously CEO of Paradigm Therapeutics Limited, the drug target discovery and development company that was acquired by Takeda Pharmaceutical Company in March 2007. Prior to that, he was Chairman of Surface Therapeutics Ltd and CEO of Pharmagene plc, now named Asterand. He has held senior positions in international marketing, sales and general management in Amersham

International and Centocor. Alistair's extensive knowledge of and experience in the biotech sector will be valuable as the Company moves towards its strategic goals.

Financial review
During this period, revenues of £1,096,000 were recognised, £222,000 of which came from success milestone payments. We have experienced difficult trading conditions, especially in the USA where there is a reticence to use cash reserves to sponsor new research activities until financial conditions improve. There has also been an unusually high level of M & A activity among our key customer group and this has tended to interfere with decision-making on investment in new programmes.

We ended the half year with net current assets of £1,112,000 including £920,000 cash in bank. A placing of £1,250,000 (£1,203,000 net of issue costs) in October was made to augment the cash available from our own activities and to fund the progress of our internal drug discovery pipeline. The Company's funding requirements depend on the timing of fee for service contracts which are, by their nature, difficult to predict. However, the Sareum board currently believes it will need to seek further funding before the end of its financial year.

The decision to increase activity on our internal pipeline has been combined with careful management of costs, resulting in a loss on ordinary activities (after taxation) of £674,000. Although this is an increase over the prior interim period, we believe this level of R&D spend is crucial to increasing the value of our business.

International Financial Reporting Standards ("IFRS")
This is the first period for which the Group has prepared the financial statements under International Financial Reporting Standards ('IFRS') and it should be emphasised that the amended presentation of financial statements under IFRS has no impact on the financials of the Company. Previously Sareum has prepared its financial statements under UK Generally Accepted Accounting Principles ("UK GAAP"). The financial statements presented below are therefore, for the first time, presented in accordance with the Group's accounting policies based on IFRS as adopted by the European Union. The unaudited financial statements for the six months ended 31 December 2007 are prepared in accordance with the IFRS accounting policies that are expected to apply as of 30 June 2008. The comparative financial statements for the six months ended 31 December 2006 and the year ended 30 June 2007 have been restated under IFRS.

Outlook
Our primary objective remains to advance our in-house drug discovery pipeline, which is focused on cancer, to deliver drug candidates such that they 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 drug candidates for pre-clinical studies during the current financial year and are actively seeking licensing partners with the aim of achieving a licensing deal on at least one of our six current in-house programmes.

Fee-for-service activities continue to be an important side of our business and we look forward to securing additional contracts and receiving future success milestone payments and repeat business from existing programmes.

Dr Paul Harper
Chairman
Sareum Holdings plc

Sareum Holdings plc
Consolidated Income Statement for the six months ended 31 December 2007

	Unaudited Half Year to 31 Dec 07 £'000	Unaudited Half Year to 31 Dec 06 £'000	Audited Year ended 30 Jun 07 £'000
Revenue	**1,096**	**1,205**	**2,471**
Cost of Sales	(1,168)	(833)	(1,853)
Gross (Loss)/Profit	**(72)**	**372**	**618**
Administrative expenses	(731)	(671)	(1,352)
Operating Loss	**(803)**	**(299)**	**(734)**
Interest receivable and similar income	9	5	29
Interest payable and similar charges	(3)	(5)	(17)
Loss on ordinary activities before taxation	**(797)**	**(299)**	**(722)**
Tax on loss on ordinary activities	123	91	195
Loss on ordinary activities after taxation	**(674)**	**(208)**	**(527)**
Loss per share (pence) Basic and diluted	**(0.13)p**	**(0.05)p**	**(0.12)p**

Sareum Holdings plc
Consolidated Balance Sheet as at 31 December 2007

	Unaudited Half Year to 31 Dec 07 £'000	Unaudited Half Year to 31 Dec 06 £'000	Audited Year ended 30 Jun 07 £'000
Non-current assets			
Intangible assets	32	14	31
Tangible assets	917	720	1,015
	949	**734**	**1,046**
Current assets			
Debtors	722	997	837
Cash at bank and in hand	920	767	660
	1,642	**1,764**	**1,497**
Creditors: amounts due within one year	(530)	(768)	(1,017)
Net current assets	**1,112**	**996**	**480**
Total assets less current liabilities	**2,061**	**1,730**	**1,526**
Creditors: amounts due in over one year	(165)	(45)	(160)
Net assets	**1,896**	**1,685**	**1,366**
Equity			
Called up share capital	150	112	115
Share premium account	4,933	3,767	3,764
Merger reserve	-	-	-
Profit and loss account	(3,187)	(2,194)	(2,513)
Total equity	**1,896**	**1,685**	**1,366**

Sareum Holdings plc
Consolidated Statement of changes in equity for the six months ended 31 December 2007

	Share Capital Unaudited £'000	Share Premium Unaudited £'000	Retained Loss Unaudited £'000	Total Unaudited £'000
At 1 July 2006	93	3,088	(1,985)	1,196
Issue of share capital (net)	22	676	-	698
Loss for the period	-	-	(208)	(208)
At 31 December 2006	**115**	**3,764**	**(2,193)**	**1,686**
Loss for the period	-	-	(320)	(320)
As at 30 June 2007	**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 2008	**150**	**4,933**	**(3,187)**	**(1,896)**

Sareum Holdings plc
Consolidated Cash Flow Statement for the six months ended 31 December 2007

	Unaudited Six Months to 31 Dec 07 £'000	Unaudited Six Months to 31 Dec 06 £'000	Audited Year ended 30 Jun 07 £'000
Operating activities			
Cash outflow from operating activities	(930)	(415)	(370)
Research and Development tax credit	123	128	128
Net cash used in operating activities	**(807)**	**(287)**	**(242)**
Investing activities			
Acquisition of fixed assets	(84)	(54)	(518)
Interest received	6	-	12
Net cash used by investing activities	**(78)**	**(54)**	**(506)**
Financing activities			
Net proceeds from ordinary shares issued	1,203	698	698
Increase/(Repayment) of loans	(58)	(118)	182
Net increase/(decrease) in cash and equivalents	**260**	**239**	**132**
Cash and equivalents at start of period	**660**	**528**	**528**
Cash and equivalents at end of period	**920**	**767**	**660**

SAREUM HOLDINGS PLC
NOTES TO THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

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 2007 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 that are expected to apply for the 30 June 2008 annual financial statements. No changes have arisen due to the transition from reporting under UK GAAP to reporting under IFRS and therefore no reconciliations are required or provided.

Please refer to the appendix below for further information.

3. TAXATION

No liability arises for corporation tax for the period ended 31 December 2007. Research and Development tax credits receivable as cash are estimated to be £123,000 for the period.

4. DIVIDENDS

The directors do not propose the payment of a dividend in respect of the six months ended 31 December 2007.

5. LOSS PER SHARE

Basic and diluted loss per share is 0.13p (2006: 0.05p). The basic loss per ordinary share is based on the Group's loss for the six months of £674,000 (2006: £208,000) divided by the weighted average number of shares in issue during the period of 506,105,121 (2006: 388,662,000).

6. DEFERRED INCOME

Deferred income arises when sales invoices have been issued to clients but the work covered by the invoices has not been completed at the end of the accounting period. Deferred income will be credited to turnover once the invoiced work is complete. There was £10,000 of deferred income during the period (2006: 401,000).

Appendix

Reporting under International Financial Reporting Standards (IFRS)

From June 2008 Sareum Holdings plc will produce its consolidated report and accounts in accordance with IFRS. This financial information has been prepared on the basis of the IFRS expected to be applicable at 30 June 2008. These standards are subject to ongoing review and endorsement by the EU or possible amendment by interpretive guidance from the IASB and are therefore still subject to change. We will update our restated information for any such changes as and when they are made.

No changes have arisen due to the transition from reporting under UK GAAP to reporting under IFRS and therefore no reconciliations are required or provided. The Group's date of transition to IFRS is 1 January 2007, which is the beginning of the comparative period for the 2008 financial year.

The UK GAAP financial information contained in this document does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The auditors have issued unqualified opinions on the Group's UK GAAP financial statements for the years ended 30 June 2006 and 30 June 2007.

Key accounting policy changes are included within this report. A full set of IFRS accounting policies will be published in the Group's report and accounts for the year to 30 June 2008.

First time adoption

IFRS 1 “First Time Adoption of International Financial Reporting Standards” sets out the approach to be followed when IFRS are applied for the first time. As a general principle, IFRS 1 requires that accounting policies are to be applied retrospectively although IFRS 1 provides a number of optional exceptions where the cost of compliance is deemed to exceed the benefits to users of the financial statements. Where applicable, the options selected by management under IFRS 1 are set out in the explanatory notes below.

Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the Group’s IFRS statements are set out below:

Basis of preparation

Results for the six month periods ended 30 June 2007 and 30 June 2006 have not been audited. Subject to EU endorsement of outstanding standards and no further changes from the IASB this information is expected to form the basis for comparatives when reporting financial results for 2007, and for subsequent reporting periods.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities, which are measured at fair value.

Intangible assets

Purchased licenses are recognised at cost on acquisition and are subject to amortisation over their useful life from the point at which the asset is available for use. The amortisation charge is calculated on a straight–line basis over their estimated useful lives.

Research and development expenditure

The Group considers that the regulatory, technical and market uncertainties inherent in the development of new products mean that internal development costs should not be capitalised as intangible fixed assets until commercial viability of a product is demonstrable and appropriate resource is in place to launch the product. Except in those circumstances, research and development expenditure is expensed as incurred.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Leasehold improvements – remaining lease term
Fixtures and fittings - four years, straight-line basis
Laboratory equipment - four years, straight-line basis
Computer equipment - three years, straight-line basis

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date. All exchange gains arising on the retranslation of assets and liabilities are dealt with in the income statement.

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Provisions are made in respect of onerous leases to the extent that the Directors believe that costs will be incurred under the terms of the lease with no benefit to the Group.

Taxation
Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the period in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Revenue recognition
Revenue consists of income received, in the normal course of business, from licence and development agreements and is stated net of any trade discounts, VAT and other sales related taxes. Income from these agreements is typically in the form of fees on signature, milestone receipts on achievement of predetermined events, and royalties on the sale of the product once marketed.
Revenue is recognised when licence rights are granted to the extent that the Company has performed its contractual obligations, based on the fair value of the right to consideration for each component of the agreement.

Post-retirement benefits

The Group makes defined contributions to personal pension arrangements of its executive directors and employees. The amount charged to the income statement in respect of pension costs is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Share-based payments
The Group operates an employee share option scheme. For all grants of share options and awards, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model and any corresponding expense is recognised over the vesting period.