

SAROSSA CAPITAL PLC
HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2013

SAROSSA CAPITAL PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

Michael Bretherton	<i>Chairman</i>
Ross Hollyman	<i>Non-Executive Director</i>
Jonathan Morley-Kirk	<i>Non-Executive Director</i>

COMPANY SECRETARY

Christopher Hill

COMPANY WEBSITE

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COMPANY NUMBER

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SAROSSA CAPITAL PLC
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SAROSSA CAPITAL PLC CHAIRMAN'S STATEMENT

The Company changed its name from Antisoma Plc to Sarossa Capital Plc "Sarossa" on 1 November 2013 in order to reflect the fact that the Company no longer has operations in biotechnology development and is now an Investing Company.

Sarossa delivered a Group profit after tax for the six months ended 31 December 2013 of £0.47 million compared to a small loss of £0.03 million in the previous 2012 half year. The reported profit mainly reflects unrealised revaluation gains amounting to £0.51 million on portfolio investments and on a derivative trading asset in the six month period.

The Board has continued to adopt a highly selective investment approach in these times of global economic uncertainty. Consequently, whilst the Board identified and reviewed a number of potential opportunities in the period, we did not make any further investments and nor did we seek any realisations of existing investments in the six months ended 31 December 2013.

Sarossa currently holds 3 principal portfolio investments, all of which are quoted on AIM, and for which the carrying value at 31 December 2013 was £7.82 million (31 December 2012: £1.0 million represented by 1 quoted holding). In addition, the Company has subscription options in GVC Holdings plc for which the carrying value as a derivative trading asset at 31 December 2013 was £0.46 million (31 December 2012: £nil).

The Group continues to benefit from a strong balance sheet with cash balances of £7.44 million at 31 December 2013 compared to cash balances of £6.87 million at the previous 30 June 2013 year end. Net assets attributable to holders of Sarossa at 31 December 2013 were £14.00 million compared with £13.53 million at 30 June 2013.

Business model

Sarossa is an investment holding and management company whose principal activity is investment in and growth and development of businesses which present opportunities for value creation.

The Company has an investing strategy to identify investment opportunities offering the potential to deliver a favourable return to shareholders over the medium term, primarily in the form of capital gain. A particular consideration is to identify businesses which, in the opinion of the Board, are under-performing and present opportunities for value creation.

Sarossa is mainly focused on portfolio businesses with product and service platforms targeting major international markets through customers and partners with an international profile. The Company's equity interest in a potential investment may range from a minority position to 100 per cent. ownership and the interest may be either quoted or unquoted.

Investment portfolio update

An overview of the activities of the portfolio businesses in which Sarossa has a holding of over 3 per cent. is given below:

Silence Therapeutics Plc (Silence), which is AIM listed, is a global leader in the discovery, development and delivery of novel RNAi therapeutics for the treatment of serious diseases. The core technology of Silence is its proprietary form of short interfering RNA molecule, known as AtuRNAi, that enables the development of novel molecular entities that "silence" or inactivate the genes expressed in some diseases. Additionally, the Company has developed technology that preferentially delivers AtuRNAi to the vascular endothelium (AtuPLEX), the lung endothelium (DACC) and the liver (DBTC). ATU027 is the

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

company's leading Oncology product and its phase 1b/2a combination trial into pancreatic cancer commenced in April 2013 with the dosing of cancer patients. The trial will test Silence's Atu027 anti-metastatic ability to eliminate or decrease metastatic spread of the cancer, in combination with Gemcitabine, the leading anti-tumour drug. In addition, in November 2013, Silence announced a planned second new clinical trial study for Atu027 which will test it in combination with Cisplatin, 5-FU and Cetuximab in head and neck cancer patients. Sarossa held at 31 December 2013, and continues to hold, 4.3 per cent. of the issued share capital of Silence.

Plant Health Care Plc (PCH) which is AIM listed, is a leading provider of novel patent protected biological products to the global agriculture markets. PHC's products increase crop yields by enhancing natural processes within the plant. During 2013, PHC made a number of significant beneficial changes to its strategy and management team and also announced, in July 2013, that it had agreed with Monsanto, to discontinue an agreement under which Monsanto had certain exclusive rights to develop and sell Harpin. PHC has, therefore, now resumed direct control of the Harpin product and has regained the flexibility to partner with others to develop and sell this into all crop markets on a global basis. The company has already formed partnerships with several of the leading agrochemical companies including Direct Enterprises Inc. and Arysta Life Science and is in negotiations for further contracts. PCH is also in the process of developing its 3rd generation Harpin with the aim of becoming a multi-product company, licensing out a variety of Harpin peptides to agricultural majors. In 2014 PHC plans to file additional patents and approach agricultural majors about testing agreements. Sarossa's holding in PCH at 31 December 2013 was, and continues to be, 4.8 per cent.

In addition to the above, Sarossa has a holding of below 3 per cent. in a profitable AIM listed care sector support services business with a solid dividend yield and a good growth record.

Outlook

Looking ahead, the backdrop for equity investors is generally positive with a global recovery thought to be underway and with inflation under control. There is, however, reason for continued caution in the near term as economies remain vulnerable to Europe's debt crisis and the slowing down of federal reserve bond purchases in the US. This environment is also adversely effecting the valuations of many good businesses and the Board will, therefore, continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge. I am confident that this approach will enable us to build considerable value for shareholders going forward.

Michael Bretherton
Chairman
26 February 2014

SAROSSA CAPITAL PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2013

	6 months ended 31 December 2013 (Unaudited) £'000	6 months ended 31 December 2012 (Unaudited) £'000	Year ended 30 June 2013 (Audited) £'000
Notes			
Gain on portfolio investments	524	68	133
Other income	-	-	644
Portfolio return and revenue	524	68	777
Administrative expenses	(67)	(129)	(225)
Research and development (expenditure)/credit	(1)	3	(6)
Exchange gains/(losses)	41	(26)	(85)
Operating profit/(loss)	497	(84)	461
Finance income	24	66	170
Finance cost	(53)	(12)	(9)
Profit/(loss) before taxation	468	(30)	622
Taxation	-	-	-
Profit and comprehensive income for the period	468	(30)	622
Earnings/(loss) per ordinary share			
Basic and diluted	4	0.07p	(0.005)p 0.10p

The profit for the period arises from the Group's continuing operations.

There were no items of other comprehensive income for the periods covered by these statements and therefore the profit for the period is also the total comprehensive income for the period net of tax.

SAROSSA CAPITAL PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Share capital	Share premium	Other reserve retranslation	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 July 2012	10,725	122,091	8,282	(128,186)	12,912
Total comprehensive income for the period	-	-	-	(30)	(30)
At 31 December 2013	10,725	122,091	8,282	(128,216)	12,882
Total comprehensive income for the period	-	-	-	652	652
At 31 June 2013	10,725	122,091	8,282	(127,564)	13,534
Total comprehensive income for the period	-	-	-	468	468
At 31 December 2013	10,725	122,091	8,282	(127,096)	14,002

SAROSSA CAPITAL PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		As at 31 December 2013 (Unaudited) £'000	As at 31 December 2012 (Unaudited) £'000	As at 30 June 2013 (Audited) £'000
	Notes			
ASSETS				
Non-current assets				
Portfolio Investments	5	7,819	1,095	7,606
		7,819	1,095	7,606
Current assets				
Trade and other receivables		17	4,009	697
Derivative trading asset		464	-	170
Short-term deposits		-	8,014	1,500
Cash and cash equivalents		7,438	1,463	5,367
		7,919	13,486	7,734
Total assets		15,738	14,581	15,340
LIABILITIES				
Current liabilities				
Trade and other payables		(67)	(62)	(96)
Provisions		(1,669)	(1,637)	(1,710)
Total liabilities		(1,736)	(1,699)	(1,806)
Net current assets		6,183	11,787	5,928
Net assets		14,002	12,882	13,534
Shareholders' equity				
Share capital	6	10,725	10,725	10,725
Share premium		122,091	122,091	122,091
Other reserves		8,282	8,282	8,282
Profit and loss account		(127,096)	(128,216)	(127,564)
Total equity		14,002	12,882	13,534

Approved by the Board and authorised for issue on 26 February 2014.

Michael Bretherton
Chairman

SAROSSA CAPITAL PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	6 months ended 31 December 2013 (Unaudited) £'000	6 months ended 31 December 2012 (Unaudited) £'000	Year ended 30 June 2013 (Audited) £'000
Cash flows from operating activities			
Profit/(loss) for the period/year	468	(30)	622
Add back:			
Foreign exchange (gain)/loss	12	38	94
Finance income	(24)	(66)	(170)
Unrealised (gain)/loss on revaluation of portfolio investments	(213)	(52)	85
Unrealised gain on revaluation of a derivative asset	(294)	-	(170)
Operating cash flows before movement in working capital	(51)	(110)	461
Purchase of portfolio investments	-	-	(6,648)
Decrease/(increase) in trade and other receivables	680	(3,348)	(21)
(Decrease)/increase in trade and other payables	(29)	(25)	8
Cash flows from operations	600	(3,483)	(6,200)
Finance income	24	66	170
Net cash flows from operating activities	624	(3,417)	(6,030)
Cash flows from investing activities			
Decrease/(increase) in cash placed on deposit	1,500	(4,914)	1,600
Net cash generated from/(used in) investing activities	1,500	(4,914)	1,600
Net increase/(decrease) in cash and cash equivalents	2,124	(8,331)	(4,430)
Exchange losses on cash balances	(53)	(12)	(9)
Cash and cash equivalents at beginning of the period	5,367	9,806	9,806
Cash and cash equivalents at end of the period	7,438	1,463	5,367
Short term deposits at the end of the period	-	8,014	1,500
Cash, cash equivalents and short term deposits at end of period	7,438	9,477	6,867

SAROSSA CAPITAL PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Capital plc are unaudited condensed consolidated financial statements for the six months ended 31 December 2013. These include unaudited comparatives for the six months ended 31 December 2012 together with audited comparatives for the year ended 30 June 2013.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission.

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 30 June 2014, with the exception of IAS 34 Interim Financial Reporting.

Financial information contained in this document does not comprise the Group's statutory financial statements as defined in section 434 of the Companies Act 2006.

The statutory financial statements for the year ended 30 June 2013 have been delivered to the Registrar of Companies. The auditors reported on these financial statements and their report was unqualified, did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and did not include references to any matters to which the auditor drew attention by way of emphasis.

2) SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the European Union.

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Sarossa Capital plc for the year ended 30 June 2013.

3) TAXATION

The Group has accumulated losses available to carry forward against future trading profits. No deferred tax asset has been recognised in respect of tax losses since it is uncertain at the balance sheet date as to whether future profits will be available against which the unused tax losses can be utilised.

SAROSSA CAPITAL PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4) EARNINGS/(LOSS) PER SHARE (BASIC AND DILUTED)

Basic earnings/(loss) per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months ended 31 December 2013 (Unaudited) £'000	6 months ended 31 December 2012 (Unaudited) £'000	Year ended 30 June 2013 (Audited) £'000
Loss for the period (£'000)	468	(30)	622
Weighted average number of shares ('000)	639,360	639,360	639,360
Diluted earnings/(loss) per ordinary share	0.07p	(0.005)p	0.10p
Diluted earnings/(loss) per ordinary share	0.07p	(0.005)p	0.10p

The Group had no dilutive potential ordinary shares in issue during the six months to 31 December 2013 or during the year to 30 June 2013 and consequently there was also no dilutive impact for the periods ending 31 December 2013, 31 December 2012 or 30 June 2013.

5) PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000
Fair value at 31 December 2012	1,095
Additions	6,648
Unrealised loss on the revaluation of investments	(137)
Fair value at 30 June 2013	7,606
Unrealised gain on the revaluation of investments	213
Fair value at 31 December 2013	7,819

All portfolio investments are held by Sarossa Capital Plc.

SAROSSA CAPITAL PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

6) SHARE CAPITAL

	6 months ended 31 December 2013 (Unaudited) £'000	6 months ended 31 December 2012 (Unaudited) £'000	Year ended 30 June 2013 (Audited) £'000
Issued and fully paid			
639,360,364 Ordinary shares of 1p each	6,393	6,393	6,393
4,331,683 preference shares of £1 each	4,332	4,332	4,332
	10,725	10,725	10,725

The zero coupon convertible redeemable preference shares of £1 each have the following principal terms attached:

- No rights to receive dividends;
- On a winding up, the preference shareholders rank above ordinary shareholders in payment of a sum equal to the nominal capital paid up but have no rights to participate further in the assets of the Company;
- No rights to receive notice of or attend or vote at any general meeting of shareholders;
- No longer convertible as the conversion periods have expired; and
- Redeemable at the option of the Company at any time at par.

7) RELATED PARTY TRANSACTIONS

During the periods ended 31 December 2012 and 30 June 2013 the Company entered into the following transactions with ORA Capital Limited (a wholly owned subsidiary of a significant corporate shareholder).

	Six months to 31 December 2013 (Unaudited) £'000	Six months to 31 December 2012 (Unaudited) £'000	Year to 30 June 2013 (Audited) £'000
Management consultancy fees	-	6	9

During the six month period ended 31 December 2013, the Company entered into numerous transactions with its subsidiary companies which net off on consolidation – these have not been shown.

In addition, during the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

8) HALF YEAR FINANCIAL REPORT

A copy of this half year report will be available on the Company's website at www.sarossacapital.com