



**SAROSSA PLC**

**HALF YEAR REPORT**

**FOR THE SIX MONTHS ENDED**

**31 DECEMBER 2014**

**SAROSSA PLC**  
**DIRECTORS, OFFICERS AND ADVISERS**

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**DIRECTORS**

Michael Bretherton      *Chairman*  
Ross Hollyman          *Non-Executive Director*  
Jonathan Morley-Kirk    *Non-Executive Director*

**COMPANY SECRETARY**

Whitmill Secretaries Limited

**COMPANY WEBSITE**

[www.sarossapl.com](http://www.sarossapl.com)

**COMPANY NUMBER**

115158 (Jersey)

**REGISTERED OFFICE**

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**INDEPENDENT AUDITOR**

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9 Greyfriars Road  
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RG1 1JR

**LEGAL ADVISER**

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Walker House  
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St Helier  
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**NOMINATED ADVISER AND BROKER**

WH Ireland Limited  
24 Martin Lane  
London  
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**SAROSSA PLC**  
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**SAROSSA PLC**  
**CHAIRMAN'S STATEMENT**

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Sarossa Plc (the "Company" or "Sarossa") together with its subsidiaries, (the "Group") delivered a Group profit after tax for the six months ended 31 December 2014 of £1.30 million compared to a profit of £0.47 million in the previous 2013 half year. The reported profit mainly reflects unrealised valuation gains amounting to £1.32 million on portfolio investments 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, only one further follow on investment of £0.32 million was made. We did not seek any realisations of existing investments in the six months ended 31 December 2014.

The Company currently holds 4 principal portfolio investments, all of which are quoted on AIM, and for which the carrying value at 31 December 2014 was £12.23 million (30 June 2014: £10.62 million represented by 3 quoted holdings).

The Group continues to benefit from a strong balance sheet with cash balances of £6.29 million at 31 December 2014 compared to cash balances of £6.13 million at the previous 30 June 2014 year end. Net assets attributable to holders of Sarossa at 31 December 2014 were £18.53 million compared with £17.22 million at 30 June 2014.

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 is mainly focused on portfolio businesses with product and service platforms targeting major international markets through customers and partners with an international profile.

***Investment portfolio update***

An overview of the activities of the portfolio businesses in which Sarossa has a holding of over 3.0 per cent., and which represent 73.1 per cent. of the carrying value of portfolio investments at 31 December 2014, is given below:

**Silence Therapeutics Plc** (Silence) is AIM listed and is a global leader in the discovery, development and delivery of novel RNAi therapeutics for the treatment of serious diseases. RNA (ribonucleic acid) is one of the two types of nucleic acids found in all cells, the other being DNA (deoxyribonucleic acid). RNA is the messenger that takes a copy of the genetic information stored in DNA in a cell's nucleus and translates it into instructions for the manufacture of proteins in that cell. RNA interference (RNAi) is a method of reducing or 'silencing' the genes which cause some diseases. Drug development is entering the age of genetic medicine and through Silence's leading technologies and collaborations, the company is giving the UK and Europe a central role in this ground breaking area of medicine. Silence has a robust IP estate protecting its proprietary RNAi technology and is working to translate this technology into therapeutic clinical product candidates. One of these is already in the clinic in a Phase 2a pancreatic cancer trial and there are many others in pre-clinical development including in relation to lung vasculature, pulmonary arterial hypertension, pre-eclampsia, acute liver injury and ocular melanoma. Sarossa held at 31 December 2014, and continues to hold, 4.2 per cent. of the issued share capital of Silence.

**Plant Health Care Plc** (PHC) is AIM listed and is a leading provider of novel patent protected biological products to the global agriculture markets. PHC offers products to improve the health, vigour and yield of crops by enhancing natural processes within the plant. The company has a portfolio of established products based on its proprietary Harpin and Myconate® technologies and has a dual-track strategy of substantially growing revenue from existing products whilst aggressively pursuing research and development of its PREtec (Plant Response Elicitor technology) platform. That R&D is focused on generating a large number of new peptide products with the aim of becoming a multi-product company. PHC has already formed partnerships with several of the leading agrochemical companies including,

**SAROSSA PLC**  
**CHAIRMAN'S STATEMENT (CONTINUED)**

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Arysta Life Science, to commercialise its existing products and underlying sales of Harpin  $\alpha\beta$  and Myconate are on a firmly growing track. PHC has also reported that the R&D platform pipeline is showing promise in delivering a range of benefits for farmers, including drought tolerance, disease resistance and increased yield and the company now plans to engage with those agricultural majors that have the development and commercialisation capabilities to exploit the full potential of this platform. Sarossa's holding in PHC at 31 December 2014 was, and continues to be, 5.3 per cent.

In addition to the above, Sarossa has holdings of below 3.0 per cent. in a profitable AIM listed care sector support services business with a solid dividend yield and good growth record and a multinational sports betting and gaming group also with a solid dividend yield.

***Outlook***

Looking ahead, there remain many threats to a sustained global recovery including the conflicts that have no quick solutions in the Ukraine and the Middle East, the potential spectre of a European Union (EU) breakup following the change of government and strategy in Greece and U.K. elections which could pave the way for a referendum on its EU membership. Your Board will, therefore, continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge. We remain committed to delivering additional value for shareholders going forward.

**Michael Bretherton**

Chairman

26

February

2015

**SAROSSA PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS TO 31 DECEMBER 2014**

	Notes	<b>6 months ended 31 December 2014 (Unaudited) £'000</b>	6 months ended 31 December 2013 (Unaudited) £'000	Year ended 30 June 2014 (Audited) £'000
Gain on portfolio investments		1,415	524	1,816
Other income		-	-	594
<b>Portfolio return and revenue</b>		<b>1,415</b>	524	2,410
Administrative expenses		(153)	(67)	(424)
Research and development (expenditure)/credit		-	(1)	6
Release of legacy biotechnology provision		-	-	1,603
Exchange gains		-	41	91
<b>Operating profit</b>		<b>1,262</b>	497	3,686
Finance income		40	24	47
Finance cost		-	(53)	(43)
<b>Profit before taxation</b>		<b>1,302</b>	468	3,690
Taxation		-	-	-
<b>Profit and comprehensive income for the period</b>		<b>1,302</b>	468	3,690
<b>Earnings per ordinary share</b>				
Basic and diluted	5	<b>0.20p</b>	0.07p	0.58p

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 PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Share capital £'000	Share premium £'000	Other reserve retranslation £'000	Merger Reserve £'000	Accumulated losses £'000	Total £'000
<b>At 1 July 2013</b>	10,725	122,091	8,282	-	(127,564)	13,534
Total comprehensive income for	-	-	-	-	468	468
<b>At 31 December 2013</b>	10,725	122,091	8,282	-	(127,096)	14,002
Group re-organisation	(4,331)	(122,091)	(8,282)	126,422	8,282	-
Total comprehensive income for the period	-	-	-	-	3,222	3,222
<b>At 30 June 2014</b>	6,394	-	-	126,422	(115,592)	17,224
Total comprehensive income for the period	-	-	-	-	<b>1,302</b>	<b>1,302</b>
<b>At 31 December 2014</b>	<b>6,394</b>	-	-	<b>126,422</b>	<b>(114,290)</b>	<b>18,526</b>

**SAROSSA PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

		<b>As at 31 December 2014 (Unaudited) £'000</b>	As at 31 December 2013 (Unaudited) £'000	As at 30 June 2014 (Audited) £'000
	Notes			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Portfolio Investments	6	<b>12,262</b>	7,819	10,624
		<b>12,262</b>	7,819	10,624
<b>Current assets</b>				
Trade and other receivables		<b>32</b>	17	594
Derivative trading assets		-	464	-
Short-term deposits		-	-	2,603
Cash and cash equivalents		<b>6,296</b>	7,438	3,530
		<b>6,328</b>	7,919	6,727
<b>Total assets</b>		<b>18,590</b>	15,738	17,351
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		<b>(64)</b>	(67)	(127)
Provisions		-	(1,669)	-
<b>Total liabilities</b>		<b>(64)</b>	(1,736)	(127)
<b>Net current assets</b>		<b>6,264</b>	6,183	6,600
<b>Net assets</b>		<b>18,526</b>	14,002	17,224
<b>Shareholders' equity</b>				
Share capital	7	<b>6,394</b>	10,725	6,394
Share premium	8	-	122,091	-
Merger reserve	8	<b>126,422</b>	-	126,422
Other reserves	9	-	8,282	-
Retained earnings deficit		<b>(114,290)</b>	(127,096)	(115,592)
<b>Total equity</b>		<b>18,526</b>	14,002	17,224

Approved by the Board and authorised for issue on 26 February 2015.

Michael Bretherton  
*Chairman*

**SAROSSA PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	<b>6 months ended 31 December 2014 (Unaudited) £'000</b>	6 months ended 31 December 2013 (Unaudited) £'000	Year ended 30 June 2014 (Audited) £'000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period/year	<b>1,302</b>	468	3,690
Add back:			
Foreign exchange (gain)/loss	<b>(25)</b>	12	(48)
Finance income	<b>(15)</b>	(24)	(47)
Unrealised (gain)/loss on revaluation of portfolio investments	<b>(1,322)</b>	(213)	(1,763)
Unrealised gain on revaluation of a derivative asset	-	(294)	-
Release of legacy biotechnology provision	-	-	(1,603)
Operating cash flows before movement in working capital	<b>(60)</b>	(51)	229
Purchase of portfolio investments	<b>(316)</b>	-	(1,085)
Decrease/(increase) in trade and other receivables	<b>562</b>	680	87
(Decrease)/increase in trade and other payables	<b>(63)</b>	(29)	31
Cash flows from operations	<b>123</b>	600	(738)
Finance income	<b>15</b>	24	47
Net cash flows from operating activities	<b>138</b>	624	(691)
<b>Cash flows from investing activities</b>			
Decrease/(increase) in cash placed on deposit	-	1,500	(1,103)
Net cash generated from/(used in) investing activities	-	1,500	(1,103)
Net increase/(decrease) in cash and cash equivalents	<b>138</b>	2,124	(1,794)
Exchange gain/(loss) on cash balances	<b>25</b>	(53)	(43)
Cash and cash equivalents at beginning of the period	<b>6,133</b>	5,367	5,367
<b>Cash and cash equivalents at end of the period</b>	<b>6,296</b>	7,438	3,530
<b>Short term deposits at the end of the period</b>	-	-	2,603
<b>Cash, cash equivalents and short term deposits at end of period</b>	<b>6,296</b>	7,438	6,133

**SAROSSA PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

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**1) BASIS OF PREPARATION**

The interim financial statements of Sarossa Plc are unaudited condensed consolidated financial statements for the six months ended 31 December 2014. These include unaudited comparatives for the six months ended 31 December 2013 together with audited comparatives for the year ended 30 June 2014.

Sarossa Plc was incorporated in Jersey on 7 March 2014. The Company was specifically created to implement a re-organisation in relation to Sarossa Capital Limited (formerly Sarossa Capital Plc and prior to that Antisoma Plc). Under the re-organisation, Sarossa Capital Limited became a wholly owned subsidiary of Sarossa Plc on 2 May 2014 at which time Sarossa Plc was also admitted to the AIM market of the London Stock Exchange.

Shareholders in Sarossa Capital Limited at the time of re-organisation received shares in Sarossa Plc in the same proportionate interest as they had in Sarossa Capital Limited immediately prior to the re-organisation. The business, operations, assets and liabilities of the Sarossa Group under the new Jersey holding company immediately after the re-organisation were no different from those immediately before the re-organisation and the Directors have therefore treated this combination as a simple re-organisation using the pooling of interests method of accounting.

The financial information for the six months ended 31 December 2014 does not constitute statutory financial statements within the meaning of the Companies (Jersey) Law 1991. A copy of the audited financial statements for the year ended 30 June 2014 has been delivered to the Jersey Registrar of Companies. The auditor's opinion on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter paragraph, and contained no statement under section 113B(3) or section 113B(4) of the Companies (Jersey) Law 1991.

These interim condensed consolidated financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2015 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), in accordance with the provisions of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The Group's presentation and functional currency is Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's annual financial statements to 30 June 2014. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014.

**Going concern**

Information on the business environment, financial position and the factors underpinning the Group's future prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the medium term based on the current liquid resources available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**SAROSSA PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**2) SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those followed in the preparation of the consolidated annual financial statements of Sarossa Plc for the year ended 30 June 2014 and include the following policy:

The re-organisation on 2 May 2014 under which the Company became a 100 per cent. holding company of Sarossa Capital Limited, has been accounted for as a re-organisation using the pooling of interests ('merger') method of accounting and the Group's activity has been treated as a continuation of that of the legal subsidiary, Sarossa Capital Limited and its subsidiaries. Comparative numbers presented in the Group condensed financial statements are those reported in the Group condensed financial statements issued in the name of the legal subsidiary, Sarossa Capital Limited, for the six months to 31 December 2013 (unaudited) and in the Group financial statements issued in the name of Sarossa Plc, for the year to 30 June 2014 (audited).

**3) SEGMENTAL REPORTING**

The Directors are of the opinion that the under IFRS 8 – 'Operating Segments' the Group has only one reportable segment, being Portfolio Investment Return. Segmental profit or loss is therefore equal to Group profit or loss and this basis of segmentation is consistent with the annual audited consolidated financial statements of the Group to 30 June 2014.

**4) TAXATION**

The accrued tax charge for the six month interim period is based on an estimated worldwide effective tax rate of nil percent, (six months to 31 December 2013: nil percent; year to 30 June 2014: nil percent).

**5) EARNINGS PER SHARE (BASIC AND DILUTED)**

Basic earnings per share is calculated by dividing the gain 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.

	<b>6 months ended 31 December 2014 (Unaudited) £'000</b>	6 months ended 31 December 2013 (Unaudited) £'000	Year ended 30 June 2014 (Audited) £'000
Gain for the period (£'000)	<b>1,302</b>	468	3,690
Weighted average number of shares ('000)	<b>639,360</b>	639,360	639,360
<b>Basic earnings per ordinary share</b>	<b>0.20p</b>	0.07p	0.58p
<b>Diluted earnings per ordinary share</b>	<b>0.20p</b>	0.07p	0.58p

The Group had no dilutive potential ordinary shares in issue during the six months to 31 December 2014 and to 31 December 2013, or during the year to 30 June 2014 and consequently there was also no dilutive impact for those periods.

**SAROSSA PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**6) PORTFOLIO INVESTMENTS**

	<b>Quoted Equity Shares £'000</b>
<b>Fair value at 31 December 2013</b>	<b>7,819</b>
Additions	1,085
Transfer from derivative trading assets	854
Unrealised gain on the revaluation of investments	866
<b>Fair value at 30 June 2014</b>	<b>10,624</b>
Additions	316
Unrealised gain on the revaluation of investments	1,322
<b>Fair value at 31 December 2014</b>	<b>12,262</b>

All portfolio investments are held by Sarossa Plc are valued at closing bid market price at the reporting date.

**7) SHARE CAPITAL**

<b>Ordinary Shares</b>	<b>Number</b>	<b>£'000</b>
<b>Authorised ordinary shares of 1p:</b>		
<b>Sarossa Plc</b>		
At 7 March 2014, 30 June 2014 and 31 December 2014	1,000,000,000	10,000
<b>Sarossa Capital Limited</b>		
At 31 December 2013, 30 June 2014 and 31 December 2014	835,500,000	8,355
<b>Allotted, issued and fully paid ordinary shares of 1p:</b>		
<b>Sarossa Plc</b>		
At 7 March 2014	-	-
Issue of shares	639,360,364	6,394
At 30 June 2014 and 31 December 2014	639,360,364	6,394
<b>Sarossa Capital Limited</b>		
At 31 December 2013, 30 June 2014 and 31 December 2014	639,360,364	6,394

Sarossa Plc was incorporated in Jersey on 7 March 2014. The Company was created to implement a re-organisation in relation to Sarossa Capital Limited (formerly called Sarossa Capital Plc and prior to that Antisoma Plc), under which Sarossa Capital Limited became a wholly owned subsidiary of Sarossa Plc on 2 May 2014. Shareholders in the company at the time of re-organisation received 639,360,364 ordinary shares of 1p issued by Sarossa Plc in the same proportionate interest as they had in Sarossa Capital Limited, immediately prior to the re-organisation.

Under the accounting principles governing the re-organisation, as set out in note 2, the ordinary share capital presented for the Group at 31 December 2014 and 30 June 2014 is that of the legal parent, Sarossa Plc and the comparative at 31 December 2013 is that of the legal subsidiary Sarossa Capital Limited.

Sarossa Plc had no preference share capital at 30 June 2014 but Sarossa Capital Limited had 4,331,683 zero coupon, convertible, redeemable, preference shares of £1 each at both 30 June 2014 and 30 June 2013. Given the terms of the preference shares, these are considered to have a nil fair value on a going concern basis.

**SAROSSA PLC**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

**8) EQUITY CAPITAL AND MERGER RESERVE**

	Share capital	Share premium	Merger reserve
	£'000	£'000	£'000
<b>At 31 December 2013</b>	10,725	122,091	-
Transfer on group re-organisation (note 1)	(4,331)	(122,091)	126,422
<b>At 30 June 2014 and 31 December 2014</b>	<b>6,394</b>	<b>-</b>	<b>126,422</b>

The merger reserve arose on the shares issued by the Company to shareholders of Sarossa Capital Limited (formerly called Sarossa Capital Plc and prior to that Antisoma Plc) under the re-organisation on 2 May 2014 in a process that did not change the economics, operations or shareholder structure of the Group.

The preference shares, which are considered to have a nil fair value on a going concern basis, have been transferred from equity capital to merger reserve on consolidation.

**9) OTHER RESERVE**

	£'000
At 31 December 2013	8,282
Transfer to retained earnings deficit reserve	(8,282)
<b>At 30 June 2014 and 31 December 2014</b>	<b>-</b>

The other reserve relates to foreign exchange movements on consolidation in respect of certain assets and liabilities that were previously held in its US subsidiaries. These subsidiaries were all loss making and hold only net liabilities represented by amounts owed to Group companies and which have been fully provided against. The US subsidiaries are now dormant and abandoned and this reserve has, therefore, been transferred to the retained earnings deficit reserve.

**10) RELATED PARTY TRANSACTIONS**

During the six months ended 31 December 2014 the Company paid management charges of £48,567 to ORA Limited; an entity which is a controlled undertaking of a significant corporate shareholder. No amounts were outstanding at the balance sheet date.

The Group has taken advantage of the exemptions contained within IAS 24 – ‘Related Party Disclosures’ from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

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

**11) HALF YEAR FINANCIAL REPORT**

A copy of this half year report, as well as the annual statutory accounts is available on the Company’s website at [www.sarossapl.com](http://www.sarossapl.com)