



SAROSSA PLC
HALF YEAR REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2017

SAROSSA PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

Richard Griffiths	<i>Chairman</i>
Michael Bretherton	<i>Chief Executive Officer</i>
Ross Hollyman	<i>Non-Executive Director</i>

COMPANY SECRETARY

James Sutcliffe

COMPANY WEBSITE

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COMPANY NUMBER

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SAROSSA PLC
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SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

Sarossa Plc (the "Company" or "Sarossa") generated a profit after tax of £2.75 million for the first half of the year to 31 December 2017 compared to a profit of £0.43 million in the corresponding 2016 half year. The first half reported profit mainly reflects a gross investment return of £2.93 million less net overhead costs of £0.18 million.

During the six months ended 31 December 2017, the Company spent £4.02 million on new portfolio investments and £1.70 million on further investments in existing portfolio holdings. The Company also fully exited for a new portfolio investment in the period generating cash proceeds of £0.79 million and a realisation gain of £0.05 million.

Sarossa currently holds currently 6 portfolio investments all of which are quoted, and for which the carrying value at 31 December 2017 was £16.17 million (30 June 2017: £9.10 million represented by 5 quoted holdings).

The Company continues to benefit from a sound balance sheet and net assets attributable to holders of Sarossa at 31 December 2017 were £16.48 million (equivalent to 3.57p per share) compared with £13.73 million (equivalent to 2.97p per share) at 30 June 2017. Cash and short term deposit balances were £0.31 million at 31 December 2017, compared to £4.65 million at the previous 30 June 2017 year end.

Board Changes

As reported in the Company's annual financial statements for the year ended 30 June 2017, Sarossa became a controlled undertaking of mine following the closure, on 26 June 2017, of an unconditional mandatory offer made to the Sarossa's shareholders by myself via my company Blake Holdings Limited.

I subsequently held meetings with the directors of Sarossa to consider measures to strengthen the management of the Company and to enhance value creating opportunities for Sarossa' shareholders. Following these meetings, I joined the board of Sarossa as Executive Chairman on 1 December 2017 at which point Michael Bretherton moved over to become Chief Executive Officer. Jonathan Morley-Kirk also stepped down from the board as a non-executive director at the end of January 2018 and I thank him for his service to the Company. It is intended that James Ede-Golightly be appointed as a non-executive director of the Company from 1 April 2018.

Investment portfolio update

Sarossa is an investment holding and management company whose principal activity is investment in businesses which present opportunities for value creation. The Company is mainly focused on portfolio investment businesses with product and service platforms targeting major international markets through customers and partners with an international profile.

An overview of the activities of the portfolio investment businesses in which Sarossa has a holding of over 3 per cent. or where the value of the investment comprises at least 10 per cent. of Sarossa's net asset value 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 a short interfering RNA molecule, known as AtuRNAi, which enables the development of novel molecular entities that "silence" or inactivate the genes expressed in some diseases. In addition, the ability to switch genes off using its modified siRNA and delivery systems, the company has added the ability to switch genes on by using the same delivery systems with a messenger RNA. Atu027 is the company's leading pancreatic cancer oncology product which is in Phase 2 of clinical development. The company has also licensed out its AtuRNAi technology to Quark Pharmaceuticals which is using this to developing acute kidney injury products under license with Novartis and which showed positive results in mid 2017 and is moving forward with further development. During the period Silence

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

announced it had disposed of all of its holding in NASDAQ quoted Arrowhead Pharmaceuticals for US \$24.3 million and which had generated realised gains of £9.1 million. During the year Silence issued, in the UK high court, a claim for declaratory relief against certain products of Alnylam Pharmaceuticals as Silence believes that its patent estate is being infringed and that a licence is required by Alnylam in relation to those products. Silence has continued to further strengthen the company's global IP estate during the period. Silence has a strong balance sheet and had cash and deposits at 31 December 2017 of £42.7 million. Sarossa's shareholding at 31 December 2017 was, and continues to be, 3.13 per cent. of the issued share capital of Silence.

Cambian Group Plc ("Cambian") is an AIM listed company providing specialist behavioral health services for children in the UK. The company disposed of its adult division in December 2016 for a cash consideration of £377.0 million, allowing the company to repay its indebtedness in full and focus fully on child care services, an area where it sees much potential for growth. The company's interim report to 30 June 2017 showed revenues on continuing operations in the half year of £100.6 million and cash balances of £122.3 million at that date, following which the company made a special distribution of £50.0 million to shareholders in September 2017. The company subsequently announced that performance for the year to 31 December 2017 was meeting the boards expectations, and that cash balances of £82.0 million as at 31 December 2017 would be partially used to make a further special distribution of £15.0 million to shareholders in February 2018. Sarossa's shareholding in Cambian at 31 December 2017 was, and continues to be, 1.47% of the issued share capital of Cambian.

Petrofac Limited ("Petrofac") is listed on the Main Market of the London Stock Exchange and is a multinational service provider to the oil and gas production and processing industry. The company, which has 31 offices and around 13,500 staff worldwide, designs, builds, operates and maintains oil and gas facilities with a focus on delivering first class project execution, cost control and effective risk management. For the year ended 31 December 2017, Petrofac reported a profit before exceptional items of US \$343 million attributable to Petrofac shareholders on revenue of US \$6.395 billion. During that period, the company incurred exceptional costs of US \$372 million on mainly the write down of an installation vessel following the decision to exit the deep-water market, together with a further write down of its interests in the Greater Stella Area development and which resulted in a reported loss after tax attributable to Petrofac shareholders for that year of US \$29 million. In May 2017, Petrofac announced that the company had been notified by the Serious Fraud Office "SFO" that it had commenced an investigation into Petrofac and its subsidiaries. Petrofac stated that it believed that this was in connection with the investigation into Unaoil, which it had engaged for the provision of local consultancy services primarily in Kazakhstan between 2002 and 2009, and that it was co-operating fully with the authorities. Following announcement of the SFO investigation, Petrofac's share price more than halved from its then price of around £9.20 per share, but the company has subsequently continued to report good operation performance and significant new orders, together with a favourable dividend policy. Consequently, the Sarossa board determined it was a good time to invest in Petrofac in the period as an attractive opportunity with the potential for considerable capital appreciation. Sarossa's shareholding at 31 December 2017 was, and continues to be, 0.22 per cent. of the issued share capital of Petrofac.

Plant Health Care Plc ('PHC') which is AIM listed, is a leading provider of novel patent protected biological products to the global agriculture markets. The company has a portfolio of established products based on its proprietary Harpin and Myconate® technologies. PHC's products increase crop yields by enhancing natural processes within the plant. PHC is also focused on the discovery and development of new patent-protected products and the company has 3 new peptide platform technologies that selectively activate the innate growth and defence mechanisms of crop plants, comprising; Innatus 3G, T-Rex 3G and Y-Max 3G and has signed agreements with seven agrochemical companies to evaluate these peptide product platforms. The control of plant diseases is a huge global market, with fungicide usage alone constituting around US \$15 billion per annum. The company currently has 5 major agricultural/seed companies evaluating its peptide technology in the field, with an auction for the licencing of 1 of these; Innatus 3G for control of Asian Soybean Rust in South America, due to occur in mid 2018. Overall PHC revenues were up 22% to US \$7.7 million for the year to 31 December 2017 and cash balances at that date amounted to

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

of US \$3.9 million. Cash of £5.0 million was subsequently raised in February 2018 through a placing of shares and Sarossa invested £0.26 million in that placing. Sarossa's shareholding at 31 December 2017 was 6.52% and reduced slightly to 6.33% as a consequence of the February 2018 share placing.

In addition to the above, Sarossa has 2 further AIM listed holdings of below 3 per cent., the first is in a profitable company operating as a commercial outsourcing services provider and the second is in a commercial gold mining operation.

Outlook

With global share price indices at historic highs, there has been an increase in valuation risk, and it has also become increasingly likely that central banks will raise interest rates in order to pre-empt inflationary pressures. Such measures may well have an adverse impact on investment valuations as asset allocations rebalance. Consequently, your Board will continue to maintain a rigorous and highly selective investment approach which is committed to delivering additional value for shareholders going forward. In the meantime, we remain confident in the underlying fundamentals, technologies and long term potential for growth at the companies within our investment portfolio.

Richard Griffiths
Chairman
22 March 2018

SAROSSA PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2017

		6 months ended 31 December 2017 (Unaudited) £'000	6 months ended 31 December 2016 (Unaudited) £'000	Year ended 30 June 2017 (Audited) £'000
	Notes			
Gain on portfolio investments		2,141	570	3,085
Dividend and other income		790	4	109
Gross investment return	3	2,931	574	3,194
Administrative expenses		(182)	(151)	(342)
Operating profit		2,749	423	2,852
Finance income		2	10	18
Profit before taxation		2,751	433	2,870
Taxation		-	-	-
Profit and comprehensive income for the period		2,751	433	2,870
Earnings per ordinary share				
Basic and diluted	5	0.60p	0.09p	0.62p

The profit for the period arises from the Company'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 STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Share capital £'000	Capital redemption reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 31 December 2016	4,620	1,774	4,901	11,295
Total comprehensive income for the period	-	-	2,437	2,437
At 30 June 2017	4,620	1,774	7,338	13,732
Total comprehensive income for the period	-	-	2,751	2,751
At 31 December 2017	4,620	1,774	10,089	16,483

SAROSSA PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

		At 31 December 2017 (Unaudited) £'000	At 31 December 2016 (Unaudited) £'000	At 30 June 2017 (Audited) £'000
	Notes			
ASSETS				
Non-current assets				
Portfolio Investments	6	16,166	7,586	9,103
		16,166	7,586	9,103
Current assets				
Trade and other receivables		35	33	24
Cash and cash equivalents		311	3,728	4,649
		346	3,761	4,673
Total assets		16,512	11,347	13,776
LIABILITIES				
Current liabilities				
Trade and other payables		(29)	(52)	(44)
Total liabilities		(29)	(52)	(44)
Net current assets		317	3,709	4,629
Net assets		16,483	11,295	13,732
Shareholders' equity				
Share capital	7	4,620	4,620	4,620
Capital redemption reserve	8	1,774	1,774	1,774
Retained earnings deficit		10,089	4,901	7,338
Total equity		16,483	11,295	13,732

Approved by the Board and authorised for issue on 22 March 2018.

Michael Bretherton
Chief Executive Officer

SAROSSA PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	6 months ended 31 December 2017 (Unaudited) £'000	6 months ended 31 December 2016 (Unaudited) £'000	Year ended 30 June 2017 (Audited) £'000
Cash flows from operating activities			
Profit before tax for the period	2,751	433	2,870
Adjustments for:			
Finance income	(2)	(10)	(18)
Unrealised (gain) / loss on revaluation of portfolio investments	(2,136)	20	(1,664)
Realised gain on sale of portfolio investments	(5)	(590)	(1,421)
Operating cash flows before movement in working capital	608	(147)	(223)
Purchase of portfolio investments	(5,720)	(1,232)	(3,979)
Proceeds from sale of investments	798	2,280	6,025
Increase in trade and other receivables	(11)	(9)	-
Decrease in trade and other payables	(15)	(52)	(60)
Cash flows (used) /generated from operations	(4,340)	840	1,753
Interest received	2	10	18
Net cash flows (used) / generated from operating activities	(4,338)	850	1,771
Net (decrease) / increase cash and cash equivalents	(4,338)	850	1,771
Cash and cash equivalents at beginning of the period	4,649	2,878	2,878
Cash and cash equivalents at end of the period	311	3,728	4,649

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed financial statements for the six months ended 31 December 2017. These include unaudited comparatives for the six months ended 31 December 2016 together with audited comparatives for the year ended 30 June 2017.

The financial information for the six months ended 31 December 2017 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 2017 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 financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2018 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 financial statements have been prepared under the historical cost convention. The Company'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 Company's annual financial statements to 30 June 2017. 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 Company's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2017.

Going concern

Information on the business environment, financial position and the factors underpinning the Company's future prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Company 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.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Sarossa Plc for the year ended 30 June 2017.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

3) SEGMENTAL REPORTING

The Directors are of the opinion that the under IFRS 8 – ‘Operating Segments’ the Company has only one reportable segment, being Portfolio Investment Return. Segmental profit or loss is therefore equal to Company profit or loss and this basis of segmentation is consistent with the annual audited financial statements of the Company to 30 June 2017.

	6 months ended 31 December 2017 (Unaudited)	6 months ended 31 December 2016 (Unaudited)	Year ended 30 June 2017 (Audited)
Unrealised gain / (loss) on revaluation of portfolio investments	2,136	(20)	1,664
Gain on disposal of portfolio investments	5	590	1,421
Net gain on portfolio investments	2,141	570	3,085
Dividend income	790	4	109
Gross investment return	2,931	574	3,194

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 2016: nil percent; year to 30 June 2017: nil percent).

5) EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings or loss 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 or loss 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 2017 (Unaudited)	6 months ended 31 December 2016 (Unaudited)	Year ended 30 June 2017 (Audited)
Gain for the period (£'000)	2,751	433	2,870
Weighted average number of shares ('000)	462,008	462,008	462,008
Basic earnings per ordinary share	0.60p	0.09p	0.62p
Diluted earnings per ordinary share	0.60p	0.09p	0.62p

The Company had no dilutive potential ordinary shares in issue during the six months to 31 December 2017 and to 31 December 2016, or during the year to 30 June 2017 and consequently there was also no dilutive impact for those periods.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

6) PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000
Fair value at 31 December 2016	7,586
Additions	2,747
Disposals	(2,914)
Unrealised gain on the revaluation of investments	1,684
Fair value at 30 June 2017	9,103
Additions	5,720
Disposals	(793)
Unrealised gain on the revaluation of investments	2,136
Fair value at 31 December 2017	16,166

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

7) SHARE CAPITAL

Ordinary Shares	Number	£'000
Authorised ordinary shares of 1p:		
Sarossa Plc		
At 31 December 2016, 30 June 2017 and 31 December 2017	1,000,000,000	10,000
Allotted, issued and fully paid ordinary shares of 1p:		
Sarossa Plc		
At 30 June 2016, 31 December 2016 and 31 December 2017	462,008,478	4,620

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.

There were no further share buybacks made by the Company during the interim period to 31 December 2017, and as a result, the total number of shares repurchased and cancelled by Sarossa Plc since incorporation remains at 177,351,886.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

8) EQUITY CAPITAL AND RESERVES

	Share capital	Capital redemption reserve
	£'000	£'000
At 31 December 2017, 30 June 2017 and 31 December 2016	4,620	1,774

9) RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2017 the Company had net expenses amounting to £12,796 recharged from ORA Limited, which is a controlled undertaking of Richard Griffiths, as is Sarossa.

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

10) 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.