

SAROSSA PLC

(Incorporated in Jersey with registered number 115158)

Directors:

Michael Bretherton Chairman
Ross Hollyman Non-executive director
Jonathan Morley-Kirk Non-executive director

Registered Office:

Floor 1 Liberation Station
The Esplanade
St Helier
Jersey
JE2 3AS

21 October 2016

Dear Shareholder,

WITHDRAWAL OF CIRCULAR PROPOSALS DATED 20 JUNE 2016, CANCELLATION OF GENERAL MEETING AND ISSUE OF ANNUAL REPORT TO 30 JUNE 2016 AND NOTICE OF ANNUAL GENERAL MEETING

WITHDRAWAL OF CIRCULAR PROPOSALS DATED 20 JUNE 2016 AND CANCELLATION OF GENERAL MEETING

On 20 June 2016, Sarossa Plc (“the Company”) issued a circular to shareholders (“the Circular”) to set out the background to and terms of the proposed acquisition of the entire issued share capital of ORA Limited (“ORA”), the proposed Tender Offer buyback of Shares, the proposed waiver of Rule 9 of the City Code on Takeovers and Mergers, the proposed increase in share capital, the proposed change of the Company’s name to ORA Capital Plc and the notice of General Meeting (together the “Proposals”).

We then wrote to you again on 8 July 2016 to advise that The Panel had requested further information concerning the background to the Proposals, in light of which the Independent Directors agreed to adjourn the General Meeting, and we provided a further update on this matter to you on 10 August 2016.

ORA initially indicated that it would agree to an extension of the long stop acquisition completion date to accommodate the enquiries by the Panel. However, ORA recently advised us that the uncertainty arising from the undue delay to permitting Sarossa shareholders to vote on the Circular proposals was having an adverse impact on the management and operations of the company and that ORA intended, therefore, to withdraw its support for the proposed acquisition if we had still not been able to resolve matters with the Panel over a period of 4 months since the 20 June 2016 issue date of the Circular.

It is with regret that I have to inform you the Panel enquiries are still ongoing and that ORA has, as of yesterday 20 October 2016, withdrawn its support for the acquisition proposal and that the Circular proposals have, therefore, now been withdrawn and will not be progressed.

As a result, the related General Meeting has also been cancelled and we will now instruct Neville Registrars Limited to return to shareholders any share certificate (or CREST TTE) documents previously submitted in respect of the Proposals.

Your Board will continue to consider future strategic alternatives in seeking to enhance value creation opportunities for the Company and optimise value for shareholders.

ISSUE OF ANNUAL REPORT TO 30 JUNE 2016 AND NOTICE OF ANNUAL GENERAL MEETING

The Company has today issued its Annual Report for the year ended 30 June 2016, a copy of which is available at the Company’s website www.sarossapl.com under the Investor Centre/Financial Reports section.

Annual General Meeting

On page 37 of that Annual Report, you will find a Notice of the Annual General Meeting to be held at 11.00 a.m. on 22 November 2016 at the Company’s registered office at Floor 1 Liberation Station, the Esplanade, St Helier, Jersey JE2 3AS.

The Notice sets out various resolutions that will be put to the meeting as summarised on the Form of Proxy (and explanatory notes) which is enclosed with this letter for your use.

Availability of Annual Report

In the interests of cost saving and environmental benefits, and as permitted by its articles of association, the Company does not intend to send a hard copy of the Annual Report to its shareholders, but has made this document available on its website and notified all shareholders of such by way of this letter.

Shareholders who wish to receive a hard copy of the Annual Report are entitled to require a copy to be sent within 21 days of the Company receiving a request to do so. Any shareholders requiring a hard copy should, therefore, write to the Company at its registered office address shown above or, alternatively, email: office@sarossapl.com with their name and postal address and their request.

Extracts from the Annual Report

Sarossa is an investment 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.

Consolidated Financial Statements for the Company and its subsidiaries (the “Sarossa Group” or “the Group”) have been prepared for the year to 30 June 2016.

Financial review

Key performance indicators

Key Group performance indicators are set out below:

	30 June 2016	30 June 2015
Net assets (£ million)	10.86	18.31
Net asset value per share (pence)	2.35	3.35
(Loss)/profit after tax (£ million)	(6.33)	2.69
Operating (loss)/profit (£ million)	(6.35)	2.64
Cash and short-term deposits with banks (£ million)	2.88	5.52

Profit and loss

Group loss after tax for the year ended 30 June 2016 was £6.33 million compared to a profit of £2.69 million in the previous year. The decline in profitability in the current year is due principally to unrealised revaluation losses on the valuation of portfolio investments.

The Group continued to run a low cost base with administrative costs of £0.44 million which were in line with those for the previous year (2015: £0.37 million).

Interest from deposits for the year amounted to £0.03 million versus £0.03 million in the previous year and in addition the previous year benefited from foreign exchange finance gains of £0.02 million.

Balance Sheet

Net assets at 30 June 2016 amounted to £10.86 million compared with £18.31 million at 30 June 2015.

The carrying value of portfolio investments at 30 June 2016 was £8.06 million represented by four AIM quoted investment holdings (30 June 2015: £12.84 million represented by four quoted holdings).

During the year, the Company spent £1.12 million on the buy-back and cancellation of its own shares, which reduced cash and net assets, whilst having a positive impact on net assets per share. Cash and short-term deposit balances were £2.88 million at 30 June 2016 compared to cash and short-term deposit balances of £5.52 million at 30 June 2015.

Cash flow

The Group’s overall cash and short-term deposits position reduced by £2.64 million during the year. This reduction mainly reflects £1.12 million spent on the purchase of own shares and £2.51 million spent on the purchase of additional shares in portfolio investments, partially offset by proceeds of £1.26 million received from investment realisations, together with operating cash outflows and working capital reductions of £0.27 million.

Events after the balance sheet date

In August 2016 the Company subscribed for a further 4,056,936 shares in Plant Health Care Plc at a total cost of £0.406 million.

During the month of September 2016, the Company disposed of 300,000 shares in GVC Holdings Plc for a total cash consideration of £2.28 million.

On behalf of the Board

Michael Bretherton

Chairman