SAROSSA

Annual Report 2014

Annual Report 2014

Directors, Officers and Advisers

Directors

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

Registered Office

17 The Esplanade
St Helier
Jersey
JE2 3QA

Company Secretary

Whitmill Secretaries Limited
At the registered office above

Broker and Nominated Advisor

WH Ireland Limited
24 Martins Lane
London
EC4R 0DR

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Reading Central
23 Forbury Road
Reading
RG1 3JH

Registrar and Transfer Agent

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
B63 3DA

Legal Adviser

Walkers
Walker House
28-34 Hill Street
St Helier
Jersey
JE4 8PN

Contents

Chairman's Statement

The Group delivered a profit after tax for the year ended 30 June 2014 of £3.69 million compared to a profit of £0.62 million in the previous year. That profit included an exceptional release of a legacy biotechnology provision of £1.60 million (2013: £nil). Operating profit before exceptional items was £2.08 million (2013: £0.46 million) and the increase of £1.62 million reflects mainly further revaluation gains amounting to £1.08 million on portfolio investments, together with an additional gain of £0.68 million on a derivative trading asset.

Antisoma Plc changed its name to Sarossa Capital Plc on 1 November 2013 in order to reflect the fact that it no longer has operations in biotechnology development and is now an investment and management company.

Sarossa Capital Plc subsequently completed a successful re-organisation into a Jersey, Channel Islands, based Group under which the former parent company became a wholly owned subsidiary of a new Jersey holding company, Sarossa Plc ('Sarossa' or 'the Company'), which was admitted to AIM on 2 May 2014. The business operation, assets and liabilities of the Sarossa Group immediately after the re-organisation were no different from those immediately before the re-organisation.

During the year, the Group spent £1.09 million on the purchase of additional portfolio investments. This spend comprised of a follow on investment in Silence Therapeutics Plc and also an investment in GVC Holdings Plc, undertaken in conjunction with the close out of an existing financial derivative position in that GVC stock.

The Company holds currently 4 portfolio investments, all of which are quoted on AIM, and for which the carrying value at 30 June 2014 was £10.62 million (30 June 2013: £7.61 million represented by 3 quoted holdings).

The Group continues to benefit from a strong balance sheet with cash and short term deposit balances of £6.13 million at 30 June 2014 compared to cash and short term deposit balances of £6.87 million at the previous 30 June 2013 year end. Net assets at 30 June 2014 were £17.22 million compared with £13.53 million at 30 June 2013.

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 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 a 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 company's leading Oncology product and the company achieved a further key milestone during the last year by completing recruitment for a Phase 2a trial for Atu027 in combination with gemcitabine for pancreatic cancer. Another key target was achieved in April 2014 when Silence confirmed successful gene knockdown in non-human primates using its RNAi lung delivery system, DACC. The company has a robust IP estate protecting its proprietary technology and also has a sound balance sheet with net cash and deposits at 30 June 2014 of £26.3m. Sarossa' s shareholding at 30 June 2014 was, and continues to be, 4.65 per cent. of the issued share capital of Silence.

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. In 2013, the company signed a development and commercialisation agreement with Arysta LifeScience for the foliar use of Harpin αβ in several crops, in a number of geographies. The first fruit of that collaboration was the US launch in 2014 of "Astera™ with αβpro™", a mixture of Harpin αβ with the fungicide propiconazole. Development work on other products and territories continues with Arysta LifeScience. PHC is also continuing to seek other commercial agreements for both Harpin αβ and Myconate with other agricultural majors and has an active pipeline of negotiations. PHC anticipates completing at least one additional commercial agreement during the remainder of 2014. Sarossa's holding in PHC at 30 June 2014 was, and continues to be, 4.72 per cent.

In addition to the above, Sarossa has holdings of below 3 per cent. in two profitable AIM listed companies, one of which operates in the online gaming and sports betting markets and the other is a care sector support services business. Both of these companies have solid dividend yield and favourable growth records.

Outlook

There is continued reason for investment caution in the near term, given the many threats to a sustained global recovery, including the crises in Ukraine and the Middle East, Europe's continuing debt problems and the slowing down of Federal Reserve bond purchases in the US. We remain committed, however, to deliver additional value for our shareholders and will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge. We are confident that this approach will enable us to build considerable value for shareholders going forward.

Michael Bretherton
Chairman

30 September 2014

Strategic Report

The Directors present their Strategic Report with the Group Financial Statements for Sarossa Plc ('Sarossa' or 'the Company') and its subsidiaries (the 'Sarossa Group' or 'the Group') for the year ended 30 June 2014.

PRINCIPAL ACTIVITY AND BUSINESS MODEL

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 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.

BUSINESS REVIEW

A review of the Group's performance and future prospects is also included in the Chairman's Statement on pages 2 and 3.

The year to 30 June 2014 has been one of focus and change for the Sarossa Group and included a change of name from Antisoma Plc to Sarossa Capital Plc on 1 November 2013, together with a subsequent re-organisation into a Jersey, Channel Islands, based Group on 2 May 2014, under a new Jersey holding company, Sarossa Plc.

FINANCIAL REVIEW

The Consolidated Financial Statements have been prepared for the year to 30 June 2014.

Key performance indicators

Key Group performance indicators are set out below:

	30 June 2014	30 June 2013
	£ million	£ million
Net assets	**17.22**	13.53
Profit attributable to equity holders	**3.69**	0.62
Operating profit before exceptional items	**2.08**	0.46
Cash and short term deposits with banks	**6.13**	6.87

Profit and loss

Group profit after tax for the year ended 30 June 2014 was £3.69 million compared to a profit of £0.62 million in the previous year. That profit included an exceptional release of a legacy biotechnology provision of £1.60 million (2013: £nil). Operating profit before exceptional items was £2.08 million (2013: £0.46 million) and the increase of £1.62 million mainly reflects further revaluation gains amounting to £1.08 million on portfolio investments, together with an additional gain of £0.68 million on a derivative trading asset.

The Group continued to run a low cost base with administrative costs of £0.33 million which were in line with those for the previous year.

Interest from deposits for the year amounted to £0.05 million versus £0.17 million in the previous year. This reduction was driven by a lower monthly average cash balance and the absence of attractive interest rates in the current market.

Balance Sheet

The Group continues to benefit from a strong balance sheet with net assets at 30 June 2014 of £17.22 million compared with £13.53 million at 30 June 2013.

The carrying value of portfolio investments at 30 June 2014 was £10.62 million represented by 4 AIM quoted investment holdings (30 June 2013: £7.61 million represented by 3 quoted holdings).

During the year, the Group spent £1.09 million on the purchase of additional portfolio investments.

Cash and short term deposit balances were £6.13 million at 30 June 2014 compared to cash and short term deposit balances of £6.87 million at 30 June 2013.

Cash flow

The Group's overall cash and short-term deposits position reduced by £0.73 million during the year.

This reduction in net cash and short-term deposits mainly reflected £1.09 million spent on the purchase of additional portfolio investments, partially offset by operating cash inflows of £0.23 million and working capital reductions of £0.12 million.

DIRECTORS AND EMPLOYEES

The Group has 3 employees of all whom are directors and all of whom are male. The profile of these directors and their remuneration is detailed in the Directors' Report on pages 7 and 8.

Michael Bretherton is 1 of the 3 directors and is Chairman of the Company.

The Group has also entered in to a consultancy agreement with ORA Capital Services Limited (including related ORA Group companies) "ORA" and Mr Bretherton pursuant to which Mr Bretherton was appointed as consultant Finance Director to the Company with effect from January 2012. The agreement is terminable on three months' written notice by either party to the other. The fee payable to ORA for the provision of Mr Bretherton's services is £12,000 for providing services for two and a half days per month for 48 weeks per annum. ORA also receives a fee of £500 per day for any further days worked by Mr Bretherton or any other ORA employee.

In addition to the services provided by ORA relating to Mr Bretherton, ORA also provided the services of another ORA employee to act as Company secretary and Financial Controller of Sarossa Capital Limited. The total fee charged by ORA for all of these services, including those for Mr Bretherton, in the year to 30 June 2014 was £24,000 as detailed in the Related Party Transactions note 19.

Following the successful re-organisation of Sarossa into a Jersey, Channel Islands, based Group, it is envisaged that Mr Bretherton, who is now also Jersey based, will take on a more full time role at the Company going forward.

RISK REVIEW

Risk management

The Group's risk management objectives and exposure to various risks are detailed in Note 13.

The main risks arising from the Group's operations are market risk, credit risk and liquidity risk. The Directors review and agree policies for managing risk at least annually.

Market risk

Price risk

The Group is exposed to market price risk in respect of its portfolio investments. The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

Interest rate risk

The Group has no external financing facility, therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short term deposits is partially mitigated by using an element of fixed-rate accounts and short term deposits.

Credit risk

The Group's principal financial assets are its portfolio investments, its bank balances and cash held on deposit with institutions. The Group seeks to reduce the credit risk associated with cash by only holding cash with institutions that have good credit ratings. The credit risk associated with portfolio and trading investments is considered to be minimal.

Liquidity risk

The Group seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Group had cash, cash equivalents and short-term deposit balances of £6.13 million as at 30 June 2014 (2013: £6.87 million).

In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions with strong credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The directors are satisfied that the current cash balances and the low running cost base of the Group ensures that the going concern assumption remains valid.

External risks
The key external risks identified by the Group over the course of the financial year were centred on the impact of the continuing adverse economic conditions in some markets. The current economic uncertainty continues to impact the market in which the Group operates in terms of investment valuations and the risk for the operations and growth of investment portfolio companies. The key factors include the risk of below trend economic growth and the impact of government deficit reduction programmes.

FUTURE DEVELOPMENTS
The Board remains committed to deliver additional value for our shareholders and will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge.

On behalf of the Board

Jonathan Morley-Kirk

30 September 2014

Directors' Report

The Directors present their report and the audited consolidated financial statements for Sarossa Plc ('Sarossa' or 'the Company') and its subsidiaries (the 'Sarossa Group' or 'the Group') for the year ended 30 June 2014.

REORGANISATION INTO A JERSEY, CHANNEL ISLANDS, BASED GROUP

During the period, the Group completed successfully its re-organisation into a Jersey, Channel Islands, based group. Under the re-organisation, the former parent company became a wholly owned subsidiary of a new Jersey holding company, Sarossa Plc. The Company was incorporated in Jersey on 7 March 2014 specifically to implement the re-organisation which was completed on 2 May 2014 and at which time it was admitted to the AIM market of the London Stock Exchange. The business operation, 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. The Company is incorporated and domiciled in Jersey.

The above combination has been accounted for as a re-organisation using the pooling of interests method of accounting under which 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 consolidated financial statements are those reported in the Group financial statements issued in the name of the legal subsidiary, Sarossa Capital Limited, for the year to 30 June 2013.

PRINCIPAL ACTIVITY

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. Further information on the principal activities is given in the Chairman's statement on pages 2 to 3.

BUSINESS REVIEW

A review of the Group's performance and future prospects is given in the Chairman's statement on pages 2 to 3 and in the strategic report on pages 4 to 6.

RESULTS AND DIVIDENDS

The comprehensive income for the year ended 30 June 2014 was £3,690,000 (2013: £622,000).

No interim dividend (2013: £nil) was declared during the year and the Directors do not recommend payment of a final dividend in respect of the year ended 30 June 2014 (2013: £nil).

SHARE CAPITAL

Full details of the Company's share capital movements are given in note 15 of the financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Michael Bretherton	Ross Hollyman Jonathan Morley-Kirk

DIRECTORS' INDEMNITY INSURANCE

As permitted by the Articles of Association, the Company purchased and maintained directors' and officers' liability insurance in respect of itself and its Directors, throughout the financial year.

DIRECTORS' REMUNERATION

	Salary and fees £'000	Benefits £'000	2014 Total £'000	2013 Total £'000
Michael Bretherton	10	–	10	10
Ross Hollyman	15	–	15	15
Jonathan Morley-Kirk	15	–	15	10
Michael Pappas (retired 24 October 2012)	–	–	–	13
Dale Boden (retired 24 October 2012)	–	–	–	13
	40	–	40	61

Directors' Report (continued)

It is the Company's policy that executive Directors should have contracts with an indefinite term providing for a maximum of six months notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

Non-executive Directors are employed on letters of appointment which may be terminated on not less than six months notice.

DIRECTORS' INTERESTS

The interests of Directors in the shares as at 30 June 2014 are given below:

	Ordinary shares of 1p each 30 June 2014	30 June 2013
Michael Bretherton	9,544,140	200,000
Ross Hollyman	–	–
Jonathan Morley-Kirk	–	–

PROFILE OF THE DIRECTORS

Michael Bretherton, BA, ACA, Finance Director

Michael was appointed as a non-executive Director in March 2011 and subsequently took on the role of Finance Director on admission to AIM in January 2012, before being appointed Chairman on 25 October 2012. He is also a director of ORA Capital Partners Limited, an investment company operating principally in the technology sectors. In addition, Michael has been a director of six other AIM quoted companies during the last five years, including Nanoco Group Plc, Ceres Power Holdings Plc, Tissue Regenix Group Plc and Oxford Pharmascience Group Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for 7 years in London and the Middle East, followed by finance roles at the Plessey Company Plc, Bridgend Group Plc, Mapeley Limited and Lionhead Studios Limited.

Ross Hollyman, Non-Executive Director

Ross was appointed as a non-executive Director on 7 December 2011. He has been employed in the investment industry in the UK for over 20 years. He has previously been an investment director at GAM Limited and JP Morgan Fleming Asset Management, and Head of Global Equities at Liontrust Asset Management plc. Ross is currently a director of Sabre Jersey Limited, Orchard Wealth Management Limited and is the investment manager of the Sabre Global Opportunities Fund, an equity Long/Short hedge fund.

Jonathan Morley-Kirk, Non-Executive Director

Jonathan was appointed as a non-executive Director on 25 October 2012. He is a Fellow of the Chartered Securities and Investment Institute and a Fellow of the Institute of Chartered Accountants in England and Wales. He has extensive experience of capital markets and structuring investments and has served as a director on a range of public and private companies, including as Chairman of Fox-Davies Capital from 2003 to 2008 and, previously, he also served as a director of S G Warburg Securities and Samuel Montagu & Co. He is currently a non-executive director of EastSiberian PLC (formerly PetroKamchatka) and Iberian Minerals Inc., which are both listed on the Toronto Stock Exchange.

SUBSTANTIAL SHAREHOLDINGS

No single person directly or indirectly, individually or collectively, exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as at 26 September 2014.

Shareholder	Number of ordinary shares	% Holding
Mr Richard Griffiths and controlled undertakings	174,362,549	27.27
Mrs N J Powell	53,117,438	8.31
BVF Partners	44,771,610	7.00
Leventis Holding SA	44,402,831	6.94

At this date no other person had notified any interest in the ordinary shares of the Company required to be disclosed to the Company in accordance with Chapter 5 of the Disclosure and Transparency Rules of the Financial Services Authority in respect of holdings exceeding the 3% notification threshold.

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2012, to the extent that they consider them appropriate for the Group's size.

The Board

The Board comprises currently one executive Director and two non-executive Directors.

Audit committee

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors.

The Audit Committee comprises Jonathan Morley-Kirk, who acts as chairman, and Ross Hollyman.

Remuneration committee

The Remuneration Committee's primary responsibilities are to review the performance of the executive Directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such person under any share scheme adopted by the Company). The remuneration committee comprises Ross Hollyman, who acts as chairman, and Jonathan Morley-Kirk.

The remuneration of non-executive Directors shall be a matter for the executive Director of the Company.

Internal Control

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, but not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;

(ii) The Company has operational, accounting and employment policies in place;

(iii) The Board identifies and evaluates actively the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and

(iv) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.

Going Concern

At 30 June 2014, the Group had £6.1m (2013: £6.9m) of cash, cash equivalents and short term deposits available to it. The Directors have considered their obligation in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group.

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT

The Group's risk management objectives and exposure are detailed in the strategic report on pages 5 to 6.

EMPLOYMENT POLICY

When applicable, the Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Company.

The Group supports employment of disabled people wherever possible and through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

Directors' Report (continued)

CREDITOR PAYMENT POLICY

The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not have a standard code of conduct that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group and Company represented 30 days purchases (2013: 30 days).

ANNUAL GENERAL MEETING

The next Annual General Meeting will take place on 20 November 2014 at 11.00 am at the Company's registered office at 17 The Esplanade, St Helier, Jersey JE2 3QA.

VOTING RIGHTS

On a show of hands at a general meeting of the Company every holder of shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held. Further details regarding voting at the Annual General Meeting can be found in the Notice of Annual General Meeting at the back of this document. None of the shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than 48 hours (not counting non-working days) before the meeting.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Jersey company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Jersey company law the Directors have to approve the financial statements which must give a true and fair view of the state of affairs of the Company and its profit or loss for that period. The directors are required to prepare these financial statements in accordance with prescribed generally accepted accounting principles which includes IFRS.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable the Directors to ensure that any financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible, as a matter of general law, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Jonathan Morley-Kirk

30 September 2014

Independent Auditors' Report to the Members of Sarossa Plc

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2014 and of the group's profit and cash flows for the year then ended and the company's cash flows for the period from 7 March 2014 to 30 June 2014;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies (Jersey) Law 1991; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by Sarossa Plc, comprise:

- the consolidated statement of financial position as at 30 June 2014;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 June 2014;
- the company statement of changes in equity for the period from 7 March 2014 to 30 June 2014;
- the company statement of cash flows for the period from 7 March 2014 to 30 June 2014;
- the notes to the financial statements, which include a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies (Jersey) Law 1991.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect

Independent Auditors' Report (continued)

based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

30 September 2014

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 £'000	2013 £'000
Gain on portfolio investments	2	1,816	133
Other income	2	594	644
Portfolio return and revenue		2,410	777
Research and development credit/(expenditure)		6	(6)
Release of legacy biotechnology provision	6	1,603	–
Administrative expenses		(333)	(310)
Operating profit	6	3,686	461
Analysed as:			
Operating profit before exceptional items		2,083	461
Exceptional items	6	1,603	–
Operating profit		3,686	461
Finance income	5	47	170
Finance expense	5	(43)	(9)
Profit before taxation		3,690	622
Taxation	7	–	–
Profit for the year		3,690	622
Earnings per ordinary share			
Basic	8	0.58p	0.10p
Diluted	8	0.58p	0.10p

There are no other items of comprehensive income.

Consolidated Statement of Changes in Equity

as at 30 June 2014

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained earnings deficit £'000	Total £'000
At 1 July 2012		10,725	122,091	–	8,282	(128,186)	12,912
Total comprehensive income for the year		–	–	–	–	622	622
At 30 June 2013		10,725	122,091	0	8,282	(127,564)	13,534
Total comprehensive expense for the year		–	–	–	–	3,690	3,690
Group re-organisation	16 & 17	(4,331)	(122,091)	126,422	(8,282)	8,282	–
At 30 June 2014		6,394	–	126,422	–	(115,592)	17,224

Consolidated Statement of Financial Position

at 30 June 2014

	Notes	2014 £'000	2013 £'000
ASSETS			
Non-current assets			
Portfolio Investments	9	10,624	7,606
		10,624	7,606
Current assets			
Trade and other receivables	11	594	697
Derivative trading assets	13	–	170
Short-term deposits	13	2,603	1,500
Cash and cash equivalents	13	3,530	5,367
		6,727	7,734
Total assets		17,351	15,340
LIABILITIES			
Current liabilities			
Trade and other payables	12	(127)	(96)
Provisions	14	–	(1,710)
Total liabilities		(127)	(1,806)
Net current assets		6,600	5,928
Net assets		17,224	13,534
Shareholders' equity			
Share capital	15 & 16	6,394	10,725
Share premium	16	–	122,091
Merger reserve	16	126,422	–
Other reserves	17	–	8,282
Retained earnings deficit	18	(115,592)	(127,564)
Total shareholders' equity		17,224	13,534

The financial statements on pages 13 to 31 were approved by the Board of Directors on 30 September 2014 and signed on its behalf by

Michael Bretherton
Chairman

Company number – 115158 (Jersey)

Consolidated Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit before tax		3,690	622
Adjustments for:			
Foreign exchange (gains)/losses	6	(48)	94
Release of legacy biotechnology provision	6	(1,603)	–
Finance income	5	(47)	(170)
Unrealised gain on revaluation of portfolio investments and derivative assets		(1,763)	(85)
Operating cash inflows before movement in working capital		229	461
Purchase of portfolio investments	9	(1,085)	(6,648)
Decrease/(increase) in trade and other receivables		87	(21)
Increase in trade and other payables		31	8
Cash used in operations		(738)	(6,200)
Interest received	5	47	170
Net cash used in operating activities		(691)	(6,030)
Cash flows from investing activities			
(Increase)/reduction in short-term deposits with banks		(1,103)	1,600
Net cash (used)/generated from investing activities		(1,103)	1,600
Net increase in cash and cash equivalents		(1,794)	(4,430)
Exchange losses on cash balances	5	(43)	(9)
Cash, cash equivalents at beginning of year		5,367	9,806
Cash and cash equivalents at end of year		3,530	5,367
Short term deposits at end of year		2,603	1,500
Cash, cash equivalents and short term deposits at end of year		6,133	6,867

Notes to the Consolidated Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

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). 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. The address of Sarossa Plc's registered office is 17 The Esplanade, St Helier, Jersey JE2 3QA.

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.

BASIS OF PREPARATION

The consolidated financial statements have been prepared by Sarossa Plc in accordance with International Financial Reporting Standards ('IFRS'), as adopted for use by the EU, and International Financial Reporting Interpretation Committee interpretations ('IFRIC') and with those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for investment portfolio assets and certain other instruments which are included at fair value.

The financial statements are prepared on the going concern basis.

ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting developments

There are no standards, amendments and interpretations to existing standards that are not yet effective and which have been early adopted by the Group.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013.

- Amendment to IAS 1, "Financial statements presentation', regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to the profit or loss subsequently.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013, but are not currently relevant for the Group.

- Amendment to IAS 12, "Income taxes", on deferred tax. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC-21, "Income taxes – recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendment is not effective until 1 January 2013. The Group does not hold any investment properties measured at fair value.
- IAS 19, "Employee benefits" was amended in June 2011. The standard is not applicable to the Group as there is no defined benefit pension scheme.
- Amendment to IFRS 1, "First time adoption", on government loans. This amendment addresses how a first time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. This is not applicable to the Group.
- Amendment to IFRS 7, "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The standard is not expected to have any impact on the Group.

- Amendments to IFRS 10, "Consolidated financial statements", IFRS 12 and IAS 27 for investment entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. This is not applicable to the Group.
- IFRS 11, "Joint arrangements", issued in May 2011. The standard is not applicable to the Group.
- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable to the Group.
- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard is not expected to have any impact on the Group.
- IAS 27, "Separate Financial statements". This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard will not impact the Group.
- IAS 28, "Associates and joint ventures". This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The standard is not applicable to the Group.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been adopted early:

- IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard is not applicable until 1 January 2014 but is available for early adoption. The Group has assessed that this will not impact the entities which are consolidated.
- IFRS 9, "Financial instruments", issued in December 2009. This addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group has assessed that this will not impact the accounting for its financial assets.
- Amendment to IAS 32, "Financial instruments: Presentation", on offsetting financial assets and financial liabilities. This amendment updates the application guidance in IAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This is applicable for accounting periods beginning on or after 1 January 2014. This is not currently relevant to the Group.
- Amendments to IFRS 10, "Consolidated financial statements" , IFRS 12 and IAS 27 for investment entities. These amendments mean the many funds and similar entities will be exempt from consolidations most of their subsidiaries. This is applicable for accounting periods beginning on or after 1 January 2014. This is not currently relevant to the Group.
- Amendment to IFRS 9, "Financial instruments" regarding general hedge accounting. These amendments bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities. The effective date is to be determined. This is not currently relevant to the Group.
- Amendment to IAS 36 "Impairment of assets". These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This is applicable for accounting periods beginning on or after 1 January 2014.
- IAS 39 "Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting. This is applicable for accounting periods beginning on or after 1 January 2014. This is not currently relevant to the Group.
- Amendment to IAS 19 regarding defined benefit plans. The standard is not applicable to the Group as there is no defined benefit pension scheme. This is applicable for accounting periods beginning on or after 1 July 2014.
- IFRIC 21 "Levies". This is applicable for accounting periods beginning on or after 1 January 2014. This is not currently relevant to the Group.

Notes to the Consolidated Financial Statements (continued)

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The Notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted investments. These are valued at closing bid market price and in accordance with IFRS, no discount is applied for liquidity of the stock or any dealing restrictions. However, it may not always be possible to trade at the quoted bid market price. Quoted portfolio investments are carried in the financial statements as at 30 June 2014 at a valuation of £10.62 million (2013: £7.61 million). For further detail see note 9.

The Group no longer holds a provision (2013: £1.71 million) in relation to a small number of potential obligations that arise from development agreements entered into when the principal activity of the Group was biotechnology development. Whilst all agreements have been discontinued the provision represents the best estimate of potential future payments under those agreements, but actual outcomes may vary.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial information of the Company and all its subsidiary undertakings. Subsidiary entities are entities over which the Group has control to govern the financial and operating policies of that entity. Subsidiaries are consolidated from the date which control begins and are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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 financial statements are those reported in the Group financial statements issued in the name of the legal subsidiary, Sarossa Capital Limited, for the year to 30 June 2013.

The historic acquisition of Antisoma Research Limited by Sarossa Capital Limited was a business combination involving entities under common control. The financial statements of Antisoma Research Limited have been consolidated using the principles of 'merger accounting'. The principles of merger accounting are that the assets and liabilities of the acquired company are not restated to fair value, no goodwill arises and the consolidated financial information incorporates the combined companies' results as if the companies had always been combined.

In line with the provisions of IFRS 1, acquisitions completed before 1 July 2004 have not been accounted for under IFRS 3. Instead, the historical UK GAAP accounting treatment has been retained.

All other subsidiaries have been consolidated using the principles of acquisition accounting under IFRS 3. Under IFRS 3, the results of acquired subsidiaries are included in the consolidated income statement from the date that they are acquired. The cost of an acquisition is measured as the fair value of consideration, including costs directly attributable to the acquisition. All of the subsidiary's identifiable assets and liabilities that exist at the date of acquisition are recorded at their fair values. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

SUBSIDIARIES

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effects of potential voting rights are considered when assessing whether the Group controls the entity. Subsidiaries are fully consolidated from the date control passes.

All intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated on consolidation. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group. All financial statements are made up to 30 June 2014.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the Company balance sheet at cost less provision for any impairment.

INVESTMENT PORTFOLIO ASSETS

Investment assets that are held by the Group with a long-term view to the ultimate realisation of capital gains are classified as investment portfolio assets and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below. Investment assets are designated at fair value through profit or loss on initial recognition and any gains or losses arising from subsequent changes in fair value are presented in profit or loss as they arise.

(i) Quoted investments for which an active market exists are valued at closing bid market price at the reporting date.

(ii) Unquoted investments are measured at fair value by the Directors as follows:

- Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred.
- Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

CASH, CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Cash and cash equivalents comprise cash in hand and deposits with banks that have a maturity of three months or less from the date of inception.

Deposits that have a maturity greater than three months but less than a year from the date of inception have been disclosed separately as short-term deposits.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

DERIVATIVE TRADING ASSETS

Purchases and sales of derivative financial instruments are recognised at the trade date which is the date that the Group became a party to the contractual provisions of the instrument. The Group only trades in derivative financial instruments that are quoted in active markets and the related financial assets and liabilities are stated at fair value based on the quoted market prices of those instruments. Changes in the fair value of the derivative financial instruments are recognised in profit or loss as they arise.

Notes to the Consolidated Financial Statements (continued)

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

SEGMENTAL REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. In this case the tax is recognised in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in regard to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements in accordance with IAS 12 – 'Income taxes'. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

INCOME

Income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes. The Group recognises income when the amount of income can be reliably measured and when it is probable that the future economic benefits will flow into the Group.

(i) **Business portfolio return**

Business portfolio return represents the sum of realised gains and losses on the disposal of investment portfolio assets and derivative financial instruments and the unrealised gains and losses on the revaluation of these, together with any related investment income received and receivable.

Realised gains and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the fair value of the investments at the start of the accounting period or acquisition date if later.

Unrealised gains and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period.

Dividends from investments are recognised when the shareholders' rights to receive payment have been established.

(ii) **Interest income**

Interest income is recognised as interest accrues using the effective interest rate method.

(iii) Other income

Revenue relating to amounts received from third parties in respect of the divestment of product rights, patents and intellectual property to those third parties is recognised as other income, in the period in which the associated rights, patents and intellectual property are substantially transferred to the acquiring party and for which any key representations have been substantially met.

EXCEPTIONAL ITEMS

Exceptional items are those significant items which are separately disclosed by virtue of their size, nature or incidence, to enable a full understanding of the Group's financial performance.

EXPENDITURE

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

FOREIGN CURRENCY

The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates. Transactions denominated in foreign currencies have been translated into the functional currency of the Group entity at month end rates of exchange. Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the statement of financial position date. Exchange differences have been taken to operating results in the income statement.

The results of foreign operations are translated into the Group's presentational currency at month end exchange rates and their statement of financial positions are translated at the rates ruling at the statement of financial position date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves.

The presentational currency of the Group and the Company is Sterling.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SEGMENTAL REPORTING

Sarossa's operating segments are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 – 'Operating segments' the Group has only one reportable segment, being Portfolio Investment return.

The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

The principal sources of revenue for the Group in the two years ended 30 June 2014 were:

	2014 £'000	2013 £'000
Portfolio Investment income	1,816	133
Recognition of income from the divestment of oral fludarabine and other income	594	644
Portfolio return and revenue	2,410	777

Disposal of oral fludarabine – During the year ended 30 June 2009, the Group sold the US rights to oral fludarabine to Sanofi-Aventis LLC for a consideration which included an entitlement to receive contingent payments of $1,000,000 per annum for the following five years subject to certain conditions being met in each of those years to June 2014. These payments were recognised in the Group's income statement when the conditions relating to the payment had been satisfied. In the current year £594,000 ($1,000,000) has been recognised as income in respect of this final payment (2013: £644,000 ($1,000,000)).

Notes to the Consolidated Financial Statements (continued)

Geographic Information

Portfolio return and revenue from external customers were:

	2014 £'000	2013 £'000
Jersey (country of domicile)	422	–
England	1,394	133
USA	594	644
Total portfolio return and revenue	2,410	777

The location is based upon either the location of the customer for fee income or the country in which the gain or loss on investments is recognised.

3. DIRECTORS' EMOLUMENTS

Directors' emoluments receivable by Directors of Sarossa Plc from Sarossa Group companies are as follows:

	2014 £'000	2013 £'000
Aggregate emoluments		
Gross emoluments and benefits	40	45
Termination payments	–	16
Highest-paid Director		
Emoluments and benefits	15	15

4. EMPLOYEE INFORMATION

The monthly average number of persons (including Executive and Non-Executive Directors) employed by the Group during the year was:

	2014	2013
By activity		
Administration	3	3

The cost relating to the above employees and all directors is as follows:

	2014 £'000	2013 £'000
Staff costs		
Wages and salaries	40	45
Social security costs	1	2
Termination payments	–	16
	41	63

5. FINANCE INCOME/(COST)

	2014 £'000	2013 £'000
On short-term deposits	22	108
On cash and cash equivalents	25	62
Total finance income	47	170
Net foreign exchange losses on financing activities	(43)	(9)
	4	161

6. OPERATING PROFIT

The following items have been charged/(credited) in arriving at the operating profit:

	2014 £'000	2013 £'000
Net foreign exchange (gain)/loss differences	(48)	94
Release of biotechnology provision (see note 14)	(1,603)	–
Auditors' remuneration (see below)	57	36
Auditors' remuneration		
Fees payable to Company auditor for the audit of the Company and consolidated financial statements	30	25
Fees payable to the Company's auditor and its associates for other services:		
The audit of Company's subsidiaries pursuant to legislation	5	5
Services in respect of admission of Sarossa Plc to AIM	16	–
Tax services	6	6
	57	36

7. TAXATION

(a) Tax charges and credits in the Income Statement

	2014 £'000	2013 £'000
Current tax on profit for the year	–	–
Deferred tax	–	–
Tax charge for the year	–	–

The tax on the Group's profit or loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits or losses of the consolidated entities as follows:

	2014 £'000	2013 £'000
Factors affecting the tax charge for the year:		
Jersey (country of domicile)		
The tax assessed for the year varies from the standard rate of corporation tax as explained below:		
Profit on ordinary activities before taxation	108	–
Profit on ordinary activities multiplied by the standard rate of corporation tax at nil%	–	–
Jersey tax charge for the year	–	–
UK		
The tax assessed for the year varies from the standard rate of corporation tax as explained below:		
Profit on ordinary activities before taxation	3,582	622
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax at 22.5% (2013: 23.75%)	806	148
Effects of:		
Brought forward losses utilised	(806)	(148)
UK tax charge for the year	–	–
Total tax charge for the year	–	–

Notes to the Consolidated Financial Statements (continued)

(b) Deferred tax

Unrecognised UK deferred tax assets at 20% tax rate (2013: 23%):

	2014 £'000	2013 £'000
Tax effect of timing differences		
Losses carried forward	19,440	35,880
	19,760	35,880

At 30 June 2014, the Group had tax losses available for carry forward of approximately £97.2 million (2013: £156.0 million) subject to agreement with the relevant tax authority. The tax losses have not been recognised as a deferred tax asset as the recoverability of these is considered unlikely.

(c) Change in Corporation Tax rate

Legislation has been passed to reduce the rate of tax for which deferred tax assets and liabilities are measured to 20 per cent. from 1 April 2015 and this rate has, therefore, been used to calculate the potential deferred tax asset at 30 June 2014 included in note 7(b).

8. EARNINGS PER SHARE

Earnings per ordinary share

	2014	2013
Profit for the year (£'000)	3,690	622
Weighted average number of shares ('000)	639,360	639,360
Basic earnings per ordinary share	0.58p	0.10p
Diluted earnings per ordinary share	0.58p	0.10p

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

9. PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000
Fair value at 30 June 2012	1,043
Additions in the year	6,648
Unrealised loss on the revaluation of investments	(85)
Fair value at 30 June 2013	7,606
Additions in the year	1,085
Transfer from derivative trading assets	854
Unrealised gain on the revaluation of investments	1,079
Fair value at 30 June 2014	10,624

All portfolio investments are now held by Sarossa Plc.

10. GROUP SUBSIDIARIES

At 30 June 2014 the Group has investments in subsidiaries where it holds 50 per cent. or more of the issued ordinary share capital of the following companies:

Name of Undertaking	Country of incorporation	Description of shares held	% of equity value of issued shares held	Principal business activity
Sarossa Capital Limited	Great Britain	1p ordinary and £1 redeemable preference	100	Holding company and administration services
Antisoma Research Limited	Great Britain	1p 'A' ordinary	100	Commercialisation of divested product rights, patents and IP relating to existing assets from prior pharmaceutical activities
Antisoma Development Limited	Great Britain	£1 Ordinary shares	100	Dormant
Antisoma, Inc.	United States of America	US$0.001	100	Dormant/Abandoned
Xanthus Securities, Inc.	United States of America	US$0.01	100	Dormant/Abandoned

Only the investment in Sarossa Capital Limited is held by the Company – all of the other investments are held by subsidiary companies.

11. TRADE AND OTHER RECEIVABLES

	2014 £'000	2013 £'000
Trade receivables	587	657
Other receivables	6	1
Prepayments and accrued income	1	39
	594	697

The Group considers that the carrying amount of trade and other receivables approximates to their fair value. No impairment has been recognised on any receivable amounts and none are past due at the date of the financial statements.

12. TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Trade payables	35	19
Accruals	92	77
	127	96

The Group has no non-current payables at fair value but does have 4,331,683 zero coupon, convertible, redeemable, preference shares of £1 each held in a subsidiary and which, given the terms of these shares, are considered to have a nil fair value on a going concern basis.

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

- No rights to receive dividends or other distributions out of the profits of the company;
- On 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;

Notes to the Consolidated Financial Statements (continued)

- Were convertible into ordinary shares at any point in the two years commencing 1 July 2003 but no conversion has occurred and these shares are no longer convertible;
- Redeemable only at the option of the company at any time at par.

The Group considers that the carrying amount of trade and other payables approximates to their fair value.

13. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The management of these risks is vested in the Board of Directors. The policies for managing each of these risks are summarised below:

Management of market risk

(i) Price risk

The Group is exposed to market price risk in respect of its portfolio investments and its derivative financial instruments. The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

The Group has in place procedures and levels of authority designed to control the level of commitments, either in single investments or in aggregate.

Details of the Group's investment portfolio are given in note 9 to the financial statements. The derivative financial instruments relate to the revaluation gain on warrants received as consideration for the underwriting by the Group of a share placing.

Price risk sensitivity

The table below summarises the impact on the Group's profit before taxation for the year and on equity of a 10 per cent. increase/decrease in the underlying share price of the investment portfolio and derivative financial instruments. The price sensitivity of 10 per cent. represents Management's estimate of the premium/discount that may be achieved on sale of investment portfolio assets and derivative financial instruments relative to the closing bid market price.

Impact of 10% price change

	2014 £'000	2013 £'000
Portfolio investments	1,062	761
Derivative trading assets	–	97

(ii) Interest rate risk

As the Group has no significant borrowings, the risk is limited to the impact of interest received on cash surpluses held. Interest rate risk is managed in accordance with the liquidity requirements of the Group, with a minimum appropriate level of its cash surpluses held within an instant access account, which has a variable interest rate attributable to it, to ensure that sufficient funds are available to cover the Group's liquidity needs.

Interest rate sensitivity

The principal impact to the Group is the result of interest-bearing cash and short term deposit (cash equivalent) balances held as set out below. The sensitivity is based on the maximum expected market volatility in the current climate and the previous 12 months.

	2014			2013		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash, cash equivalents and short term deposits	2,628	3,505	6,133	2,743	4,124	6,867

At 30 June 2014, the impact of a 5 per cent. increase or decrease in interest rates would have increased/decreased the profit for the year and equity by £2,000 (2013: £2,000) as a result of higher/lower interest received on floating rate cash deposits.

(iii) Currency risk profile

In prior periods, the Group had a limited level of exposure to foreign exchange rate risk through its foreign currency denominated cash balances and trade receivable balances as shown below. The Group manages its foreign exchange risk at Board level.

	Cash and cash equivalents 2014 £'000	Trade receivables 2014 £'000	Cash and cash equivalents 2013 £'000	Trade receivables 2013 £'000
Sterling	3,530	–	5,326	–
US dollars	–	587	41	657
	3,530	587	5,367	657

Foreign exchange risk sensitivity

The table below summarises the impact of a 10 per cent. increase/decrease in the relevant foreign exchange rates versus the pound sterling rate on the Group's pre-tax profit for the year and on equity. The sensitivity is based on the effect of the market volatility in the current climate and the previous 12 months:

	Cash and cash equivalents 2014 £'000	Trade receivables 2014 £'000	Cash and cash equivalents 2013 £'000	Trade receivables 2013 £'000
Increase/decrease on post-tax profit/(loss):				
US dollar	–	59	4	66

Management of credit risk

The Group's principal financial assets are bank balances and short term deposits. Credit risk associated with trade receivables is considered to be minimal as the balance is due from one customer with no history of default.

The Group seeks to limit the level of credit risk on the cash balances by only depositing surplus liquid funds with counterparty banks with high credit ratings.

The credit risk associated with portfolio investments is considered minimal.

Credit risk sensitivity

Cash, cash equivalents and short term deposits	2014 £'000	2013 £'000
A	6,133	5,765
BBB	–	1,102
	6,133	6,867

Notes to the Consolidated Financial Statements (continued)

The maximum exposure to credit risk on the Group's financial assets is represented by their carrying amount, as outlined in the categorisation of financial instruments table below.

FINANCIAL ASSETS/(LIABILITIES)

	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Total £'000
At 30 June 2014				
Portfolio investments	–	–	10,624	10,624
Trade and other receivables	594	–	–	594
Derivative trading assets	–	–	–	–
Cash and cash equivalents	–	–	6,133	6,133
Trade and other payables	–	(127)	–	(127)
Provisions	–	–	–	–
NET TOTAL	594	(127)	16,757	17,224
At 30 June 2013				
Portfolio investments	–	–	7,606	7,606
Trade and other receivables	697	–	–	697
Derivative trading assets	–	–	170	170
Cash and cash equivalents	–	–	6,867	6,867
Trade and other payables	–	(96)	–	(96)
Provisions	–	(1,710)	–	(1,710)
NET TOTAL	697	(1,806)	14,643	13,534

The Group does not consider that any changes in fair value of financial assets in the year are attributable to credit risk.

Portfolio investments are valued at closing bid market price at the reporting date.

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

Management of liquidity risk

The Group seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group deems there is sufficient liquidity for the foreseeable future.

No maturity analysis for financial liabilities is presented, as the Directors consider that liquidity risk is not material.

The Group had cash, cash equivalents and short term deposits at 30 June 2014 as set out below:

Cash, cash equivalents and short term deposits

	2014 £'000	2013 £'000
Instant access	3,530	5,367
Maturing in 1 – 3 months	2,603	1,500
	6,133	6,867

At 30 June 2014 and 30 June 2013, with the exception of investment portfolio assets, all financial assets and liabilities mature for payment within one year.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Provisions £'000
At 30 June 2012	1,611
Foreign exchange movement	99
At 30 June 2013	1,710
Foreign exchange movement	(107)
Credited to the income statement	(1,603)
At 30 June 2014	–

Provisions

The Group has a small number of potential obligation claims that arise from historic biotechnology development activities. All such activities were discontinued in early 2011 and it is now considered that the best estimate of potential future payments in relation to these obligation claims is £nil.

15. SHARE CAPITAL

Ordinary Shares

	Number	£'000
Authorised ordinary shares of 1p:		
Sarossa Capital Limited		
At 30 June 2013 and 30 June 2014	835,500,000	8,355
Sarossa Plc		
At 7 March 2014 and 30 June 2014	1,000,000,000	8,355
Allotted, issued and fully paid ordinary shares of 1p:		
Sarossa Capital Limited		
At 30 June 2013 and 30 June 2014	639,360,364	6,394
Sarossa Plc		
At 7 March 2014	–	–
Issue of shares	639,360,364	6,394
At 30 June 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 Limited, immediately prior to the re-organisation. Costs of the re-organisation and re-admission to AIM amounted to £239,000.

Under the accounting principles governing the re-organisation, as set out in note 1, the ordinary share capital presented for the Group at 30 June 2014 is that of the legal parent, Sarossa Plc and the comparative at 30 June 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 as more fully detailed in note 12.

Notes to the Consolidated Financial Statements (continued)

16. EQUITY CAPITAL AND MERGER RESERVE

	Share capital £'000	Share premium £'000	Merger reserve £'000
At 30 June 2012 and 2013	10,725	122,091	–
Transfer on group re-organisation (see notes 1 and 15)	(4,331)	(122,091)	126,422
At 30 June 2014	6,394	–	126,422

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.

Sarossa Capital Limited had 4,331,683 zero coupon, convertible, redeemable, preference shares of £1 each at the time of the re-organisation. Given the terms of the preference shares (as more fully detailed in note 12), these are considered to have a nil fair value on a going concern basis and have been transferred from equity capital to merger reserve on consolidation.

17. OTHER RESERVE

	£'000
At 30 June 2012 and 2013	8,282
Transfer to retained earnings deficit reserve (see note 18)	(8,282)
At 30 June 2014	–

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.

18. RETAINED EARNINGS DEFICIT

	2014 £'000	2013 £'000
At 1 July	(127,564)	(128,186)
Profit for the year	3,690	622
Transfer from other reserve (see note 17)	8,282	–
At 30 June	(115,592)	(127,564)

19. RELATED PARTY TRANSACTIONS

Transactions with related parties:

There are no sales to related parties. Purchases from related parties are made at normal market prices. When balances are outstanding at the year-end, these are unsecured, interest free and settlement occurs in cash.

During the year ended 30 June 2014, consultancy fees have been charged through the Consolidated Statement of Comprehensive Income in respect of the following related parties:

£12,000 (2013: £9,000) by ORA Capital Partners Limited which was a substantial shareholder in Sarossa and of which Sarossa's chairman, Michael Bretherton, is also a director.

£12,000 (2013: £nil) by ORA Limited of which Sarossa's chairman, Michael Bretherton, is also a director.

£9,000 (2013: £nil) by Quoram Plc, of which Christopher Hill, who was company secretary of Sarossa Capital Limited (formerly Antisoma Plc) up until 15 September 2014, is also a director.

The outstanding balance owed by Sarossa to these related parties at 30 June 2013 was £24,000 (2013: £nil).

Directors' remuneration.
The remuneration of the individual Directors is provided in the Directors' Report on page 7. The directors are also considered to be key management.

Company Information
Company Statement of Financial Position
as at 30 June 2014

	Notes	At 30 June 2014 £'000
ASSETS		
Non-current assets		
Investments in subsidiaries	C3	3,137
Portfolio investments	9	10,624
		13,761
Current assets		
Trade and other receivables	C4	4
Cash and cash equivalents		3,005
		3,009
Total assets		16,770
LIABILITIES		
Current liabilities		
Trade and other payables	C5	(4,524)
Net current liabilities		(1,514)
Net assets		12,246
Shareholders' equity		
Share capital	15	6,394
Other distributable reserve	C6	5,565
Retained earnings		287
Total shareholders' equity		12,246

Sarossa Plc was incorporated in Jersey on 7 March 2014.

The financial statements shown on pages 32 to 35 were approved by the Board of Directors on 30 September 2014 and signed on its behalf by:

Michael Bretherton
Chairman

Company number 115158 (Jersey)

Company Information
Company Statement of Changes in Equity
as at 30 June 2014

	Notes	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 7 March 2014		–	–	–	–
Total comprehensive income for the period		–	–	287	287
Issue of shares on acquisition of Sarossa Capital Limited	15	6,394	5,565	–	11,959
At 30 June 2014		6,394	5,565	287	12,246

Company Statement of Cash Flows
for the period ended 30 June 2014

	2014 £'000
Cash flows from operating activities	
Profit for the year	287
Unrealised gain on revaluation of portfolio investments	(422)
Impairment of investments	8,822
Operating cash inflows before movement in working capital	8,687
Purchase of portfolio investments	(10,202)
Increase in intercompany loan payables	4,454
Increase in trade and other receivables	(4)
Increase in trade and other payables	70
Net cash generated from operating activities	3,005
Net movement in cash and cash equivalents	3,005
Cash and cash equivalents at 7 March 2014	–
Cash and cash equivalents at 30 June 2014	3,005

C1. Principal accounting policies

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). 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.

The separate financial statements of the Company are presented in accordance with IFRS as adopted by the EU.

The principal accounting policies adopted are the same as for those set out in the Group's financial statements.

C2. Company profit for the period

As permitted by the Companies (Jersey) Law 1991, the parent company's (the Company's) income statement and statement of comprehensive income have not been included with these financial statements. The results for the Company are presented under IFRS.

The Company's result for the period from incorporation on 7 March 2014 to 30 June 2014 was a profit of £287,000.

C3. Investment in subsidiary company

	Shares £'000
Cost and valuation of interests in Group undertakings	
At 7 March 2014	–
Additions	11,959
Impairment provision	(8,822)
As at 30 June 2014	3,137

The investment in subsidiary is stated in the Company balance sheet at cost less any provision for impairment.

During the current period, an impairment of £8.882 million was made to the investment in subsidiary in order to write down the valuation of the investment to the recoverable value of assets in that subsidiary following a dividend payment of £9.0 million by the subsidiary to the Company.

C4. Trade and other receivables

	At 30 June 2014 £'000
Other receivables	4
	4

C5. Trade and other payables

	At 30 June 2014 £'000
Trade payables	14
Accruals	56
Intercompany loan payables	4,454
	4,524

The intercompany loan payables are repayable on demand and carry interest at a rate of 0.5% above UK bank base rate.

C6. Other distributable reserve

	Other distributable reserve £'000
At 7 March 2014	–
Arising on acquisition of Sarossa Capital Limited (see notes 1 and 15)	5,565
At 30 June 2014	5,565

The other reserve arose on the shares issued by the Company to shareholders of Sarossa Capital Limited (formerly Sarossa Capital 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.

C7. Related party transactions
Details of related party transactions are included in note 19 to the Group financial statements.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting of Sarossa Plc (the "**Company**") will be held at 11.00 a.m. on 20 November 2014 at the Company's registered office at 17 The Esplanade, St Helier, Jersey, JE2 3QA for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, the Consolidated Financial Statements and Independent Auditors' Report for the year ended 30 June 2014.

2. To consider and, if thought fit, to approve the re-appointment of Michael Bretherton as a director of the Company, who retires pursuant to the articles of association of the Company (the "**Articles**") and who is recommended by the board of directors of the Company (the "**Board**") for re-appointment.

3. To consider and, if thought fit, to approve the re-appointment of Ross Hollyman as a director of the Company, who retires pursuant to the Articles and who is recommended by the Board for re-appointment.

4. To consider and, if thought fit, to approve the re-appointment of Jonathan Morley-Kirk as a director of the Company, who retires pursuant to the Articles and who is recommended by the Board for re-appointment.

5. To consider and, if thought fit, to approve the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Board to determine their remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution and resolution 7 will be proposed as a special resolution:

Allotment of shares

6. **THAT** the Board be hereby generally and unconditionally authorised, in substitution for all previous powers granted to it, pursuant to article 5.3 of the Articles to exercise all the powers of the Company to allot and make offers to allot relevant securities (as defined in article 5.11 of the Articles) up to an aggregate nominal amount of £2,131,201.21 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2015 or 31 December 2015 (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Disapplication of pre-emption rights

7. **THAT** the Board be authorised and empowered, in substitution for all previous power granted to it, pursuant to article 5.10 of the Articles to allot equity securities (as defined in article 5.11 of the Articles) for cash pursuant to the authority referred to in resolution 6 above as if articles 5.4 to 5.8 of the Articles do not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

   7.1 on a pro rata basis to the holders of ordinary shares in the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law or the requirements of any regulatory body or any recognised stock exchange in any territory; and

   7.2 up to an aggregate nominal amount of £1,278,720.73 otherwise than pursuant to paragraph 7.1 above,

   and this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2015 or 31 December 2015 (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

On behalf of the Board

Sarossa Plc
Registered office:
17 The Esplanade
St Helier
Jersey
JE2 3QA

Whitmill Secretaries Limited

30 September 2014

Notice of Annual General Meeting (continued)

EXPLANATORY NOTES

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:

   - 11.00 a.m. on 18 November 2014; or,
   - if this Meeting is adjourned, at 11.00 a.m. on the day two days prior to the adjourned meeting (not counting non-working days),

   shall be entitled to attend and vote at the Annual General Meeting (the "**Meeting**").

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the chairman of the Meeting (the "**Chairman**") or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. A vote withheld will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy may vote or abstain from voting at his or her discretion. Your proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed (although no voting indication need be given if you wish your proxy to exercise their discretion) and signed;
   - sent or delivered to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA; and received by Neville Registrars no later than 11.00 a.m. on 18 November 2014.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the proxy form.

Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, but have not retained a copy of the blank proxy form, please contact Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the revocation notice.

   The revocation notice must be received by Neville Registrars no later than 11.00 a.m. on 18 November 2014. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

9. As at 6 p.m. on 26 September 2014, the Company's issued ordinary share capital comprised 639,360,364 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company.

CREST members

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent, Neville Registrars Limited (ID 7RA11), by 11.00 a.m. on 18 November 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Quorum

14. The quorum for the Meeting is not less than two shareholders present either in person or by proxy. The majority required for the passing of each of the ordinary resolutions is a simple majority of the total number of votes cast on each such ordinary resolution. The majority required for the passing of the special resolution is three-quarters of the total number of votes cast on the special resolution.

Notice of Annual General Meeting (continued)

15. At the Meeting the votes may be taken on the resolutions by a show of hands or on a poll. On a show of hands every shareholder whether present in person or by proxy has one vote. On a poll every shareholder who is present, in person or by proxy, shall have one vote for every ordinary share held. A shareholder entitled to more than one vote need not use all of their votes or cast all of their votes in the same way.

16. To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

Documents on display

17. Copies of the letters of appointment of the Directors will be available for inspection at the registered office of the Company during normal business hours on any weekday from the date of this notice and for 15 minutes prior to and during the Meeting:

sterling 164268

Sarossa plc
17 The Esplanade
St Helier
Jersey
JE2 3QA

Incorporated in Jersey with
registered no. 115158