SAROSSA

Annual Report 2016

Directors, Officers and Advisers

DIRECTORS

MICHAEL BRETHERTON	CHAIRMAN
ROSS HOLLYMAN	NON-EXECUTIVE DIRECTOR
JONATHAN MORLEY-KIRK	NON-EXECUTIVE DIRECTOR

REGISTERED OFFICE
FLOOR 1 LIBERATION STATION
THE ESPLANADE
ST HELIER
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JE2 3AS

COMPANY SECRETARY
JAMES SUTCLIFFE

INDEPENDENT AUDITOR
GRANT THORNTON LIMITED
KENSINGTON CHAMBERS
46/50 KENSINGTON PLACE
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REGISTRAR AND TRANSFER AGENT
NEVILLE REGISTRARS
NEVILLE HOUSE
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ST HELIER
JERSEY
JE4 8PN

Contents

Chairman's Statement

Adverse conditions in financial markets during the year ended 30 June 2016 had a negative impact on the carrying values of the quoted investment holdings of Sarossa Plc ('Sarossa' or the 'Company'). As a result, Sarossa incurred a Group loss after tax for the year of £6.33 million compared to a profit of £2.69 million in the previous year. The loss for the year is primarily reflected by unrealised revaluation losses of £6.13 million (2015: unrealised gains of £2.41 million) on the carrying values of Sarossa's investment holdings.

The results for the year also include the benefit of a number of investment disposals which generated cash proceeds of £1.26 million and realised gains of £0.11 million.

The Company, as a mechanism for continuing to enhance capital efficiency and to provide liquidity for shareholders wanting to realise their shareholdings, again used most of its investment disposal proceeds towards undertaking a further buy-back and cancellation of 84.27 million of its own shares at a cost of £1.12 million, representing an average buy-back price of 1.31p per share.

During the year, the Company spent £2.51 million on the purchase of additional shares in portfolio investments and received proceeds of £1.26 million from investment realisations. The Company holds currently four portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2016 was £8.06 million (30 June 2015: £12.84 million represented by four quoted holdings).

Net assets attributable to holders of Sarossa at 30 June 2016 were £10.86 million (equivalent to 2.35p per share) compared with £18.31 million (equivalent to 3.35p per share) at the previous year end. The reduction in net assets per share reflects the loss incurred for the year, partially offset by the beneficial impact of a lower share capital base as reduced by the share buybacks and cancellations.

Corporate events

The Company delisted from the AIM market on 1 February 2016, following shareholder approval at a general meeting held on 6 January 2016.

Subsequently, on 20 June 2016, we issued a circular and notice of general meeting to the Company's shareholders ("the Circular") to advise that Sarossa had entered into a conditional agreement to acquire the entire issued share capital of ORA Limited ("ORA") for an aggregate consideration of approximately £6.05 million and with a long stop acquisition completion date of 31 July 2016. We were aware that following the delist on 1 February 2016, certain shareholders may still want the opportunity to realise their shareholdings in the Company. The Circular, therefore, also includes a proposal to obtain an authority to enable the Company to offer to buy back shares from shareholders under a tender offer at a price of 1.31 pence each up to a maximum tender offer amount of £2.00 million.

The Circular proposals are inter-conditional and subject to shareholder approval of the related resolutions and the proposed waiver of Rule 9 of the City Code on Takeovers and Mergers for which we had obtained consent from the Takeover Panel ("the Panel"). The general meeting for that shareholder approval was originally convened for 20 July 2016 but the Panel then requested further information concerning the background to the Circular proposals and in light of which, the independent directors of Sarossa had to adjourn the general meeting until such further information could be provided to the satisfaction of the Panel.

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

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

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

Investment portfolio update

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

An overview of the activities of the portfolio investment businesses in which Sarossa has a holding of over 3 per cent. or where the value of the investment comprises at least 10 per cent. of Sarossa's net asset value is given below:

Silence Therapeutics Plc ('Silence'), which is AIM listed, is a global leader in the discovery, development and delivery of novel RNAi therapeutics for the treatment of serious diseases. The core technology of Silence is its proprietary form of a short interfering RNA molecule, known as AtuRNAi, which enables the development of novel molecular entities that "silence" or inactivate the genes expressed in some diseases. As well as the ability to switch genes off using its modified siRNA and delivery systems, the company has added the ability to switch genes on by using the same delivery systems with a messenger RNA. The discovery of the significance of RNA activity in cell protein production is one of the most important medical breakthroughs in recent years. Silence Therapeutics has developed its own RNA technology, along with proprietary delivery systems. Combined, these enable the development of therapeutics for diseases with high unmet medical needs. Atu027 is the company's leading Oncology product and the Atu027 Phase 2a trial met its primary endpoint in early 2016. Atu027 in combination with gemcitabine also showed a good safety profile and early signs of efficacy. Additionally, the company's lung targeted system (DACC) has shown encouraging proof of concept results in animal models of pulmonary arterial hypertension. The Company improved messenger RNA (mRNA) delivery to liver by 20 fold during 2015 and translation to non-human primates was also achieved. In December 2015 a US patent was granted covering broad modifications of short interfering RNA (siRNA) and which may potentially capture other development stage siRNA candidates. Silence continues to develop several further projects and collaborations which are at earlier stages. It currently has collaborations in place with world-leading academic institutions, including the University of Oxford, the University of Cambridge and Imperial College London. The company has a robust IP estate protecting its proprietary technology and also has a strong balance sheet with net cash and deposits at 30 June 2016 of £47.6 million. Sarossa's shareholding at 30 June 2016 was, and continues to be, 3.14 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. PHC is also focused on the discovery and development of new patent-protected products and the company has a platform of peptide products known as Innatus 3G. The control of plant diseases is a huge global market, with fungicide usage alone constituting around US $15 billion per annum. Innatus 3G peptides are not pesticides but have shown great potential in delivering yield improvements and inducing a defensive response in plants that helps crops resist attack by economically important pathogens. Sales of Harpin based products have increased by around 30 per cent. compound annual growth rate over the last three and a half years and overall revenues were US $2.9 million for the six months to 30 June 2016 and cash and investment deposits at that date amounted to US $3.8 million. During the last year and a half, PHC has signed agreements with four of the six major agrochemical companies to evaluate Innatus™ 3G. and also signed a new distribution agreement with Sym-Agro which will see Harpin deployed over additional crop varieties and a wider territorial area. Harpin also received first product registrations in Brazil and in Mexico which paves the way for further territorial deployment. Sarossa's shareholding in PHC at 30 June 2016 was 5.34 per cent. Subsequently, in August 2016, PHC completed a £7.6 million (US $10.0 million) cash raise through a placing of shares to provide funding for further development of new technologies as the business transitions to becoming self-financing through development of its commercial stage products. Sarossa invested an additional £0.41 million in that share placing in order to maintain its shareholding in PHC at 5.34 per cent.

Chairman's Statement (continued)

GVC Holdings Plc ("GVC") is a fully listed company to a group operating online gaming and sports betting businesses in Europe and Latin America. GVC acquired bwin.party digital entertainment plc on 1 February 2016 and reported total revenues of €382.1 million for the six months to 30 June 2016. The group operates a number of market leading sports label betting brands, including bwin and Sportingbet, which accounted for €280.4 million of that revenue. The group also operates games label brands, including partypoker, partycasino, Foxy Bingo, Gioco Digitale and CasinoClub, which generated revenues of €87.0 million in the six month period. GVC has a proven track record of delivering significant value to shareholders via a combination of organic growth, including mobile which has been a key driver of such growth, as well as by way of astute acquisitions. Sarossa's shareholding in GVC at 30 June 2016 was 0.28 per cent. but this has subsequently reduced to 0.18 per cent. consequent to share disposals made after the year end and which generated cash proceeds of £2.28 million.

In addition to the above, Sarossa has one holding of below 3 per cent. in a profitable AIM listed company, operating as a commercial outsourcing services provider and which has a good historic dividend yield and a favourable growth record.

Outlook

Global economic and political uncertainties are expected to persist and will include the impact of Brexit as this continues to unfold. Despite resultant challenging market conditions, the Sarossa Directors are confident in the underlying fundamentals, technologies and potential for growth at the companies within our investment portfolio. We remain committed to delivering additional value for our shareholders whilst running a low cost base and will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge.

Michael Bretherton
Chairman

21 October 2016

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 2016.

Principal activity and business model

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

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

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

Business review

A review of the Group's performance and future prospects is included in the Chairman's Statement on pages 2 to 4.

Share capital and funding

Full details of the Company's share capital movements are given in Note 14 of the financial statements. The Company has an authorised share capital of 1,000,000,000 ordinary shares of 1p each, of which 639,360,364 were in issue at 30 June 2014; 93,077,565 shares were subject to buyback and cancellation in the prior year leaving 546,282,779 shares in issue at the 30 June 2015 prior year end. A further 84,274,321 shares were subject to buyback and cancellation in the current year leaving 462,008,478 shares in issue at 30 June 2016. The 84,274,321 shares were acquired on the open market for a total consideration of £1,117,000. The maximum and minimum share prices paid were 1.71p and 1.31p respectively. All shares acquired were cancelled resulting in 462,008,478 shares being in issue at the 30 June 2016 year end and at the later date of this report.

Financial review

The Consolidated Financial Statements have been prepared for the year to 30 June 2016.

Key performance indicators

Key Group performance indicators are set out below:

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

Profit and loss

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

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

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

Strategic Report (continued)

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

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

During the year, the Company spent £1.12 million on the buy-back and cancellation of its own shares, which reduced cash and net assets, whilst having a positive impact on net assets per share.

Cash and short-term deposit balances were £2.88 million at 30 June 2016 compared to cash and short-term deposit balances of £5.52 million at 30 June 2015.

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

Directors and employees
The Group has four employees, all of whom are male and three of whom are Directors. The profile of the Directors and their remuneration is detailed in the Directors' Report on page 9.

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 £2.88 million as at 30 June 2016 (2015: £5.52 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 during the financial year continue to be the adverse global economic conditions in certain markets. This economic and political uncertainty continues to impact the markets in which the Group operates, both 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 delivering 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.

Approved on behalf of the Board

Jonathan Morley-Kirk

21 October 2016

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 2016.

Reorganisation into a Jersey, Channel Islands, based Group and subsequent delisting from AIM.

Sarossa Plc was incorporated in Jersey on 7 March 2014 specifically to implement a reorganisation under which the former Sarossa Capital parent company became a wholly owned subsidiary of the new Jersey holding company. The reorganisation was completed on 2 May 2014 at which time Sarossa Plc was admitted to the AIM market of the London Stock Exchange.

Sarossa Plc delisted from the AIM market on 1 February 2016.

All remaining subsidiary companies were voluntarily wound down and struck off during the current year leaving only the Sarossa Plc parent company in existence at the 30 June 2016 year end (see note 10).

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 Strategic Report on page 5.

Business review

A review of the Group's performance and future prospects is given in the Chairman's Statement on pages 2 and 4 and in the Strategic Report on pages 5 to 7.

Results and dividends

The loss and total comprehensive loss for the year ended 30 June 2016 was £6,329,000 (2015: income and total comprehensive income of £2,687,000).

No interim dividend (2015: £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 2016 (2015: £nil).

Share Capital

Full details of the Company's share capital movements are given in Note 14 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	2016 Total £'000	2015 Total £'000
Michael Bretherton	125	5	130	90
Ross Hollyman	15	–	15	15
Jonathan Morley-Kirk	15	–	15	15
	155	5	160	12

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.

The non-executive Directors, Ross Hollyman and Jonathan Morley-Kirk, 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 of the Company as at 30 June 2016 are given below:

	Ordinary shares of 1p each	
	30 June 2016	30 June 2015
Michael Bretherton	9,744,140	9,744,140
Ross Hollyman	–	–
Jonathan Morley-Kirk	–	–

Profile of the directors

Michael Bretherton, BA, ACA, Chairman

Michael was appointed as a non-executive Director in March 2011 and subsequently took on the role of Finance Director in January 2012, before being appointed Chairman in October 2012. He is a non-executive director of a number of other AIM listed companies and is also a director of Ora Limited, which provides investment capital for early stage technology companies. 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 seven 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 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), which is listed on the Toronto Stock Exchange, and a director of Nyota Minerals Limited, a company listed on the ASX and AIM, and Bluebird Merchant Ventures, a company listed on the standard section of the London Stock Exchange.

Directors' Report (continued)

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 per cent. or more of the issued ordinary share capital of the Company as at 18 October 2016:

Shareholder	Number of ordinary shares	% Holding
Mr Richard Griffiths and controlled undertakings	177,199,249	38.35
Mr D H Richardson	42,389,462	9.18

Corporate governance

The Company is not required to and does not comply with the UK Corporate Governance Code. However the Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2014, 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 persons 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 actively evaluates 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 well-established financial reporting and control systems.

Going Concern

At 30 June 2016, the Group had £2.88 million (2015: £5.52 million) 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 6 to 7 and in note 13 to the financial statements.

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

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 policy that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Group and Company represented 17 days purchases (2015: 9 days).

Annual General Meeting

The next Annual General Meeting will take place on 22 November 2016 at 11.00 a.m. at the Company's registered office at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey JE2 3AS.

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 transfer agent 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.

Directors' Report (continued)

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, Grant Thornton Limited, 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.

Approved by order of the Board

Jonathan Morley-Kirk

21 October 2016

Independent Auditors' Report to the Members of Sarossa Plc

Our opinion on the group financial statements is unmodified
In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2016 and of the Group's comprehensive loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Who we are reporting to
This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited
Sarossa's consolidated financial statements comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The parent company's separate financial statements comprise the Statement Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:
- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:
- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

Independent Auditors’ Report to the Members of Sarossa Plc (continued)

Responsibilities for the financial statements and the audit
What an audit of financial statements involves:

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at www.frc.org.uk/auditscopeukprivate

What the directors are responsible for:
As explained more fully in the Directors’ Responsibilities Statement set out on pages 11 and 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:
Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Adam Budworth

For and on behalf of
Grant Thornton Limited
Chartered Accountants
St Helier, Jersey, Channel Islands

21 October 2016

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 £'000	2015 £'000
(Loss)/gain on portfolio investments	2	(6,021)	2,803
Dividend and other income	2	106	205
Gross investment return		(5,915)	3,008
Administrative expenses		(436)	(371)
Operating (loss)/profit	6	(6,351)	2,637
Finance income	5	22	50
(Loss)/profit before taxation		(6,329)	2,687
Taxation	7	–	–
(Loss)/profit for the year and total comprehensive (loss)/income		(6,329)	2,687
(Loss)/earnings per ordinary share			
Basic and diluted	8	(1.25p)	0.43p

There are no other items of other comprehensive (loss)/income.

Consolidated Statement of Changes in Equity

as at 30 June 2016

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Merger Reserve £'000	Retained Earnings Reserve £'000	Total £'000
At July 2014		6,394	–	126,422	(115,592)	17,224
Total comprehensive income for the year		–	–	–	2,687	2,687
Purchase of shares for cancellation	14	(931)	931	–	(1,603)	(1,603)
At 30 June 2015		5,463	931	126,422	(114,508)	18,308
Total comprehensive loss for the year		–	–	–	(6,329)	(6,329)
Reversal and transfer of merger reserve	15	–	–	(126,422)	126,422	–
Purchase of shares for cancellation	14	(843)	843	–	(1,117)	(1,117)
At 30 June 2016		4,620	1,774	–	4,468	10,862

Consolidated Statement of Financial Position

at 30 June 2016

	Notes	2016 £'000	2015 £'000
Assets			
Non-current assets			
Portfolio Investments	9	8,064	12,836
		8,064	12,836
Current assets			
Other receivables	11	24	29
Cash and cash equivalents	13	2,878	5,515
		2,902	5,544
Total assets		10,966	18,380
Liabilities			
Current liabilities			
Trade and other payables	12	(104)	(72)
Total liabilities		(104)	(72)
Net current assets		2,798	5,472
Net assets		10,862	18,308
Shareholders' equity			
Share capital	14	4,620	5,463
Capital redemption reserve	15	1,774	931
Merger reserve	15	–	126,422
Retained earnings reserve/(deficit)	16	4,468	(114,508)
Total shareholders' equity		10,862	18,308

The financial statements on pages 15 to 32 were approved by the Board of Directors and authorised for issue on 21 October 2016 and signed on its behalf by:

Michael Bretherton
Chairman

Company number – 115158

Consolidated Statement of Cash Flows

for the year ended 30 June 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
(Loss)/profit before tax		(6,329)	2,687
Adjustments for:			
Foreign exchange gains	6	–	(25)
Finance income	5	(22)	(25)
Realised gain on sale of portfolio investments		(113)	(397)
Unrealised loss/(gain) on revaluation of portfolio investments	9	6,134	(2,406)
Operating cash outflows before movement in working capital		(330)	(166)
Purchase of portfolio investments	9	(2,510)	(316)
Proceeds from sales of investments		1,261	907
Decrease in trade and other receivables		5	565
Increase/(decrease) in trade and other payables		32	(55)
Cash (used)/generated in operations		(1,542)	935
Interest received	5	22	25
Net cash (used)/generated in operating activities		(1,520)	960
Cash flows from investing activities			
Reduction of short-term deposits with banks		–	2,603
Net cash generated from investing activities		–	2,603
Cash flows from financing activities			
Purchase of own shares for cancellation	14	(1,117)	(1,603)
Net cash used from financing activities		(1,117)	(1,603)
Net (decrease)/increase in cash and cash equivalents		(2,637)	1,960
Exchange gains on cash balances	5	–	25
Cash, cash equivalents at beginning of year		5,515	3,530
Cash and cash equivalents at end of year		2,878	5,515
Cash, cash equivalents and short-term deposits at end of year	13	2,878	5,515

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 Company subsequently delisted from the AIM market on 1 February 2016. The address of Sarossa Plc's registered office is Floor 1 Liberation Station, The Esplanade, St Helier, Jersey JE2 3AS.

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 financial 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.

There are no standards, amendments and interpretations to existing standards (relevant or not) that are effective for annual periods beginning on or after 1 January 2015, for the Group's annual reporting period beginning 1 July 2015.

The following standards, amendments to standards and interpretations have been issued and may be relevant to the Group but are not yet effective:

- IFRS 9 "Financial instruments" – Is effective for accounting periods beginning on or after 1 January 2018. Early application is permitted provided that all of the requirements in the standard are applied at the same time. IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement". The Group is in the process of evaluating the impact of IFRS 9.
- IFRS 10 "Consolidated Financial Statements" – The amendments are effective for accounting periods beginning on or after 1 January 2016. The amendments provide further clarification as to which subsidiary entities of an investment entity should be consolidated and to the exemption for investment entities to present consolidated financial statements.
- Amendments to IAS 1: Disclosure Initiative – The Amendments are effective for accounting periods beginning on or after 1 January 2016. The Amendments represent the first authoritative output from the IASB's Disclosure Initiative project. The Amendments themselves are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. Furthermore, the Amendments clarify that companies should use judgement in determining where and in what order information is presented in the financial disclosures.

1. Principal accounting policies (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 consolidated 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 2016 at a valuation of £8.06 million (2015: £12.84 million). For further detail see Note 9.

Basis of consolidation

The consolidated financial statements include the financial information of the Company and all its subsidiary undertakings. Subsidiary undertakings are entities over which the Group has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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, had been accounted for as a re-organisation using the pooling of interests ('merger') method of accounting and the Group's activity was treated as a continuation of that of the legal subsidiary, Sarossa Capital Limited and its subsidiaries.

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 were 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.

Notes to the Consolidated Financial Statements (continued)

1. Principal accounting policies (continued)

Subsidiaries
Subsidiary entities are entities over which the Group has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date which control begins and are deconsolidated from the date that control ceases.

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 of the Company's remaining subsidiaries were voluntarily wound down and struck off in the year to 30 June 2016 as detailed in note 10.

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. A fair value method of valuation for portfolio investments is considered the most appropriate for assessing their performance.

(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 reorganisation, 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.

1. Principal accounting policies (continued)

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.

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 in other comprehensive income or directly in equity.

Current income tax is calculated on the basis of the tax rates and 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 calculated using tax rates and laws that have been substantively enacted at the reporting date.

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.

Notes to the Consolidated Financial Statements (continued)

1. Principal accounting policies (continued)

Income

Income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts 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) Gross investment return

Gross investment 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 and 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 Company's right to receive payment has been established.

(ii) Interest income

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

(iii) Other income

All other income is recognised as other income in the period to which it relates.

Exceptional items

Exceptional items are material items which derive from transactions or events and are disclosed separately when such presentation is relevant to the Group's financial position and 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 the transaction date rate 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 Gross 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 2016 were:

	2016 £'000	2015 £'000
Unrealised (loss)/gain on revaluation of portfolio investments	(6,134)	2,406
Gain on disposal of portfolio investments	113	397
(Loss)/gain on portfolio investments	(6,021)	2,803
Dividend and other income	106	205
Gross investment return	(5,915)	3,008

Geographic Information

Portfolio return and revenue from external customers were:

	2016 £'000	2015 £'000
Jersey (country of domicile)	(5,915)	3,008

The location is based upon either the location of the customer 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 the Company are as follows:

	2016 £'000	2015 £'000
Aggregate emoluments		
Gross emoluments and benefits	160	120
Highest-paid Director		
Emoluments and benefits	130	90

Notes to the Consolidated Financial Statements (continued)

4. Employee information

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

	2016	2015
By activity		
Administration	4	4

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

	2016 £'000	2015 £'000
Staff costs		
Wages and salaries	220	155
Social security costs	8	5
Employee benefits	6	4
	234	164

5. Finance income

	2016 £'000	2015 £'000
On short-term deposits	–	15
On cash and cash equivalents	22	10
Total interest income	22	25
Net foreign exchange gains on financing activities	–	25
Net finance income	22	50

6. Operating profit

The following items have been charged in arriving at the operating profit:

	2016 £'000	2015 £'000
Net foreign exchange gain differences	–	25
Auditors' remuneration (see below)	17	26
Auditors' remuneration		
Fees payable to Company auditor for the audit of the Company and consolidated financial statements	16	20
Fees payable to the Company's auditor and associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	–	6
Transaction advice	1	–
	17	26

7. Taxation

a) Tax charges and credits in the Income Statement

	2016 £'000	2015 £'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:

	2016 £'000	2015 £'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 income tax as explained below:		
(Loss)/profit on ordinary activities before taxation	(6,329)	2,614
Profit on ordinary activities multiplied by the standard rate of income 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	–	73
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 20% (2015: 20%)	–	15
Effects of:		
Brought forward losses utilised	–	(15)
UK tax charge for the year	–	–
Total tax charge for the year	–	–

b) Deferred tax

Unrecognised UK deferred tax assets at 20% tax rate (2015: 20%):

	2016 £'000	2015 £'000
Tax effect of timing differences		
Losses carried forward	–	19,457
	–	19,457

The Group had no UK tax losses available for carry forward at 30 June 2016 (2015: £97.3 million) following the voluntary liquidation of all remaining UK based subsidiary entities of the Company (see note 10).

c) Change in Corporation Tax rate

UK tax legislation set the corporation tax rate at 20 per cent. from 1 April 2015 and has remain unchanged. This rate was therefore used to calculate the prior year potential deferred tax asset at 30 June 2015 included in note 7(b).

Notes to the Consolidated Financial Statements (continued)

8. Earnings per share

Earnings per ordinary share	2016	2015
(Loss)/profit for the year (£'000)	(6,329)	2,687
Weighted average number of shares ('000)	504,821	630,031
Basic (loss)/earnings per ordinary share	(1.25p)	0.43p
Diluted (loss)/earnings per ordinary share	(1.25p)	0.43p

Basic (loss)/earnings per share is calculated by dividing the profit or loss 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 2014	10,624
Additions in the year	316
Cost of investments sold	(510)
Unrealised gain on the revaluation of investments	2,406
Fair value at 30 June 2015	12,836
Additions in the year	2,510
Investment disposals	(1,148)
Unrealised loss on the revaluation of investments	(6,134)
Fair value at 30 June 2016	8,064

All portfolio investments are held by Sarossa Plc.

10. Group subsidiaries

At 30 June 2016 the Company no longer holds an interest in any subsidiary undertakings. As at the 30 June 2015 prior year end the Group comprised of the Company and the subsidiary entities detailed below in which the Company held more than 50 per cent. of the issued ordinary share capital:

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
Antisoma Research Limited	Great Britain	1p 'A' ordinary	100	Historic pharmaceutical activities

During the year to 30 June 2016 both Antisoma Research Limited and Sarossa Capital Limited were voluntarily wound down and struck off. This process had no financial impact on the consolidated statement of financial position or results for the Group for the year to 30 June 2016.

11. Other receivables

	2016 £'000	2015 £'000
Other receivables	16	14
Prepayments and accrued income	8	15
	24	29

The Group considers that the carrying amount of 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

	2016 £'000	2015 £'000
Trade payables	9	5
Other payables	7	7
Accruals	88	60
	104	72

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

13. Financial risk & capital 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.

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. 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 relative to the closing bid market price.

Impact of 10% price change

	2016 £'000	2015 £'000
Portfolio investments	806	1,284

Notes to the Consolidated Financial Statements (continued)

13. Financial risk & capital management (continued)

ii) Interest rate risk

The Group has no borrowings as such 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.

		2016			2015	
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash, cash equivalents and short-term deposits	2,014	864	2,878	–	5,515	5,515

At 30 June 2016, 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 £1,000 (2015: £1,000) 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, however this is no longer the case as shown below. The Group manages its foreign exchange risk at Board level.

	Cash and cash equivalents 2016 £'000	Trade & other receivables 2016 £'000	Cash and cash equivalents 2015 £'000	Trade & other receivables 2015 £'000
GB Pounds Sterling	2,878	24	5,515	29
US Dollars	–	–	–	–
	2,878	24	5,515	29

Foreign exchange risk sensitivity

No foreign exchange risk sensitivity is presented given the relatively insignificant level of cash balances denominated in foreign currencies and any increase/decrease in the relevant foreign exchange rates versus the pound sterling rate on the Group's would have an immaterial impact on the pre-tax result for the year and on equity.

Management of credit risk

The Group's principal financial assets are portfolio investments and bank balances. The credit risk associated with other receivables is considered to be minimal as the balances are due from counterparties 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 at counterparty banks with high credit ratings.

The credit risk associated with portfolio investments is considered minimal.

13. Financial risk & capital management (continued)

Credit risk sensitivity

	2016 £'000	2015 £'000
Cash, cash equivalents and short-term deposits		
A	2,533	2,764
No rating provided*	345	2,751
	2,878	5,515

* These monies are held with a reputable international brokerage despite no credit rating being available.

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

	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Total £'000
Portfolio investments	–	–	8,064	8,064
Other receivables	16	–	–	16
Cash and cash equivalents	2,878	–	–	2,878
Trade and other payables	–	(104)	–	(104)
Net total at 30 June 2016	2,894	(104)	8,064	10,854
Portfolio investments	–	–	12,836	12,836
Other receivables	14	–	–	14
Cash and cash equivalents	5,515	–	–	5,515
Trade and other payables	–	(72)	–	(72)
Net total at 30 June 2015	5,529	(72)	12,836	18,293

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 and are all classed as Level 1 investments.

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 2016 as set out below:

	2016 £'000	2015 £'000
Instant access	864	5,515
Maturing in 1 - 3 months	2,014	–
	2,878	5,515

At 30 June 2016 and 30 June 2015, with the exception of investment portfolio assets, all financial assets and liabilities mature for payment within one year.

Notes to the Consolidated Financial Statements (continued)

13. Financial risk & capital management (continued)

Capital management

The Group's policy is to maintain a strong capital base. The Group manages all elements of shareholders' equity as financial capital, and seeks to increase this figure as a stated business objective over the medium to long term. The Group is entirely equity financed with no external capital requirements imposed upon it. In order to preserve capital the Group maintains a balanced investment portfolio and appropriate levels of cash and cash equivalents in order to remain liquid and take advantage of market opportunities as they arise. The Group's net asset value is monitored on an ongoing basis.

	30 June 2016 £'000	30 June 2015 £'000
Capital (net assets/shareholders' equity)	10,862	18,308
(Decrease)/increase from prior year	(40.7%)	6.3%

14. Share capital

Ordinary Shares	Number	£'000
Authorised ordinary shares of 1p:		
At 30 June 2015 and 30 June 2016	1,000,000,000	10,000
Allotted, issued and fully paid ordinary shares of 1p:		
At 30 June 2014	639,360,364	6,394
Purchase and cancellation of own shares	(93,077,565)	(931)
At 30 June 2015	546,282,799	5,463
Purchase and cancellation of own shares	(84,274,321)	(843)
At 30 June 2016	462,008,478	4,620

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

Sarossa Plc had no preference share capital at 30 June 2016 or 30 June 2015 but its wholly owned subsidiary Sarossa Capital Limited had 4,331,683 zero coupon, convertible, redeemable, preference shares of £1 each at the 30 June 2015 prior year end. Given the terms of the preference shares, these were considered to have a nil fair value on a going concern basis. These preference shares were repurchased at a cost of $25,000 (which was charged to administrative expenses) and subsequently cancelled during the year to 30 June 2016.

During the prior year the Company acquired 93,077,565 of its own 1p ordinary shares. These shares were acquired on the open market for a total consideration of £1,603,000. The maximum and minimum share prices paid were 1.71p and 1.72p respectively. All shares acquired were cancelled and charged to the retained earnings deficit (see notes 15 and 16).

During the current year the Company acquired a further 84,274,321 of its own 1p ordinary shares. These shares were acquired on the open market for a total consideration of £1,117,000. The maximum and minimum share prices paid were 1.71p and 1.31p respectively. All shares acquired were cancelled and charged to the retained earnings deficit (see notes 15 and 16).

15. Equity capital and merger reserve

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Merger Reserve £'000
At 30 June 2014	6,394	–	–	126,422
Purchase of shares for cancellation	(931)	–	931	–
At 30 June 2015	5,463	–	931	126,422
Purchase of shares for cancellation	(843)	–	843	–
Reversal of merger reserve	–	–	–	(126,422)
At 30 June 2016	4,620	–	1,774	–

As detailed in note 14, during the year the Company acquired a further 84,274,321 of its own 1p ordinary shares all of which were cancelled and an amount equal to the nominal value of the cancelled shares was transferred to a capital redemption reserve.

The merger reserve arose on the shares issued by the Company to shareholders of Sarossa Capital Limited (formerly called Sarossa Capital Plc and prior to that Antisoma Plc) under the re-organisation on 2 May 2014 in a process that did not change the economics, operations or shareholder structure of the Group. The merger reserve was subsequently extinguished and transferred to retained earnings following the voluntary winding down and strike-off of all subsidiary entities of the Company (see note 10).

16. Retained earnings surplus/(deficit)

	Note	2016 £'000	2015 £'000
At 1 July		(114,508)	(115,592)
(Loss)/profit for the year		(6,329)	2,687
Purchase of own shares for cancellation (see note 14)		(1,117)	(1,603)
Transfer from merger reserve	15	126,422	–
At 30 June		4,468	(114,508)

17. Related party transactions

Transactions with related parties:

There were 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.

The following fees were charged through the Consolidated Statement of Comprehensive Income in respect of related parties:

During the year ended 30 June 2016, consultancy fees of £nil (2015: £42,327) were charged by ORA Limited, of which Sarossa's Chairman, Michael Bretherton, is also a director. The outstanding balance owed by Sarossa to this related party at 30 June 2016 was £nil (2015: £nil).

Directors' remuneration.

The remuneration of the individual Directors is provided in the Directors' Report on page 9 and is also disclosed in note 3. The Directors are also considered to be key management.

Notes to the Consolidated Financial Statements (continued)

18. Events after the balance sheet date

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

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

Company Information
Company Statement of Financial Position
at 30 June 2016

	Notes	2016 £'000	2015 £'000
Assets			
Non-current assets			
Investments in subsidiaries	C3	–	1,235
Portfolio investments	9	8,064	12,836
		8,064	14,071
Current assets			
Other receivables	C4	24	29
Cash and cash equivalents		2,878	5,453
		2,902	5,482
Liabilities			
Current liabilities			
Trade and other payables	C5	(104)	(5,598)
Net current assets/(liabilities)		2,798	(116)
Net assets		10,862	13,955
Shareholders' equity			
Share capital	14	4,620	5,463
Capital redemption reserve	15	1,774	931
Other distributable reserve	C6	–	5,565
Retained earnings		4,468	1,996
Total shareholders' equity		10,862	13,955

The financial statements on pages 33 to 36 were approved by the Board of Directors and authorised for issue on 21 October 2016 and signed on its behalf by:

Michael Bretherton
Chairman

Company number – 115158

Company Information
Company Statement of Changes in Equity
as at 30 June 2016

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Merger Reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 30 June 2014		6,394	–	5,565	287	12,246
Total comprehensive income for the period		–	–	–	3,312	3,312
Purchase of shares for cancellation	14	(931)	931	–	(1,603)	(1,603)
At 30 June 2015		5,463	931	5,565	1,996	13,955
Total comprehensive loss for the period		–	–	–	(1,976)	(1,976)
Purchase of shares for cancellation	14	(843)	843	–	(1,117)	(1,117)
Reversal and transfer of other reserve	C6	–	–	(5,565)	5,565	–
At 30 June 2016		4,620	1,774	–	4,468	10,862

Company Statement of Cash Flows
for the year ended 30 June 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
(Loss)/profit for the year	(1,976)	3,312
Unrealised loss/(gain) on revaluation of portfolio investments	6,134	(2,406)
Realised gain on sale of investments	(113)	(397)
Impairment of investments	1,235	1,902
Operating cash inflows before movement in working capital	5,280	2,411
Purchase of portfolio investments	(2,510)	(316)
Proceeds from disposal of investments	1,261	907
(Decrease)/Increase in intercompany loan payables	(5,558)	1,104
Decrease/(increase) in other receivables	5	(25)
Increase/(decrease) in trade and other payables	64	(30)
Net cash (used)/generated from operating activities	(1,458)	4,051
Cash flows from financing activities		
Purchase of own shares for cancellation	(1,117)	(1,603)
Net cash used from financing activities	(1,117)	(1,603)
Net (decrease)/increase in cash and cash equivalents	(2,575)	2,448
Cash and cash equivalents at start of period	5,453	3,005
Cash and cash equivalents at end of period	2,878	5,453

Notes to the Company Information

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 Company was subsequently delisted from the AIM market on 1 February 2016.

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 year to 30 June 2016 was a loss of £1,976,000 comprising of a loss on ordinary activities of £6,314,000, an impairment to investments in subsidiaries of £1,235,000 partially offset by an intercompany dividend of £5,573,000 (30 June 2015: profit of £3,312,000 comprising of a profit on ordinary activities of £2,614,000 coupled with net intercompany dividend and impairment gains of £698,000).

C3. Investment in subsidiary company

Company	**Shares £'000**
Cost and valuation of interests in Group undertakings As at 30 June 2014	3,137
Impairment provision	(1,902)
As at 30 June 2015	1,235
Impairment of investment in subsidiary	(1,235)
As at 30 June 2016	–

During the period an impairment charge of £1.235 million was made to the investment in subsidiary company balance to write off the investment in full following dividend outflows of £5.573 million declared by the subsidiary to the Company and the subsequent voluntary winding up and strike off of the subsidiary company.

In the prior period, an impairment charge of £1.902 million was made to the investment in subsidiary in order to write down the valuation of the investment to the assessed recoverable value of assets in that subsidiary, following dividend outflows of £2.5 million declared by the subsidiary to the Company.

C4. Other Receivables

	At 30 June 2016 £'000	**At 30 June 2015 £'000**
Prepayments	8	15
Other receivables	16	14
As at 30 June	24	29

Notes to the Company Information

(continued)

C5. Trade and other payables

	At 30 June 2016 £'000	At 30 June 2015 £,000
Trade payables	9	5
Other payables	7	7
Accruals	88	28
Intercompany loan payables	–	5,558
As at 30 June	104	5,598

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

During the period various transactions were charged to the intercompany account. The intercompany loan payable was then cleared in full by way of a dividend of £5,573,000 declared from Sarossa Capital Limited to the Company which was offset in full against the remaining intercompany loan payable.

C6. Other distributable reserve

	Other distributable reserve £'000
At 7 March 2014	–
Arising on acquisition of Sarossa Capital Limited in period to June 2014 (see notes 1 and 14)	5,565
At 30 June 2014 and 30 June 2015	5,565
Transferred to retained earnings	(5,565)
As at 30 June 2016	–

The other distributable 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. During the period the other distributable reserve was reversed and transferred to retained earnings in full following the voluntary liquidation and strike off of that subsidiary entity (note 14).

C7. Related party transactions

Details of related party transactions are included in note 17 to the Group financial statements.

C8. Financial risk & capital management

Financial risk and capital management is managed at a Group level, which is considered appropriate given the similar nature of both the Group and Company statements of financial position. Please refer to note 13 to the Group Financial Statements.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of Sarossa Plc (the "**Company**") will be held at 11.00 a.m. on 22 November 2016 at the Company's registered office at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey, JE2 3AS for the following purposes:

ORDINARY BUSINESS

1 To receive and consider the Directors' Report, the audited consolidated Financial Statements and Independent Auditors' Report for the year ended 30 June 2016.

2 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 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 Grant Thornton Limited 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 4 will be proposed as an ordinary resolution and resolution 5 will be proposed as a special resolution:

Allotment of shares

4 **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 £1,540,028.60 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 2017 or 31 December 2017 (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

5 **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:

5.1 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

5.2 up to an aggregate nominal amount of £924,016.95 otherwise than pursuant to paragraph 5.1 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 2017 or 31 December 2017 (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:
Floor 1 Liberation Station
The Esplanade
St Helier
Jersey
JE2 3AS

James Sutcliffe

21 October 2016

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 2016; or,
- if this Meeting is adjourned, at 11.00 a.m. on the day two working 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**").

Voting rights

2 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.

Appointment of proxies

3 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.

4 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.

5 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

6 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 2016.

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

7 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

8 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

9 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 2016. 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

10 As at 6.00 p.m. on 18 October 2016, the Company's issued ordinary share capital comprised 462,008,478 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company.

Quorum

11 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 each of the special resolutions is three-quarters of the total number of votes cast on each such special resolution.

12 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.

13 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

14 The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends excepted) from the date of this notice until and for 15 minutes prior to and during the Meeting:

a. copies of the service contracts of executive directors of the Company; and

b. copies of letters of appointment of the non-executive directors of the Company.

Notes

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

Incorporated in Jersey with
registered no. 115158