ANNUAL REPORT 2018

SAROSSA

Directors, Officer and Advisers

DIRECTORS

RICHARD GRIFFITHS	CHAIRMAN
MICHAEL BRETHERTON	CHIEF EXECUTIVE OFFICER
ROSS HOLLYMAN	NON-EXECUTIVE DIRECTOR
JAMES EDE-GOLIGHTLY	NON-EXECUTIVE DIRECTOR

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

COMPANY SECRETARY
JAMES SUTCLIFFE

INDEPENDENT AUDITOR
GRANT THORNTON LIMITED
KENSINGTON CHAMBERS
46/50 KENSINGTON PLACE
ST HELIER
JERSEY
JE1 1ET

REGISTRAR AND TRANSFER AGENT
NEVILLE REGISTRARS
NEVILLE HOUSE
STEELPARK ROAD
HALESOWEN
B62 8HD

Contents

Chairman's Statement

During the financial year ended 30 June 2018, Sarossa Plc ('Sarossa' or 'the Company') delivered a positive investment return and generated a profit after tax for the year of £1.99 million compared to a profit of £2.87 million in the previous year.

The profit for the year includes investment gains of £1.30 million together with dividend income of £1.16 million (2017: investment gains of £3.08 million and dividends of £0.11 million), less administrative expenses of £0.48 million (2017: administrative expenses of £0.34 million).

During the year, the Company spent £4.02 million on the purchase of shares in 2 new portfolio investments and £1.96 million on 2 further follow on investments. The Company holds currently 6 portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2018 was £15.58 million (30 June 2017: £9.10 million represented by 5 quoted holdings).

Net assets attributable to holders of Sarossa at 30 June 2018 were £15.72 million (equivalent to 3.40p per share) compared with £13.73 million (equivalent to 2.97p per share) at the previous year end. The increase in net assets per share reflects the profit generated for the year.

Board Changes

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

I subsequently held meetings with the directors of Sarossa to consider and review measures to strengthen the operations and management of the Company and to enhance value creating opportunities for Sarossa' shareholders. Following these meetings, I joined the board of Sarossa as Executive Chairman on 1 December 2017 at which point Michael Bretherton moved over to become Chief Executive Officer. James Ede-Golightly, who has a wealth of experience across a variety of international businesses, also joined the board as a non-executive director of Sarossa from 1 April 2018.

In addition, Jonathan Morley-Kirk stepped down from the board as a non-executive director at the end of January 2018 and I thank him for his service to the Company.

Corporate Event Proposals

As set out in the Notice of Annual General Meeting ("AGM") dated today, 1 October 2018, we are proposing to implement both a share consolidation and a tender offer.

The proposed share consolidation is in order to achieve a shareholder structure that is more appropriate for a private company of Sarossa's size and to reduce the burden of a large number of shareholders retaining interests in the Company of minimal value, whilst also providing small shareholders with a proposed liquidity opportunity through the sale of their fractional entitlements. The proposed share consolidation is subject to shareholder approval at the AGM and would result in a consolidation of the Company's ordinary shares on the basis of one new ordinary share of £100 for every ten thousand existing ordinary shares. Subject to passing of the required resolutions at the AGM, the proposed effective date for the share consolidation will be 29 October 2018.

In addition, if the share consolidation resolutions are passed, we would also like to offer all shareholders with a liquidity opportunity under a tender offer enabling the Company to buy back up to an equivalent of 6,930 new ordinary shares (representing an equivalent of approximately 15% of the 46,201 shares that would be in issue post the share consolidation) at a tender price £155 per new ordinary share (equivalent to 1.55 pence per existing ordinary share).

In the week following the Share Consolidation, the Board proposes to use its power under the articles of association of the Company to sell all Fractional Entitlements at the best available price. To ensure that this price is at least equal to a pro rata proportion of the £155 Tender Price, the Board has secured a commitment from Blake Holdings Limited (a controlled undertaking of the Company's major shareholder, Richard Griffiths), to purchase all Fractional Entitlements that the Board resolves to sell to it at such pro rata proportion of the Tender Price.

The share consolidation is expected to generate fractional entitlements with a total aggregate value of not less than £54,070 and to result in a reduction in the number of registered shareholders from 1,560 to approximately 343.

Given that the maximum number of shares which may be bought back under the tender offer is 6,930 new ordinary shares (having a value at the tender price of a maximum tender offer amount of £1.07 million) and taking in to account that irrevocable undertakings to not accept the tender offer have been received from all of the Company's directors, shareholders may have their applications scaled back by up to 60.5% if the tender offer is oversubscribed.

The basis of any scaling back will be pro rata, save that to avoid registered shareholders who tender all of their shares being left with very small numbers of shares following any scaling back of applications, registered shareholders who tender all of their shares where they hold 10 new ordinary shares or less (having a value of £1,550 or less at the tender price) will not have their applications scaled back.

The funds required for the tender offer will be financed by the Company from its existing cash and liquid investment resources. Shares purchased under the tender offer will be cancelled and not reissued.

It is expected that payments in respect of the sale of fractional entitlements will be made by 9 November 2018 and that payments in respect of successful applications received under the tender offer will be made by 14 December 2018.

Investment portfolio update

Sarossa is an investment holding and management company whose principal activity is the investment in businesses which present opportunities for value creation. The Company is focused mainly 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. This has been used to develop a broad pipeline of product candidates in a number of therapeutic areas. Silence's lead candidate, SLN124, is progressing well, with the first patient anticipated to be entered into a Phase 1b study in H2 of 2019. The company has also licensed out its AtuRNAi technology to Quark Pharmaceuticals which is using this to develop acute kidney injury products under license with Novartis and which will shortly move in to Phase 3 trial testing. In July 2018, Silence appointed a new and experienced CEO in the form of David Horn Solomon and has reported a strong balance sheet with cash and deposits of £34.3 million at 30 June 2018. Gene-silencing as a therapeutic modality was granted its first drug approval by the FDA on 10 August 2018 for partisiran, validating RNAi as a class of drugs that have a clear path to market. Silence has issued, in the UK high court, a claim for declaratory relief against certain products of Alnylam Pharmaceuticals, including partisiran, where Silence believes that its patent estate is being infringed. Sarossa's shareholding at 30 June 2018 was, and continues to be, 3.13 per cent. of the issued share capital of Silence.

Cambian Group Plc ("Cambian") is an AIM listed company providing specialist behavioural health services for children in the UK. The company's interim report to 30 June 2017 showed revenues on continuing operations in the half year of £100.6 million and cash balances of £122.3 million at that date, subsequent to which the company made a special distribution of £50.0 million to shareholders in September 2017. Following a strong performance for the year to 31 December 2017 which exceeded the boards expectations, cash balances of £82.0 million were partially used to make a further special distribution of £15.0 million to shareholders in February 2018. On 16 August 2018 the company announced that an offer had been agreed for the company from Caretech Holdings Plc, which valued the shares at £2.00 per share under a cash and share offer and at £1.90 per share under a full cash offer alternative. The approvals regarding this possible offer were ongoing as at the date of the release of this report. Sarossa's shareholding in Cambian at 30 June 2018 was, and continues to be, 1.47% of the issued share capital of Cambian.

Chairman's Statement (continued)

Petrofac Limited ("Petrofac") is listed on the Main Market of the London Stock Exchange and is a multinational service provider to the oil and gas production and processing industry. The company, which has 31 offices and around 13,500 staff worldwide, designs, builds, operates and maintains oil and gas facilities with a focus on delivering first class project execution, cost control and effective risk management. For the half year ended 30 June 2018, Petrofac reported a profit of US $190 million before exceptional items on revenue of US $2.785 billion. During that period, the company incurred exceptional costs of US $207 million on mainly the further write down of a for sale installation vessel, its Mexico operations and its interests in the Greater Stella Area development and which resulted in a reported loss after tax of US $17 million for the half year. Petrofac is continuing to secure new order intake and to de-leverage its balance sheet through disposals of non-core operations. Sarossa's shareholding at 30 June 2018 was, and continues to be, 0.22 per cent. of the issued share capital of Petrofac.

Plant Health Care Plc ('PHC') which is AIM listed, is a leading provider of novel patent protected biological products to the global agriculture markets. The company has a portfolio of established products based on its proprietary Harpin and Myconate® technologies. PHC's products increase crop yields by enhancing natural processes within the plant. PHC is also focused on the discovery and development of new patent-protected products and the company has 3 new peptide platform technologies that selectively activate the innate growth and defence mechanisms of crop plants, comprising; Innatus 3G, T-Rex 3G and Y-Max 3G and has signed agreements with seven agrochemical companies to evaluate these peptide product platforms. A trading statement on 16 July 2018 reported that the company expects to achieve 30% revenue growth over 2017. Field studies of Harpin on sugarcane in Brazil recently delivered a 20% yield increase which has led to much interest, with further field studies on corn in the US due to take place in the US in the second half of 2018. Cash balances at 30 June 2018 were $6.1 million and the company's commercial operations are continuing to show growth with the company announcing that it expects to be cashflow positive in 2020. The company raised cash of £5.0 million in February 2018 through a placing of shares and Sarossa invested £0.26 million in that placing. Sarossa's shareholding at 30 June 2018 was, and continues to be, 6.33%.

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

Outlook

Globally, equity markets have made further gains over the last 6 months, supported by global economic growth and solid corporate earnings. Looking ahead, however, there continue to remain threats to sustaining that growth, including the UK's imminent departure from the EU in March 2019 and the implications of an escalating trade war between the US, China and others, together with the potential for further interest rate rises by US and European central banks.

Your Board remains confident that a focus on the underlying fundamentals, technologies and potential for growth at the companies within our investment portfolio will deliver additional value for our shareholders. We will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge.

Richard Griffiths
Chairman

1 October 2018

Strategic Report

The Directors present their Strategic Report with the Financial Statements for Sarossa Plc ('Sarossa' or 'the Company') for the year ended 30 June 2018.

Principal activity and business model

Sarossa is an investment holding and management company whose principal activity is the 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 Company's performance and future prospects is included in the Chairman's Statement on pages 2 to 3.

Share capital and funding

Full details of the Company's share capital movements are given in Note 13 of the financial statements. The Company has an authorised share capital of 1,000,000,000 ordinary shares of 1p each, of which 462,008,478 were in issue at both 30 June 2017 and the current 30 June 2018 financial year end.

Financial review

The Financial Statements have been prepared for the year to 30 June 2018.

Key performance indicators

Key performance indicators are set out below:

	30 June 2018	**30 June 2017**
Net assets (£ million)	15.72	13.73
Net asset value per share (pence)	3.40	2.97
Profit after tax (£ million)	1.99	2.87
Operating profit (£ million)	1.98	2.85
Cash and short term deposits with banks (£ million)	0.14	4.65

Profit and loss

The profit after tax for the year ended 30 June 2018 was £1.99 million compared to a profit of £2.87 million in the previous year. Profitability in the current year is due principally to dividend income and increases in the market prices of the portfolio investments.

Administrative costs were £0.48 million for the year compared to £0.34 million in the prior year. The increase in overhead costs is associated with the increase in the number of executive directors and investment consultancy fees.

Interest from deposits for the year amounted to £0.03 million versus £0.02 million in the previous year.

Strategic Report (continued)

Balance Sheet
Net assets at 30 June 2018 amounted to £15.72 million compared with £13.73 million at 30 June 2017.

The carrying value of portfolio investments at 30 June 2018 was £15.58 million represented by 6 AIM quoted investment holdings (30 June 2017: £9.10 million represented by 5 quoted holdings).

Cash and short-term deposit balances were £0.14 million at 30 June 2018 compared to cash and short term deposit balances of £4.65 million at 30 June 2017.

Cash flow
The Company's overall cash and short-term deposits position decreased by £4.51 million during the year. This decrease mainly reflects £5.98 million spent on the purchase of additional shares in portfolio investments, partially offset by £0.79 million generated from the disposal of investments, together with other cash inflows of £0.68 million in respect of dividends, interest, overheads and working capital movements.

Directors and employees
The Company has 3 employees, all of whom are male and 2 of whom are directors. The Company also has 2 non-executive directors. The profile of the directors and their remuneration is detailed in the Directors' Report on pages 8 and 9.

Risk review
Risk management
The Company's risk management objectives and exposure to various risks are detailed in Note 12.

The main risks arising from the Company'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 Company is exposed to market price risk in respect of its portfolio investments. The Company 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 Company 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 mitigated partially by using an element of fixed-rate accounts and short term deposits.

Credit risk
The Company's principal financial assets are its portfolio investments, its bank balances and cash held on deposit with institutions. The Company 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 Company seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Company had cash, cash equivalents and short-term deposit balances of £0.14 million as at 30 June 2018 (2017: £4.65 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, the liquidity of portfolio investments and the low running cost base of the Company ensures that the going concern assumption remains valid.

External risks

The recent polarisation of politics at a national level across many major economies has raised the prospect of materially different economic models potentially being implemented in the near to medium term. The uncertainty regarding the future adoption of such divergent economic models, and their potential implication on the interconnected global economy, continues to impact the markets in which the Company operates, both in terms of investment valuations and the risk to the operations and growth potential of investment portfolio companies. The key risk factors to growth are currently perceived to be the outcome of negotiations as the UK departs from the EU, an end to government fiscal stimulus, the increasing likelihood of a trade war between the US and China and globally and rising levels of governmental and personal debts and perceived economic inequality.

Future developments

The Board shall continue to seek to maximise capital growth for shareholders going forward through the application of a balanced and realistic investment criteria and through exploiting market opportunity.

Approved on behalf of the Board

Michael Bretherton

1 October 2018

Directors' Report

The Directors present their report and the audited financial statements for Sarossa Plc ('Sarossa or 'the Company') for the year ended 30 June 2018.

Sarossa Plc was incorporated in Jersey on 7 March 2014.

Principal activity
Sarossa is an investment holding and management company whose principal activity is the investment in and growth and development of businesses which present opportunities for value creation. Further information on the principal activity is given in the Strategic Report on pages 5 to 7.

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

Results and dividends
The profit and total comprehensive income for the year ended 30 June 2018 was £1.99 million (2017: profit and total comprehensive income of £2.87 million).

No interim dividend (2017: £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 2018 (2017: £nil).

Share Capital
Full details of the Company's share capital movements are given in Note 13 of the financial statements. Subsequent to the 30 June 2018 period end, the Company issued a further 1,522 ordinary shares at a price of 1.55 pence per share ahead of the proposed share consolidation referred to in the Chairman's statement.

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

Executive Director	Non-Executive Directors
Richard Griffths (Appointed 1 December 2017)	Ross Hollyman
Michael Bretherton	Jonathan Morley-Kirk (Resigned 31 January 2018)
	James Ede-Golightly (Appointed 1 April 2018)

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	2018 Total £'000	2017 Total £'000
Richard Griffiths	73	3	76	–
Michael Bretherton	125	6	131	131
Ross Hollyman	15	–	15	15
Jonathan Morley-Kirk	16	–	16	15
James Ede-Golightly	6	1	7	–
	235	10	246	161

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 James Ede-Golightly, are engaged 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 2018 are given below:

	Ordinary shares of 1p each	
	30 June 2018	**30 June 2017**
Richard Griffiths	274,087,430	272,394,961
Michael Bretherton	11,470,540	9,744,140
James Ede-Golightly	952,037	952,037
Ross Hollyman	–	–

Profile of the directors
Richard Griffiths, Chairman
Richard was appointed Chairman on 1 December 2017. He has had a long career founding, running, investing and advising growth companies. Previously he was founder and Executive Chairman of the Evolution Group Plc, a diversified financial group, taking it from start up to FTSE 250 membership within 5 years. Richard subsequently went on to found ORA Capital Partners Plc in 2006. Richard has also been a venture or strategic investor in many successful UK companies including IP Group, Nanoco Technologies, Tissue Regenix, GVC, Oxford Nanopore and Plectrum Petroleum (sold to Cairn Energy). He maintains a keen interest in farming, sport and philanthropic initiatives.

Michael Bretherton, Chief Executive Officer
Michael was originally appointed as a non-executive Director and later took on the role of Finance Director in January 2012, before being appointed Chairman in October 2012. He subsequently took on the role of Chief Executive on 1 December 2017 at which time Richard Griffiths joined as Chairman. Michael is a non-executive director of two 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 ten years, including ORA Capital Partners Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for 7 years in London and the Middle East.

James Ede-Golightly, Non-Executive Director
James Ede-Golightly was appointed as a non-executive Director on 1 April 2018. He is chairman of East Balkan Properties Plc and Oxford Advanced Surfaces Ltd and non-executive Chairman of Deepmatter Group Plc. James has extensive experience as a non-executive on the boards of AIM-quoted companies with international business interests. James was a founder of ORA Capital Partners Plc in 2006, having previously worked as an analyst at Merrill Lynch Investment Managers and Commerzbank. He is a CFA Charterholder and holds an MA in economics from Cambridge University. In 2012, he was awarded New Chartered Director of the Year by the Institute of Directors.

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.

Directors' Report (continued)

Substantial shareholdings

As referred to in the Chairman's Statement, following Blake Holdings Limited's mandatory cash bid to Company shareholders Richard Griffiths now indirectly and individually exercises control over the Company. Richard Griffiths holding in the Company, along with those who had an interest in 3% or more of the issued ordinary share capital of the Company as at 28 September 2018, as far as the Directors are aware, is as follows:

Shareholder	Number of ordinary shares	% Holding
Mr Richard Griffiths and controlled undertakings	274,087,430	59.32
Mr D H Richardson	35,636,462	7.71

Corporate governance

The Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2014. As a consequence, the Company follows the Quoted Companies Alliance ("QCA") Corporate Governance Code to the extent that they consider the principles appropriate for the Company's size and nature.

The Board

The Board comprises currently of two executive Directors 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 James Ede-Golightly, 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 James Ede-Golightly.

The remuneration of non-executive Directors shall be a matter for the executive Directors 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 2018, the Company had £0.14m (2017: £4.65m) of cash, cash equivalents and short term deposits available to it. The Directors have considered their obligations in relation to the assessment of the going concern of the Company and have reviewed the liquidity of the portfolio investments and the current budget cash forecasts and assumptions as well as the main risk factors facing the Company.

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

Risk management
The Company's risk management objectives and exposure are detailed in the Strategic Report on pages 5 to 7 and in Note 12 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 Company 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 Company 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 Company does not have a standard policy that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Company represented 10 days purchases (2017: 29 days).

Annual General Meeting
The next Annual General Meeting will take place on 26 October 2018 at 11.00 am 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.

The Directors are required by the Companies (Jersey) Law 1991 to prepare Company financial statements for each financial period in accordance with generally accepted accounting principles. The directors have elected under Jersey Company law, to prepare Company financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

The Company financial statements are required by law to give a true and fair view, and are required by IFRS adopted by the EU to present fairly, the financial position and performance of the Company.

Directors' Report (continued)

In preparing the financial statements, the Directors should:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are properly prepared and in accordance with the Companies (Jersey) Law 1991. They are also responsible 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 confirm that they have complied with the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken 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.

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

Michael Bretherton

1 October 2018

Independent Auditors' Report to the Members of Sarossa Plc

Opinion

We have audited the financial statements of Sarossa Plc (the 'Company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- are in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 12, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company 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.

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 12 the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Adam Budworth

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

1 October 2018

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Gain on portfolio investments	2	1,297	3,085
Dividend income	2	1,163	109
Gross investment return		2,460	3,194
Administrative expenses		(478)	(342)
Operating profit	6	1,982	2,852
Finance income	5	3	18
Profit before taxation		1,985	2,870
Taxation	7	–	–
Profit for the year and total comprehensive income		1,985	2,870
Earnings per ordinary share			
Basic and diluted	8	0.43p	0.62p

There are no other comprehensive income items.

Statement of Changes in Equity

as at 30 June 2018

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Other Reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 30 June 2016		4,620	1,774	–	4,468	10,862
Total comprehensive income for the year		–	–	–	2,870	2,870
At 30 June 2017		4,620	1,774	–	7,338	13,732
Total comprehensive income for the year		–	–	–	1,985	1,985
At 30 June 2018		4,620	1,774	–	9,323	15,717

Statement of Financial Position

at 30 June 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Portfolio Investments	9	15,582	9,103
		15,582	9,103
Current assets			
Other receivables	10	28	24
Cash and cash equivalents	12	143	4,649
		171	4,673
Total assets		15,753	13,776
Liabilities			
Current liabilities			
Trade and other payables	11	(36)	(44)
Total liabilities		(36)	(44)
Net current assets		135	4,629
Net assets		15,717	13,732
Shareholders' equity			
Share capital	13	4,620	4,620
Capital redemption reserve	14	1,774	1,774
Retained earnings reserve	15	9,323	7,338
Total shareholders' equity		15,717	13,732

The financial statements on pages 15 to 28 were approved by the Board of Directors and authorised for issue on 1 October 2018 and signed on its behalf by

Michael Bretherton
Chief Executive Officer

Company number – 115158

Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit before tax		1,985	2,870
Adjustments for:			
Finance income	5	(3)	(18)
Realised gain on sale of portfolio investments		(5)	(1,421)
Unrealised gain on revaluation of portfolio investments	9	(1,292)	(1,664)
Operating cash inflows/(outflows) before movement in working capital		685	(233)
Purchase of portfolio investments	9	(5,980)	(3,979)
Proceeds from sales of investments		798	6,025
Increase in trade and other receivables		(4)	-
Decrease in trade and other payables		(8)	(60)
Cash (used)/generated in operations		(4,509)	1,753
Interest received	5	3	18
Net cash (used)/generated in operating activities		(4,506)	1,771
Net (decrease)/increase in cash and cash equivalents		(4,506)	1,771
Cash, cash equivalents at beginning of year		4,649	2,878
Cash and cash equivalents at end of year		143	4,649
Cash, cash equivalents and short term deposits at end of year	12	143	4,649

Notes to the 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 registered office of Sarossa Plc is Floor 1 Liberation Station, The Esplanade, St Helier, Jersey JE2 3AS.

Basis of preparation

The 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 Company.

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 2017, or for the Company's annual reporting period beginning 1 July 2017.

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 Company's accounting policies. The Notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted investments. These are valued at closing bid market price and in accordance with IFRS, no discount is applied for liquidity of the stock or any dealing restrictions. However, it may not always be possible to trade at the quoted bid market price. Quoted portfolio investments are carried in the financial statements as at 30 June 2018 at a valuation of £15.58 million (2017: 9.10 million). For further detail see Note 9.

Investment portfolio assets

Investment assets that are held by the Company 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.

1. Principal accounting policies (continued)

- 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 Company 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.

Derivative trading assets
Purchases and sales of derivative financial instruments are recognised at the trade date which is the date that the Company became a party to the contractual provisions of the instrument. The Company 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 the Statement of Comprehensive Income 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 Company 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.

Notes to the Financial Statements (continued)

1. **Principal accounting policies** (continued)

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 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 Company intends to settle its current tax assets and liabilities on a net basis.

Income

Income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and other sales related taxes. The Company 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 Company.

(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.

1. Principal accounting policies (continued)

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 the Company 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 Company 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 any foreign operations are translated into the Company'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 functional and presentational currency of 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 Company 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 Company in the two years ended 30 June 2018 were:

	2018 £'000	2017 £'000
Unrealised gain on revaluation of portfolio investments	1,292	1,664
Gain on disposal of portfolio investments	5	1,421
Gain on portfolio investments	1,297	3,085
Dividend income	1,163	109
Gross investment return	2,460	3,194

Geographic Information

Portfolio return and revenue from external customers were:

	2018 £'000	2017 £'000
Jersey (country of domicile)	2,460	3,194

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

Notes to the Financial Statements (continued)

3. Directors' emoluments

Directors' emoluments receivable by Directors of Sarossa Plc from the Company are as follows:

	2018 £'000	2017 £'000
Aggregate emoluments		
Gross emoluments and benefits	246	161
Highest-paid Director		
Emoluments and benefits	131	131

4. Employee information

The monthly average number of persons, (excluding non-executive directors who are engaged on service agreements), employed by the Company during the year was:

	2018	2017
By activity		
Administration	2.83	2.00

The cost relating to the above employees and all directors including non-executive directors is as follows:

	2018 £'000	2017 £'000
Staff costs		
Wages and salaries	315	225
Social security costs	9	8
Employee benefit	11	6
	335	240

5. Finance income

	2018 £'000	2017 £'000
On cash and cash equivalents	3	18
Total interest income	3	18

6. Operating profit

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

	2018 £'000	2017 £'000
Auditors' remuneration (see below)	14	16
Auditors' remuneration		
Fees payable to Company auditor for the audit of the Company financial statements	14	16
	14	16

7. Taxation

a) Tax charges and credits in the Income Statement

	2018 £'000	2017 £'000
Current tax on profit for the year	–	–
Deferred tax	–	–
Tax charge for the year	–	–

The tax on the Company's profit or loss before tax does not differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	2018 £'000	2017 £'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:		
Profit on ordinary activities before taxation	1,985	2,870
Profit on ordinary activities multiplied by the standard rate of income tax at nil%	–	–
Jersey tax charge for the year	–	–

8. Earnings per share

Earnings per ordinary share	2018	2017
Profit for the year (£'000)	1,985	2,870
Weighted average number of shares ('000)	462,008	462,008
Basic earnings per ordinary share	0.43p	0.62p
Diluted earnings per ordinary share	0.43p	0.62p

Basic 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 2016	8,064
Additions in the year	3,979
Investment disposals	(4,604)
Unrealised gain on the revaluation of investments	1,664
Fair value at 30 June 2017	9,103
Additions in the year	5,980
Investment disposals	(793)
Unrealised gain on the revaluation of investments	1,292
Fair value at 30 June 2018	15,582

Notes to the Financial Statements (continued)

10. Other receivables

	2018 £'000	2017 £'000
Other receivables	15	15
Prepayments and accrued income	13	9
	28	24

The Company 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.

11. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	4	8
Other payables	12	8
Accruals	20	28
	36	44

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

12. Financial risk & capital management

The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company'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 Company is exposed to market price risk in respect of its portfolio investments and its derivative financial instruments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

The Company 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 Company's investment portfolio are given in note 9 to the financial statements.

Price risk sensitivity

The table below summarises the impact on the Company'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

	2018 £'000	2017 £'000
Portfolio investments	1,558	910

12. Financial risk & capital management (continued)

ii) Interest rate risk

The Company has no borrowings and 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 Company, 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 Company's liquidity needs.

Interest rate sensitivity

The principal impact to the Company 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.

		2018			2017	
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash, cash equivalents and short term deposits	143	–	143	2,016	2,633	4,649

At 30 June 2018, 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 an immaterial amount as a result of higher/lower interest received on floating rate cash deposits.

iii) Currency risk profile

In prior periods, the Company 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 Company manages its foreign exchange risk at Board level.

	Cash and cash equivalents 2018 £'000	Trade & other receivables 2018 £'000	Cash and cash equivalents 2017 £'000	Trade & other receivables 2017 £'000
GB Pounds Sterling	143	28	4,649	24
	143	28	4,649	24

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 would have an immaterial impact on the pre-tax result for the year and on equity.

Management of credit risk

The Company'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 Company 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.

Notes to the Financial Statements (continued)

12. Financial risk & capital management (continued)

Credit risk sensitivity

	2018 £'000	2017 £'000
Cash, cash equivalents and short term deposits		
A	88	2,905
No rating provided*	55	1,744
	143	4,649

*These monies are held with a reputable international brokerages.

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

	Cash and receivables £'000	Financial assets at fair value through profit and loss £'000	Total £'000
Portfolio investments	–	15,582	15,582
Other receivables	15	–	15
Cash and cash equivalents	143	–	143
Net total at 30 June 2018	158	15,582	15,740
Portfolio investments	–	9,103	9,103
Other receivables	15	–	15
Cash and cash equivalents	4,649	–	4,649
Net total at 30 June 2017	4,664	9,103	13,767

The Company does not consider that any changes in the 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 Company 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 Company 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 Company had cash, cash equivalents and short term deposits at 30 June 2017 as set out below:

	2018 £'000	2017 £'000
Instant access	143	2,633
Maturing in 1 - 3 months	–	2,016
	143	4,649

At 30 June 2018 and 30 June 2017, with the exception of investment portfolio assets, all financial assets and liabilities mature for payment within one year.

12. Financial risk & capital management (continued)

Capital Management

The Company's policy is to maintain a strong capital base. The Company manages all elements of shareholder's equity as financial capital, and seeks to increase this figure as a stated business objective over the medium to long term. The Company is entirely equity financed with no external capital requirements imposed upon it. In order to preserve capital the Company 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 Company's net asset value is monitored on an ongoing basis.

	30 June 2018 £'000	30 June 2017 £'000
Capital (net assets/shareholders' equity)	15,717	13,732
Increase from prior year	14.5%	26.4%

13. Share capital

Ordinary Shares	Number	£'000
Authorised ordinary shares of 1p:		
At 30 June 2017 and 30 June 2018	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 and 30 June 2017 and 30 June 2018	462,008,478	4,620

Subsequent to the 30 June 2018 period end, the Company issued a further 1,522 ordinary shares at a price of 1.55 pence per share, resulting in the Company's issued share capital totalling 462,010,000.

14. Equity capital and capital redemption reserve

	Share Capital £'000	Capital Redemption Reserve £'000
At 30 June 2017 and 30 June 2018	4,620	1,774

The capital redemption reserve arose on the buyback of the Company's own shares, as referred to in Note 13 above.

15. Retained earnings surplus

	Note	2018 £'000	2017 £'000
At 1 July		7,338	4,468
Profit for the year		1,985	2,870
At 30 June		9,323	7,338

Notes to the Financial Statements (continued)

16. Related party transactions

Transactions with related parties:

Purchases from and sales to 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 Statement of Comprehensive Income in respect of related parties:

During the year ended 30 June 2018, employee benefit costs of £15,600 (2017: nil) were charged by ORA Limited, an entity which has the same controlling shareholder as Sarossa Plc. The outstanding balance owed by Sarossa to this related party at 30 June 2018 was £nil (2017: £nil).

Directors' remuneration

The remuneration of the individual Directors is provided in the Directors' Report on page 8 and is also disclosed in Note 3. The Directors are also considered to be the key management of the Company.

17. Ultimate parent company

The ultimate parent company of Sarossa Plc, by virtue of its shareholding, is Blake Holdings Limited; a Jersey company controlled by Richard Griffiths.

18. Events after the balance sheet date

Subsequent to the 30 June 2018 period end, the Company issued a further 1,522 ordinary shares at a price of 1.55 pence per share, ahead of the proposed share consolidation referred to in the Chairman's Statement, resulting in the Company's issued share capital totalling 462,010,000.

Perivan Financial Print 251612

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

Incorporated in Jersey with registered no. 115158