SAROSSA

ANNUAL REPORT 2019

Directors, Officer and Advisers

DIRECTORS

RICHARD GRIFFITHS	CHAIRMAN
MICHAEL BRETHERTON	CHIEF EXECUTIVE OFFICER
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
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JE1 1ET

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

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Chairman's Statement

Sarossa Plc ('Sarossa' or 'the Company') experienced a challenging financial year to 30 June 2019, incurring a negative investment return of £(2.64) million and a loss after tax for the year of £(3.26) million compared to a profit of £1.99 million in the previous year.

The loss for the year included unrealised losses of £(4.24) million on the value of portfolio investments, partially offset by realised investment gains of £1.30 million and dividend income of £0.31 million (2018: total investment gains of £1.30 million and dividends of £1.16 million). Administrative expenses of £(0.62) million (2018: administrative expenses of £(0.48) million) were incurred for the year.

During the year, the Company spent £6.21 million on additional portfolio investments and realised proceeds of £8.00 million from the sale of portfolio investments. The Company holds currently 7 portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2019 was £10.84 million (30 June 2018: £15.58 million represented by 6 quoted holdings).

Cash balances at 30 June 2019 amounted to £0.66 million (30 June 2018: £0.14 million).

Net assets attributable to holders of Sarossa at 30 June 2019 were £11.50 million (equivalent to £288 per share) compared with £15.72 million (equivalent to £340 per share) at the previous year end. The decrease in net assets per share reflects the loss of £(3.26) million incurred in the year together with £0.97 million of cash spent on the purchase and cancellation of the Company's own shares.

Share Consolidation and Tender Offer

The Company implemented a consolidation of its ordinary shares on 29 October 2018 on the basis of one new share of £100 for every ten thousand existing shares of 1 pence held. This was undertaken 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 of less than ten thousand existing shares with a liquidity opportunity through the sale of their fractional entitlements at a pro rata proportion of the £155 tender offer price referred to below.

In addition, all remaining shareholders were subsequently also provided with a liquidity opportunity through a tender offer buyback completed on 14 December 2018 at a tender offer price of £155 per new share. Under this, a total of 6,239 shares were repurchased by the Company at a total cost of £0.97 million and those shares were then cancelled.

Following both of these capital transactions, Sarossa now has an authorised share capital of 100,000 ordinary shares of £100, of which 39,962 of these shares are in issue.

Board Changes

Ross Hollyman resigned as a non-executive director from the board of Sarossa on 31 December 2018 following his decision to return to the UK. I thank Ross for his contribution to the Company and wish him well for the future.

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% or where the value of the investment comprises at least 10% of Sarossa's net asset value, is given below:

Silence Therapeutics Plc ('Silence'), which is AIM listed is developing a new generation of medicines by harnessing the body's natural mechanism of RNA interference, or RNAi, within its cells. Its proprietary technology can selectively inhibit any gene in the genome, specifically silencing the production of disease causing proteins. The technology is being used to develop a broad pipeline of product candidates in a number of therapeutic areas. The interim results to 30 June 2019 saw Silence deliver a 6 month loss after tax of £8.2 million, driven primarily by an increase in R&D spend on the progression of its lead candidate, SLN124, which has been granted Orphan Drug Designation by the European

Medicines Agency, and for which there is an expectation to dose the first clinical trial patients in H2 2019. In July 2019, Silence also announced a collaboration with Mallinckrodt plc that will allow the companies to develop and commercialise RNAi drug targets designed to inhibit or 'silence' the complement cascade, a group of proteins that are involved in the immune system and that play a role in the development of inflammation. The collaboration provides for Mallinckrodt to pay Silence an upfront amount of US $20 million and Silence is also eligible to receive further payments on achievement of research milestones, in addition to funding for Phase 1 clinical development, as well as potential commercial milestone payments of many hundreds of US $ millions. Mallinckrodt also paid Silence subscription monies of £4.0 million for a 6.5 per. cent holding in the company. Following this collaboration and investment, Silence reported net cash balances of £36.0 million as at 31 August 2019. Sarossa's shareholding at 30 June 2019 was 3.03% of the issued share capital of Silence but this was subsequently diluted to 2.84% consequent to the Mallinckrodt subscription.

Caretech Holdings Plc ("Caretech") is an AIM listed leading provider of specialist residential care home and social care services, supporting adults and children with a wide range of complex needs in the UK. Caretech successfully completed the acquisition of Cambian Group Plc in October 2018 for £278.5 million, net of cash acquired. Following completion, the more diversified and enlarged company has been focused on integration of the two businesses and achieving cost synergies. CareTech now has a national presence with around 10,000 staff supporting some 4,500 vulnerable young people and adults providing innovative care pathways covering adult learning and disabilities, mental health, young people's residential services, foster care and learning services. For the 6 months ended 31 March 2019 revenue increased to £192.5 million and underlying profit before tax increased to £20.7 million before acquisition and integration costs. Sarossa's shareholding at 30 June 2019 was, and continues to be, 0.66% of the issued share capital of Caretech.

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 six months ended 30 June 2019, Petrofac reported a profit of US $139 million on revenue of US $2.82 billion. The company reported having focused on the continued divestment of non-core assets, cost reductions and digitization. Petrofac had net cash balances of $69 million as at 30 June 2019 and declared an unchanged interim dividend of 12.7 US cents per share. Petrofac continues to secure new order intake and its order backlog stood at US $8.6 billion at 30 June 2019.Sarossa's shareholding at 30 June 2019 was 0.19% of the issued share capital of Petrofac, falling to 0.13 per cent. in September 2019 following a partial disposal of shares.

IWG Plc ('IWG') is a FTSE 250 listed global provider of flexible workspaces and related services which is well placed to take advantage of digitization and the rapid acceleration of new technologies that are transforming the work place and enabling people to plug in and work from anywhere. The company is focused on franchising as a key long-term growth driver and in May 2019, the company divested its Japanese operations to TKP Corporation ('TKP') for £320 million under a long-term master franchise agreement which gives TKP exclusive rights to the use of the Regus, Spaces and OpenOffice brands in Japan. In addition, during the six months to 30 June 2019, IWG added six other new franchise partners and commitments for over 180 locations. This brings the total number of franchise partners to 24 across 18 countries and combined commitments for over 300 locations. The interim trading results to 30 June 2019 reported a profit after tax of £294.9 million on global revenues of £1.30 billion. In August 2019, the company also announced a £100 million share buyback program. Sarossa's shareholding in IWG at 30 June 2019 was 0.07%, falling to 0.06% in August 2019 following a partial disposal of shares.

Plant Health Care Plc ('PHC'), which is AIM listed, is a leading provider of novel patent-protected biological products to the global agriculture markets. PHC's proprietary products protect plants against disease and increase crop yields and quality by enhancing natural processes within the plant. Sales from the company's lead product, Harpin®, contributed to revenues of $2.7 million for the six months to 30 June 2019. An increased focus on cost control and the commercial arm of the business resulted in a reduced loss for the six month period to 30 June 2019 of ($2.8) million (six months to 30 June 2018 ($5.0) million). The launch of Harpin into the size-able US corn and Brazilian sugar cane markets during 2018, together with the recent securement of a new distribution agreement with the Wilbur-Ellis company, are expected to accelerate revenue growth further through 2019. PHC also has a new technology segment focused on its PREtec (Plant Response Elicitor technology platform) used to selectively activate the innate growth and defence mechanisms of crop plants. A number of PREtec products are being tested by top agrochemical/seed companies and PHC announced in August 2019 that its PREtec peptide PHC279 improved the control of Asian Soybean Rust disease by up to 45% and that yields of soybeans were increased by up to 16% when compared with foliar fungicide programs alone. Based on

Chairman's Statement (continued)

these positive results, PHC intends to seek a fast track product registration and is making plans to produce PHC279 at commercial scale. PHC had cash and liquid investment balances of US $1.4 million as at 30 June 2019. PHC is rebalancing its resources to prioritise profitable growth from the commercial operations of the company with the aim of achieving cash breakeven within existing cash resources. Sarossa's shareholding at 30 June 2019 was, and continues to be, 6.33%.

In addition to the above, Sarossa has 2 further AIM listed holdings of below 3%, the first is in a profitable zinc and gold mining company with Chinese based interests and the second is in an African focused gold mining operation.

Outlook

The balance of risks in terms of business confidence and investor sentiment are considered to be weighted towards the downside in the near to medium term despite a change in direction at the US Federal reserve which has backtracked from its tightening monetary policy. However, US trade tensions with China continue, and the possibility for further escalation and contagion remain. Slowing growth and the potential for a recession in Germany are also issues facing the Eurozone, combined with the continuing uncertainty surrounding the terms of the UK's imminent departure from the EU. These considerations have the potential to deliver volatility in stock markets and asset prices moving forward.

Against this economic backdrop, your Board will continue to maintain a rigorous and highly selective investment approach which is committed to delivering additional value for shareholders going forward. We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio.

Richard Griffiths
Chairman

4 October 2019

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 2019.

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% 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 4.

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 100,000 ordinary shares of £100 each, of which 39,962 were in issue at the 30 June 2019 financial year end.

Financial review
The Financial Statements have been prepared for the year to 30 June 2019.

Key performance indicators
Key performance indicators are set out below:

	30 June 2019	30 June 2018
Net assets (£ million)	11.50	15.72
Net asset value per share (£)	287.67	340.19
(Loss)/profit after tax (£ million)	(3.26)	1.99
Cash and short term deposits with banks (£ million)	0.66	0.14

Profit and loss
The loss after tax for the year ended 30 June 2019 was (£3.26) million compared to a profit of £1.99 million in the previous year. The result for the current year is due principally to decreases in the market prices of the portfolio investments.

Administrative costs were £0.62 million for the year compared to £0.48 million in the prior year. The increase in overhead costs reflects a full year of incurring an additional executive director's salary and third party investment consultancy fees.

Interest from deposits for the year amounted to £0.01 million versus £0.03 million in the previous year.

Strategic Report (continued)

Balance Sheet
Net assets at 30 June 2019 amounted to £11.50 million compared with £15.72 million at 30 June 2018.

The carrying value of portfolio investments at 30 June 2019 was £10.84 million represented by 7 quoted investment holdings (30 June 2018: £15.58 million represented by 6 quoted holdings).

Cash and short-term deposit balances were £0.66 million at 30 June 2019 compared to cash and short term deposit balances of £0.14 million at 30 June 2018.

Cash flow
The Company's overall cash and short-term deposits position increased by £0.51 million during the year. This increase mainly reflects £8.00 million generated from the disposal of investments and £0.31 million received in dividend income, partially offset by (£6.21) million spent on the purchase of additional shares in portfolio investments and (£0.97) million spent on share buy-backs, together with other cash outflows of (£0.62) million in respect of mainly 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 1 non-executive director. 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 acceptable.

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 £0.66 million as at 30 June 2019 (2018: £0.14 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 relatively low running cost base of the Company ensures that the going concern assumption remains valid.

External risks
The key risk factors to growth remain largely unchanged and are perceived to be; the outcome of negotiations as the UK departs from the EU, continued trade tensions between the US and China and the potential for global contagion, and the inherent impact of changing consumer trends and the advent and adoption of new commercial technologies. In addition, persistent levels of governmental and personal debt, the continued effectiveness of government fiscal stimulus policies, perceived economic inequality and pressure for radical action in respect of climate change should all contribute to materially dampen growth in the medium term.

The perceived importance of these issues risks the polarizing of politics at a national level across many major economies and raise 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 inter-connected 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.

Future developments
Moving forward, the Board shall continue to seek accretive capital growth for shareholders as the primary key performance indicator of the Company. It is hoped that through maintaining a disciplined, balanced and realistic investment criteria, and through exploiting market opportunity via a positive and flexible investment mandate, that this objective shall be achieved in the medium to long term.

Approved on behalf of the Board

Michael Bretherton

4 October 2019

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 2019.

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 page 5.

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 loss and total comprehensive loss for the year ended 30 June 2019 was (£3.26) million (2018: profit and total comprehensive income of £1.99 million).

No interim dividend (2018: £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 2019 (2018: £nil).

Share Capital

During the financial year the Company allotted a small number of shares ahead of, and in order to facilitate, an orderly share consolidation undertaken on 29 October 2018. The Company subsequently completed a tender offer buyback of shares on 14 December 2018. All shares repurchased under the tender offer buyback of shares were subsequently cancelled. Full details of the Company's share capital movements are given in Note 13 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 Director	Non-Executive Directors
Richard Griffths	Ross Hollyman (Resigned 31 December 2018)
Michael Bretherton	James Ede-Golightly

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	2019 Total £'000	2018 Total £'000
Richard Griffiths	125	6	131	76
Michael Bretherton	125	6	131	131
James Ede-Golightly	25	4	29	7
Ross Hollyman	15	–	15	15
Jonathan Morley-Kirk	–	–	–	16
	290	16	306	245

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 Director, James Ede-Golightly, is engaged on a letter 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 2019 are given below:

	Ordinary shares of £100 each 30 June 2019	Ordinary shares of 1p each 30 June 2018
Richard Griffiths	27,819	274,087,430
Michael Bretherton	1,127	11,470,540
James Ede-Golightly	952	952,037

Profile of the directors

Richard Griffiths, Chairman

Richard Griffiths was appointed chairman of Sarossa on 1 December 2017. He has had a long career founding, running, investing in and advising growth companies. Previously, Richard 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 become founder and chairman of ORA Capital Partners Plc in 2006 and later distributed the company's profits and assets back to shareholders in 2013, before setting up ORA Limited in Jersey in 2014 and at which he remains chairman. In addition, Richard has been a venture or strategic investor in many successful UK companies including IP Group Plc, Nanoco Group Plc, Tissue Re-genix Group Plc, GVC Holdings Plc, Oxford Nanopore Technologies Limited and Plectrum Petroleum Limited (sold to Cairn Energy Plc).

Michael Bretherton, Chief Executive Officer

Michael Bretherton was appointed as a non-executive director of Sarossa's predecessor entity Sarossa Capital plc in March 2011 and took on the role of finance director on admission to AIM in January 2012, before being appointed chairman on 25 October 2012. He subsequently moved from the role of chairman to that of chief executive officer on 1 December 2017. Michael is also chairman of Adams Plc and is a director of ORA Limited. In addition, Mr Bretherton has been a director of seven other AIM quoted companies during the last ten years, including DeepMatter Group Plc, Nanoco Group Plc, Ceres Power Holdings Plc and Tissue Regenix 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.

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 Limited 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 also a founder of ORA Capital Partners 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.

Directors' Report (continued)

Substantial shareholdings

Richard Griffiths, through his controlled undertaking, Blake Holdings Limited, 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 4 October 2019, as far as the Directors are aware, is as follows:

Shareholder	Number of ordinary shares	% Holding
Mr Richard Griffiths and controlled undertakings	27,819	69.61

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 one non-executive Director.

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.

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 of James Ede-Golightly, who acts as chairman.

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 2019, the Company had £0.66 million (2018: £0.14 million) 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 14 days purchases (2018: 10 days).

Annual General Meeting
The next Annual General Meeting will take place on 29 November 2019 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 Di-rector 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

4 October 2019

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 2019 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 2019 and of its loss 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 pages 11 to 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

4 October 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
(Loss)/gain on portfolio investments	2	(2,947)	1,297
Dividend and other income	2	309	1,163
Gross investment return		(2,638)	2,460
Administrative expenses		(618)	(478)
Operating (loss)/profit	6	(3,256)	1,982
Finance income	5	1	3
(Loss)/profit before taxation		(3,255)	1,985
Taxation	7	–	–
(Loss)/profit for the year and total comprehensive income		(3,255)	1,985
(Loss)/earnings per ordinary share			
Basic and diluted	8	(£76.02)	£42.96

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

Statement of Changes in Equity

as at 30 June 2019

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings Reserve £'000	Total £'000
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
Total comprehensive loss for the year		–	–	(3,255)	(3,255)
Shares repurchased and cancelled	13	(624)	624	(966)	(966)
At 30 June 2019		3,996	2,398	5,102	11,496

The notes on pages 18 to 30 form part of these financial statements

Statement of Financial Position

at 30 June 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Portfolio Investments	9	10,838	15,582
		10,838	15,582
Current assets			
Other receivables	10	34	28
Cash and cash equivalents	12	656	143
		690	171
Total assets		11,528	15,753
Liabilities			
Current liabilities			
Trade and other payables	11	(32)	(36)
Total liabilities		(32)	(36)
Net current assets		658	135
Net assets		11,496	15,717
Shareholders' equity			
Share capital	13	3,996	4,620
Capital redemption reserve	14	2,398	1,774
Retained earnings reserve	15	5,102	9,323
Total shareholders' equity		11,496	15,717

The financial statements on pages 15 to 30 were approved by the Board of Directors and authorised for issue on 4 October 2019 and signed on its behalf by:

Michael Bretherton
Chairman

Company number – 115158

The notes on pages 18 to 30 form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
(Loss)/profit before tax		(3,255)	1,985
Adjustments for:			
Finance income	5	(1)	(3)
Realised gain on sale of portfolio investments		(1,297)	(5)
Unrealised loss/(gain) on revaluation of portfolio investments	9	4,244	(1,292)
Operating cash (outflows)/inflows before movements in working capital		(309)	685
Purchase of portfolio investments	9	(6,212)	(5,980)
Proceeds from sales of investments		8,009	798
Increase in trade and other receivables		(6)	(4)
Decrease in trade and other payables		(4)	(8)
Net cash generated/(used) in operations		1,478	(4,509)
Cash flows from investing activities			
Interest received	5	1	3
Net cash generated from investing activities		1	3
Cash flows from financing activities			
Shares repurchased and cancelled	13	(966)	–
Net cash used in financing activities		(966)	–
Net increase/(decrease) in cash and cash equivalents		513	(4,506)
Cash and cash equivalents at beginning of year		143	4,649
Cash and cash equivalents at end of year		656	143
Cash, cash equivalents and short term deposits at end of year		656	143

The notes on pages 18 to 30 form part of these financial statements

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.

The following were new standards and amendments to existing standards which are relevant to the Company and are effective for annual periods commencing on or after 1 January 2018:

- Annual improvements 2014–2016 (amendments), "Removing Short-term exemptions" and "Clarifying certain fair value measurements"
- IFRS 9 – Financial Instruments. The standard specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts.

Adoption of these new and amended standards has had no material impact on the financial statements of the Company, except for IFRS 9 which is further explained below.

IFRS 9 – Financial instruments

The standard improves and simplifies the approach for classification and measurement of financial assets formerly codified in IAS 39 'Financial Statements: Recognition and Measurement' ("IAS 39").

Upon adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. No differences arose from the adoption of IFRS 9 in relation to classification, measurement or impairment.

The adoption of IFRS 9 has impacted the following areas:

- Investments in listed equity securities previously classified as available-for-sale (AFS) investments under IAS 39 are now measured at fair value through profit or loss ("FVTPL") as the cash flows are not solely payments of principal and interest (SPPI). The Company did not elect to irrevocably designate any of the equity investments at fair value with changes presented in other comprehensive income.
- The impairment of financial assets applying the expected credit loss model. As at 30 June 2019 and 30 June 2018, the Company had no trade receivables or investments in debt-type assets measured at amortised cost. The Company shall apply a simplified model of recognising lifetime expected credit losses in relation to any future trade receivables not have a significant financing component. Please refer to the accounting policy on Financial Instruments – *Impairment of Financial Assets*.

1. Principal accounting policies (continued)

On the date of initial application, 1 July 2018, the financial instruments of the Company were reclassified as follows:

	Measurement category		Carrying amount		
	Original IAS 39 category	New IFRS 9 category	Closing balance 30 June 2018 £'000	Adoption of IFRS 9 £'000	Opening balance 1 July 2018 £'000
Non current financial assets					
Investment portfolio	Available for sale	FVTPL	15,582	–	15,582
Current financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	143	–	143
Trade and other receivables	Loans and receivables	Amortised cost	15	–	15
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	36	–	36

The adoption of the standards had no significant impact on the carrying values of the financial assets.

Furthermore, there have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Accounting Standards or interpretations, not yet early adopted

A number of new standards, amendments to existing standards and interpretations which have been issued or amended by IASB, are not yet effective and have not been applied in preparing these financial statements. The following relevant standards will in the future apply to the Company:

- IFRS 9 Financial Instruments, (amendments) "Prepayment features with negative compensation and modifications of financial liabilities"

In addition, the IASB completed its latest Annual Improvements to IFRS 2015–2017 project in December 2017. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2019.

The Directors are considering the above standards, however, at this time they are not expected to have a significant impact on the Company.

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.

Critical accounting estimates and areas of judgement

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 2019 at a valuation of £10.84 million (2018: 15.58 million). For further detail see Note 9.

Notes to the 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 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.

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.

Financial instruments
Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

1. Principal accounting policies (continued)

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions:

- held under a business model objective to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most other receivables fall into this category of financial instrument.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The Company's Investment Portfolio assets and Derivative Trading Contracts fall into this category and are further described below:

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 portfolio assets are designated at fair value through profit or loss on initial recognition which is considered most appropriate as investment portfolio assets are assessed and evaluated on a fair value basis. Any gains or losses arising from subsequent changes in fair value are presented in the Statement of Comprehensive Income as they arise.

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

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

   – Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred.

   – Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

Derivative Trading Contracts
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.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Financial assets at fair value through other comprehensive income (FVOCI)
The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- held under a business model objective to "hold to collect" the associated cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

In the periods presented the Company does not have any financial assets categorised as FVOCI.

Impairment of financial assets
IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Instruments within the scope of the new requirements include loan commitments and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Company's financial liabilities includes trade and other payables.

1. Principal accounting policies (continued)

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 are disclosed separately as short-term deposits.

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.

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 2019 were:

	2019 £'000	2018 £'000
Unrealised (loss)/gain on revaluation of portfolio investments	(4,244)	1,292
Gain on disposal of portfolio investments	1,297	5
(Loss)/gain on portfolio investments	(2,947)	1,297
Dividend income	309	1,163
Gross investment return	(2,638)	2,460

Notes to the Financial Statements (continued)

2. Segmental reporting (continued)

Geographic Information

Portfolio return and revenue from external customers were:

	2019 £'000	2018 £'000
Jersey (country of domicile)	(2,638)	2,460

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:

	2019 £'000	2018 £'000
Aggregate emoluments		
Gross emoluments and benefits	306	245
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:

	2019	2018
By activity		
Administration	3.00	2.58

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

	2019 £'000	2018 £'000
Staff costs		
Wages and salaries	376	315
Social security costs	11	9
Employee benefit	18	11
	405	335

5. Finance income

	2019 £'000	2018 £'000
On cash and cash equivalents	1	3
Total interest income	1	3

6. Operating profit

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

	2019 £'000	2018 £'000
Auditors' remuneration (see below)	8	14
Auditors' remuneration		
Fees payable to Company auditor for the audit of the Company financial statements	8	14
	8	14

7. Taxation

a) Tax charges and credits in the Income Statement

	2019 £'000	2018 £'000
Current tax on result 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:

	2019 £'000	2018 £'000
Factors affecting the tax charge for the year:		
Jersey (country of domicile)		
The tax assessed for the year per the standard rate of income tax as explained below:		
(Loss)/profit on ordinary activities before taxation	(3,255)	1,985
Result 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	2019	2018
(Loss)/profit for the year (£'000)	(3,255)	1,985
Weighted average number of shares*	42,817	46,201
Basic earnings per ordinary share	(£76.02)	£42.96
Diluted earnings per ordinary share	(£76.02)	£42.96

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary share-holders 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.

*As restated to reflect the consolidation of the Company's ordinary share capital that took place on 29 October 2018 on the basis of 1 new ordinary share of £100 for every 10,000 existing ordinary shares of 1 pence. See Note 13.

Notes to the Financial Statements (continued)

9. Portfolio investments

	Quoted Equity Shares £'000
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
Additions in the year	6,212
Investment disposals	(6,712)
Unrealised loss on the revaluation of investments	(4,244)
Fair value at 30 June 2019	10,838

10. Other receivables

	2019 £'000	2018 £'000
Other receivables	15	15
Prepayments and accrued income	19	13
	34	28

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

	2019 £'000	2018 £'000
Trade payables	8	4
Other payables	11	12
Accruals	13	20
	32	36

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.

12. Financial risk & capital management (continued)

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% increase/decrease in the underlying share price of the investment portfolio. The price sensitivity of 10% 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

	2019 £'000	2018 £'000
Portfolio investments	1,084	1,558

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.

	2019			2018		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash, cash equivalents and short term deposits	656	–	656	143	–	143

At 30 June 2019, the impact of a 5% 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 2019 £'000	Trade & other receivables 2019 £'000	Cash and cash equivalents 2018 £'000	Trade & other receivables 2018 £'000
GB Pounds Sterling	656	15	143	15
	656	15	143	15

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.

Notes to the Financial Statements (continued)

12. Financial risk & capital management (continued)
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.

Credit risk sensitivity

	2019 £'000	2018 £'000
Cash, cash equivalents and short term deposits		
A	76	88
No rating provided*	580	55
	656	143

*These monies are held with 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:

	Amortised cost £'000	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
Trade and other payables	(36)	–	(36)
Net total at 30 June 2018	122	15,582	15,704
Portfolio investments	–	10,838	10,838
Other receivables	15	–	15
Cash and cash equivalents	656	–	656
Trade and other payables	(32)	–	(32)
Net total at 30 June 2019	639	10,838	11,477

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.

12. Financial risk & capital management (continued)

The Company had cash, cash equivalents and short term deposits at 30 June 2019 as set out below:

	2019 £'000	2018 £'000
Instant access	656	143
Maturing in 1 – 3 months	–	–
	656	143

At 30 June 2019 and 30 June 2018, with the exception of investment portfolio assets, all financial assets and liabilities mature for payment within one year.

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 2019 £'000	30 June 2018 £'000
Capital (net assets/shareholders' equity)	11,496	15,717
(Decrease)/increase from prior year	(26.9%)	14.5%

13. Share capital

Ordinary Shares	Number	£'000
Authorised ordinary shares		
At 30 June 2019 (ordinary shares of £100) (30 June 2018, 1,000,000,000 ordinary shares of 1p)	100,000	10,000
Allotted, issued and fully paid ordinary shares		
30 June 2018 (ordinary shares of 1p)	462,008,478	4,620
New shares issued	1,522	–
Share consolidation	(461,963,799)	–
Shares repurchased and cancelled	(6,239)	(624)
At 30 June 2019 (ordinary shares of £100)	39,962	3,996

A small number of new shares were issued for cash on 21 September 2018 at a price of 1.55 pence per share ahead of and in order to facilitate an orderly consolidation of the Company's share capital. Subsequently, following shareholder approval, the Company undertook a share consolidation followed by a tender offer buyback of shares.

The consolidation of the Company's ordinary share capital took place on 29 October 2018 on the basis of one new ordinary share of £100 for every ten thousand existing ordinary shares of 1p held.

Completion of the subsequent tender offer buyback of shares at a purchase price of £155 per share took place on 14 December 2018. Under this, a total of 6,239 ordinary shares of £100 each were repurchased by the Company at a total cost of £966,000 and these shares were then cancelled.

Notes to the Financial Statements (continued)

14. Equity capital and capital redemption reserve

	Share Capital £'000	Capital Redemption Reserve £'000
30 June 2018	4,620	1,774
Shares repurchased and cancelled under tender offer	(624)	624
At 30 June 2019	3,996	2,398

The capital redemption reserve arose on the buyback of the Company's own shares, and has been increased by further share buybacks as referred to in Note 13.

15. Retained earnings surplus

	Note	2019 £'000	2018 £'000
At 1 July		9,323	7,338
(Loss)/profit for the year		(3,255)	1,985
Cash paid for shares repurchased and cancelled under tender offer		(966)	–
At 30 June		5,102	9,323

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 2019, employee benefit costs of £19,321 (2018: £15,600) 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 2019 was £nil (2018: £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

No events or transactions, other than in the ordinary course of business, took place between 30 June 2019 and the date of issuance of this annual report, which required adjustment to or disclosure in these financial statements.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of Sarossa Plc (the "**Company**") will be held at 11.00 a.m. on 29 November 2019 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 Financial Statements and Independent Auditors' Report for the year ended 30 June 2019.
2. To consider and, if thought fit, to approve the re-appointment of Michael Bretherton as a director of the Company, who retires pursuant to the articles of association of the Company (the "**Articles**") and who is recommended by the board of directors of the Company (the "**Board**") for re-appointment.
3. To consider and, if thought fit, to approve the re-appointment of 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 £1,332,066.67 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 2020 or 31 December 2020 (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 4 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 £799,240.00 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 2020 or 31 December 2020 (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

4 October 2019

Notice of Annual General Meeting (continued)

EXPLANATORY NOTES TO THE NOTICE OF AGM

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 27 November 2019; 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; and
   - sent or delivered to Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD; and received by Neville Registrars no later than 11.00 a.m. on 27 November 2019.

   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, Steelpark Road, Halesowen, B62 8HD.

   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 27 November 2019. 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 4 October 2019, the Company's issued ordinary share capital comprised 39,962 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 business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the Meeting:

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

    b. a copy of the letter of appointment of the non-executive director of the Company.

Perivan 256410

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

Incorporated in Jersey with registered no. 115158