



SAROSSA PLC

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2015

SAROSSA PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

Michael Bretherton	<i>Chairman</i>
Ross Hollyman	<i>Non-Executive Director</i>
Jonathan Morley-Kirk	<i>Non-Executive Director</i>

COMPANY SECRETARY

James Sutcliffe

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SAROSSA PLC
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SAROSSA PLC
CHAIRMAN'S STATEMENT

Adverse conditions in financial markets during the half year had a negative impact on the carrying values of the quoted investment portfolio holdings of Sarossa Plc (the "Company" or "Sarossa") which gave rise to unrealised valuation losses amounting to £3.99 million. As a result, the Group incurred a loss after tax for the six months ended 31 December 2015 of £3.74 million compared to a profit of £1.30 million in the previous 2014 half year.

During the six months ended 31 December 2015, the Company spent £0.31 million on a new portfolio investment and committed in principal to subscribe for up to £2.00 million of new ordinary shares potentially issuable by GVC Holdings Plc, in which Sarossa has an existing investment, in connection with GVC's recommended bid offer for bwin.party digital entertainment plc. That £2.00 million investment was completed post the period end on completion of the bwin.party acquisition on 1 February 2016. In addition, the Company generated cash proceeds of £0.86 million and related realisation gains of £0.37 million from the full exit of an existing investment in the half year period.

Sarossa currently holds 4 portfolio investments all of which are quoted on AIM, and for which the carrying value at 31 December 2015 was £8.67 million (30 June 2015: £12.84 million represented by 4 quoted holdings).

The Group continues to benefit from a strong balance sheet with cash and short term deposit balances of £5.88 million at 31 December 2015, compared to cash balances of £5.52 million at the previous 30 June 2015 year end. Net assets attributable to holders of Sarossa at 31 December 2015 were £14.50 million compared with £18.31 million at 30 June 2015.

On 1 December 2015, the Company announced that it was seeking shareholder approval to cancel the admission of its shares to trading on AIM and to obtain an authority to enable the buyback of up to 15 per cent. of its own shares. These proposals were approved by shareholders, subsequent to the 31 December 2015 half year period end, at a general meeting on 6 January 2016 and the cancellation to trading on AIM took place on 1 February 2016. During the period 7 January 2016 to 28 January 2016 the Company purchased 81,447,831 of its ordinary shares of 1 pence each, all at a price of 1.31 pence per share for a total consideration of £1.07 million.

Business Model

Sarossa is a 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 is mainly focused on portfolio businesses with product and service platforms targeting major international markets through customers and partners with an international profile.

Investment portfolio update

An overview of the activities of the 2 principal portfolio businesses in which Sarossa has a holding of over 3.0 per cent., and which represent 77.8 per cent. of the carrying value of portfolio investments at 31 December 2015, is given below:

Silence Therapeutics Plc (Silence) is AIM listed and is a global leader in the discovery, development and delivery of novel RNAi therapeutics for the treatment of serious diseases. RNA is the messenger that takes a copy of the genetic information stored in DNA in a cell's nucleus and translates it into instructions for the manufacture of proteins in that cell. RNA interference (RNAi) is a method of reducing or 'silencing' the genes which cause some diseases. Drug development is entering the age of genetic medicine and through Silence's leading technologies and collaborations, the company is giving the UK and Europe a central role in this ground breaking area of medicine. The company's lead product is Atu027 which uses its proprietary AtuPLEX® and AtuRNAi® technologies to deliver siRNA to the endothelial cells of the vascular system, targeting the expression of the protein PKN3, a key factor in cancer progression and metastasis. The clinical trial results of Atu027 used in combination with gemcitabine, demonstrate the continuing safety profile of their delivery systems. There are numerous other projects in pre-clinical development including in relation to lung vasculature, pulmonary arterial hypertension, pre-eclampsia, acute liver injury and ocular melanoma. Silence has a robust IP estate protecting its proprietary RNAi technology and also has a

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

strong balance sheet with net cash and deposits at 30 June 2015 of £55.8 million. Sarossa held at 31 December 2015, and continues to hold, 3.14 per cent. of the issued share capital of Silence.

Plant Health Care Plc (PHC) is AIM listed and is a leading provider of novel patent protected biological products to the global agriculture markets. PHC offers products to improve the health, vigour and yield of crops by enhancing natural processes within the plant. The company has a portfolio of established products based on its proprietary Harpin and Myconate® technologies and has a dual-track strategy of substantially growing revenue from existing products whilst aggressively pursuing research and development of its PREtec (Plant Response Elicitor technology) platform. That R&D is focused on generating a large number of new peptide products with the aim of becoming a multi-product company and PHC has now signed four evaluation agreements with major players in the agriculture industry for its first family of PREtec peptides, Innatus 3G. The company also continues to commercialise its existing products and underlying sales of Harpin αβ and Myconate are on a firm growing track. Sales of the core Harpin products in the year to 31 December 2015 increased by 22%, driven by strong sales in the United States and Europe; Harpin and Myconate® products represented 57% of sales of \$7.5m in 2015 (2014: 53%). Sarossa held at 31 December 2015, and continues to hold 5.34 per cent. of the issued share capital of PHC.

In addition to the principal investments listed above, at 31 December 2015 Sarossa also held 2 investment positions of below 3.0 per cent. One is a multinational sports betting and gaming group and the other is engaged in the exploration and development of gold deposits located primarily in Liberia; the latter investment was realised in full subsequent to the half year period end.

Outlook

The six-month reporting period to 31 December 2015 started with global stock markets at historically strong levels but these declined progressively from August onwards, due in large part to disappointing manufacturing data from China, which indicated a slowdown in the world's second largest economy and which also adversely impacted oil and commodity prices. The potential for volatility in capital markets remains, given an outlook for slowing global growth, the continued worries over significant geopolitical risks in the Middle East, the potential withdrawal of the UK from the European Union and the need for further structural reforms to restore European public finances to a sustainable path.

We remain committed, however, to delivering additional value for our shareholders and will continue to maintain a rigorous and highly selective investment approach with a view to exploiting opportunities as they emerge. We will also retain the management disciplines and shareholder alignment under which Sarossa now operates, whilst running a low cost base. We are confident that this approach will enable us to build considerable value for shareholders going forward.

Michael Bretherton
Chairman
30 March 2016

SAROSSA PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2015

	Notes	6 months ended 31 December 2015 (Unaudited) £'000	6 months ended 31 December 2014 (Unaudited) £'000	Year ended 30 June 2015 (Audited) £'000
Portfolio return and revenue	3	(3,547)	1,415	3,008
Administrative expenses		(202)	(153)	(371)
Operating (loss) / profit		(3,749)	1,262	2,637
Finance income		10	40	50
(Loss) / Profit before taxation		(3,739)	1,302	2,687
Taxation		-	-	-
(Loss) / Profit and comprehensive (loss) / income for the period		(3,739)	1,302	2,687
(Loss) / Earnings per ordinary share				
Basic and diluted	5	(0.69p)	0.20p	0.43p

The loss for the period arises from the Group's continuing operations.

There were no items of other comprehensive income or loss for the periods covered by these statements and therefore the loss for the period is also the total comprehensive loss for the period, net of tax.

SAROSSA PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Share capital £'000	Capital redemption reserve £'000	Merger Reserve £'000	Accumulated losses £'000	Total £'000
At 31 December 2014	6,394	-	126,422	(114,290)	18,526
Total comprehensive income for the period	-	-	-	1,385	1,385
Purchase and cancellation of own shares	(931)	931	-	(1,603)	(1,603)
At 30 June 2015	5,463	931	126,422	(114,508)	18,308
Total comprehensive loss for the period	-	-	-	(3,739)	(3,739)
Purchase and cancellation of own shares	(28)	28	-	(65)	(65)
At 31 December 2015	5,435	959	126,422	(118,312)	14,504

SAROSSA PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		As at 31 December 2015 (Unaudited) £'000	As at 31 December 2014 (Unaudited) £'000	As at 30 June 2015 (Audited) £'000
	Notes			
ASSETS				
Non-current assets				
Portfolio Investments	6	8,662	12,262	12,836
		8,662	12,262	12,836
Current assets				
Trade and other receivables		34	32	29
Short-term deposits		3,003	-	-
Cash and cash equivalents		2,874	6,296	5,515
		5,910	6,328	5,544
Total assets		14,573	18,590	18,380
LIABILITIES				
Current liabilities				
Trade and other payables		(69)	(64)	(72)
Total liabilities		(69)	(64)	(72)
Net current assets		5,841	6,264	5,472
Net assets		14,504	18,526	18,308
Shareholders' equity				
Share capital	7	5,435	6,394	5,463
Capital redemption reserve	8	959	-	931
Merger reserve	8	126,422	126,422	126,422
Retained earnings deficit		(118,312)	(114,290)	(114,508)
Total equity		14,504	18,526	18,308

Approved by the Board and authorised for issue on 30 March 2016.

Michael Bretherton
Chairman

SAROSSA PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	6 months ended 31 December 2015 (Unaudited) £'000	6 months ended 31 December 2014 (Unaudited) £'000	Year ended 30 June 2015 (Audited) £'000
Cash flows from operating activities			
(Loss)/profit/ for the period/year	(3,739)	1,302	2,687
Add back:			
Foreign exchange gains	-	(25)	(25)
Finance income	(10)	(15)	(25)
Unrealised loss/(gain) on revaluation of portfolio investments	3,988	(1,322)	(2,406)
Realised gain on sale of portfolio investments	(371)	-	(397)
Operating cash flows before movement in working capital	(132)	(60)	(166)
Purchase of portfolio investments	(305)	(316)	(316)
Proceeds from sale of investments	862	-	907
(Increase)/decrease in trade and other receivables	(5)	562	565
(Decrease)/increase in trade and other payables	(3)	(63)	(55)
Cash flows from operations	417	123	935
Finance income	10	15	25
Net cash flows from operating activities	427	138	960
Cash flows from investing activities			
(Increase)/decrease in cash placed on deposit	(3,003)	-	2,603
Net cash generated (used in)/from investing activities	(3,003)	-	2,603
Cash flows from financing activities			
Purchase of own shares for cancellation	(65)	-	(1,603)
Net cash generated used in financing activities	(65)	-	(1,603)
Net (decrease)/increase in cash and cash equivalents	(2,641)	138	1,960
Exchange gains on cash balances	-	25	25
Cash and cash equivalents at beginning of the period	5,515	6,133	3,530
Cash and cash equivalents at end of the period	2,874	6,296	5,515
Short term deposits at the end of the period	3,003	-	-
Cash, cash equivalents and short term deposits at end of period	5,877	6,296	5,515

SAROSSA PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed consolidated financial statements for the six months ended 31 December 2015. These include unaudited comparatives for the six months ended 31 December 2014 together with audited comparatives for the year ended 30 June 2015.

Sarossa Plc was incorporated in Jersey on 7 March 2014. The Company was specifically created to implement a re-organisation in relation to Sarossa Capital Limited (formerly Sarossa Capital Plc and prior to that Antisoma Plc). Under the re-organisation, Sarossa Capital Limited became a wholly owned subsidiary of Sarossa Plc on 2 May 2014 at which time Sarossa Plc was also admitted to the AIM market of the London Stock Exchange.

Shareholders in Sarossa Capital Limited at the time of re-organisation received shares in Sarossa Plc in the same proportionate interest as they had in Sarossa Capital Limited immediately prior to the re-organisation. The business, operations, assets and liabilities of the Sarossa Group under the new Jersey holding company immediately after the re-organisation were no different from those immediately before the re-organisation and the Directors have therefore treated this combination as a simple re-organisation using the pooling of interests method of accounting.

The financial information for the six months ended 31 December 2015 does not constitute statutory financial statements within the meaning of the Companies (Jersey) Law 1991. A copy of the audited financial statements for the year ended 30 June 2015 has been delivered to the Jersey Registrar of Companies. The auditor's opinion on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter paragraph, and contained no statement under section 113B(3) or section 113B(4) of the Companies (Jersey) Law 1991.

These interim condensed consolidated financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2016 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), in accordance with the provisions of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The Group's presentation and functional currency is Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Group's annual financial statements to 30 June 2015. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015.

Going concern

Information on the business environment, financial position and the factors underpinning the Group's future prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Group has adequate resources to continue in business for the medium term based on the current liquid resources available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

SAROSSA PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the consolidated annual financial statements of Sarossa Plc for the year ended 30 June 2015.

3) SEGMENTAL REPORTING

The Directors are of the opinion that the under IFRS 8 – ‘Operating Segments’ the Group has only one reportable segment, being Portfolio Investment Return. Segmental profit or loss is therefore equal to Group profit or loss and this basis of segmentation is consistent with the annual audited consolidated financial statements of the Group to 30 June 2015.

	6 months ended 31 December 2015 (Unaudited)	6 months ended 31 December 2014 (Unaudited)	Year ended 30 June 2015 (Audited)
Unrealised (loss)/gain on revaluation of portfolio investments	(3,988)	1,322	2,406
Gain on disposal of portfolio investments	371	-	397
Dividend income	70	93	205
Portfolio return and revenue	(3,547)	1,415	3,008

4) TAXATION

The accrued tax charge for the six month interim period is based on an estimated worldwide effective tax rate of nil percent, (six months to 31 December 2014: nil percent; year to 30 June 2015: nil percent).

5) EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings or loss per share is calculated by dividing the gain attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings or loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	6 months ended 31 December 2015 (Unaudited)	6 months ended 31 December 2014 (Unaudited)	Year ended 30 June 2015 (Audited)
(Loss) / Gain for the period (£'000)	(3,739)	1,302	2,687
Weighted average number of shares ('000)	543,812	639,360	630,031
Basic (loss)/earnings per ordinary share	(0.69p)	0.20p	0.43p
Diluted (loss)/earnings per ordinary share	(0.69p)	0.20p	0.43p

The Group had no dilutive potential ordinary shares in issue during the six months to 31 December 2015 and to 31 December 2014, or during the year to 30 June 2015 and consequently there was also no dilutive impact for those periods.

SAROSSA PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

6) PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000
Fair value at 31 December 2014	12,262
Disposals	(510)
Unrealised gain on the revaluation of investments	1,084
Fair value at 30 June 2015	12,836
Disposals	(491)
Additions	305
Unrealised loss on the revaluation of investments	(3,988)
Fair value at 31 December 2015	8,662

All portfolio investments are held by Sarossa Plc and are valued at closing bid market price at the reporting date.

7) SHARE CAPITAL

Ordinary Shares	Number	£'000
Authorised ordinary shares of 1p:		
Sarossa Plc		
At 31 December 2014, 30 June 2015 and 31 December 2015	1,000,000,000	10,000
Allotted, issued and fully paid ordinary shares of 1p:		
Sarossa Plc		
At 7 March 2014	-	-
Issue of shares	639,360,364	6,394
At 30 June 2014 and 31 December 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	(2,826,490)	(28)
At 31 December 2015	543,456,309	5,435

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

During the half year to 31 December 2015, the Company acquired 2,826,490 of its own 1p ordinary shares. These shares were acquired on the open market for a total consideration of £49,000 at a price of 1.72pence per share. All shares acquired were cancelled and charged to the retained earnings deficit.

Sarossa Plc had no preference share capital at 31 December 2015, 30 June 2015 or 31 December 2014 but its wholly owned subsidiary Sarossa Capital Limited had 4,331,683 zero coupon, convertible, redeemable preference shares of £1 each at both 30 June 2015 and 31 December 2014. Given the terms of the preference shares, these were considered to have a nil fair value on a going concern basis.

SAROSSA PLC
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The 4,331,683 preference shares of £1 each were repurchased in full by Sarossa Capital Limited on 15 September 2015 for a total consideration of £16,000 and subsequently cancelled.

8) EQUITY CAPITAL AND MERGER RESERVE

	Share capital	Capital redemption reserve	Merger reserve
	£'000	£'000	£'000
At 31 December 2014	6,394	-	126,422
Purchase and cancellation of own shares	(931)	931	-
At 30 June 2015	5,463	931	126,422
Purchase and cancellation of own shares	(28)	28	-
At 31 December 2015	5,435	959	126,422

The merger reserve arose on the shares issued by the Company to shareholders of Sarossa Capital Limited (formerly called Sarossa Capital Plc and prior to that Antisoma Plc) under the re-organisation on 2 May 2014 in a process that did not change the economics, operations or shareholder structure of the Group.

A further share buyback facility was authorised post the year end under which an additional 81,447,831 ordinary shares were repurchased and cancelled, as more fully disclosed in note 10.

9) RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2015 the Company reimbursed ORA Limited; an entity which is a controlled undertaking of a significant corporate shareholder, a total of £7,918 of overhead expenses paid on behalf of Sarossa Plc. No amounts were outstanding at the balance sheet date.

The Group has taken advantage of the exemptions contained within IAS 24 – ‘Related Party Disclosures’ from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

In addition, during the period the Company paid remuneration to the Directors’ in accordance with their service contracts and letters of appointment.

10) EVENTS AFTER THE BALANCE SHEET DATE

During the period 7 January 2016 to 28 January 2016 the Company purchased a further 81,447,831 ordinary shares of 1 pence each for a total consideration of £1,068,000 at a price of 1.31 pence per share. This represented approximately 15% of the Company's issued share capital and following which the Company's capital consists of 462,008,478 ordinary shares of 1 pence each.

The purchases were undertaken under a share buyback authority approved by the Company's shareholders at a General Meeting held on 6 January 2016 and at which shareholders also approved a resolution for the proposed cancellation of its shares from admission to AIM. The cancellation of the Company's shares from AIM took effect on 1 February 2016.

On 1 February 2016 the Company subscribed for £2.00 million worth of new ordinary shares issued by GVC following successful completion of its acquisition of Bwin Party Digital Entertainment Plc.

During early March 2016, the Company realised in full its investment in a gold exploration and development business which generated sales proceeds of £0.39 million and a profit on disposal of £0.09 million.

11) HALF YEAR FINANCIAL REPORT

A copy of this half year report, as well as the annual statutory accounts is available on the Company's website at www.sarossapl.com.