



SAROSSA PLC

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2016

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

COMPANY WEBSITE

www.sarossapl.com

COMPANY NUMBER

115158 (Jersey)

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SAROSSA PLC
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SAROSSA PLC
CHAIRMAN'S STATEMENT

Sarossa Plc (the "Company" or "Sarossa") generated a profit after tax of £0.43 million for the first half of the year to 31 December 2016 compared to a loss of £3.74 million in the corresponding 2015 half year. The first half reported profit mainly reflects a gross investment return of £0.57 million less overheads of £0.15 million.

During the six months ended 31 December 2016, the Company spent £0.83 million on a new portfolio investment and £0.40 million on a further investment in an existing portfolio holding. The Company also generated cash proceeds of £2.28 million from the partial exit of an existing investment in that period and which generated a realisation gain of £0.59 million.

Sarossa holds currently 5 portfolio investments all of which are quoted, and for which the carrying value at 31 December 2016 was £7.59 million (30 June 2016: £8.06 million represented by 4 quoted holdings).

The Company continues to benefit from a sound balance sheet with cash and short term deposit balances of £3.73 million at 31 December 2016, compared to £2.88 million at the previous 30 June 2016 year end. Net assets attributable to holders of Sarossa at 31 December 2016 were £11.29 million (equivalent to 2.44p per share) compared with £10.86 million (equivalent to 2.35p per share) at 30 June 2016.

Corporate Events

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

Subsequently, on 20 June 2016, we issued a circular and notice of general meeting to the Company's shareholders ("the Circular") to advise that Sarossa had entered into a conditional agreement to acquire the entire issued share capital of ORA Limited ("ORA") and to obtain an authority to enable the Company to offer to buy back shares from shareholders under a tender offer at a price of 1.31 pence each up to a maximum tender offer amount of £2.00 million.

The Circular proposals were subject to shareholder approval of the related resolutions and the proposed waiver of Rule 9 of the City Code on Takeovers and Mergers for which we had obtained prior consent from the Takeover Panel ("the Panel"). Unfortunately, the Panel subsequently withdrew that consent pending their further review of the Circular proposals and related information. That Panel review was still ongoing 4 months later on 20 October 2016, at which time ORA withdrew its support for the proposed acquisition and the Circular proposals had, therefore, to be withdrawn.

The Panel enquiries have now been satisfactorily resolved and your Board is continuing to seek to identify future strategic alternatives to enhance value for the Company and also to create liquidity opportunities for any shareholders wishing to sell their shares.

Investment portfolio update

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

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

Silence Therapeutics Plc ('Silence'), which is AIM listed, is a global leader in the discovery, development and delivery of novel RNAi therapeutics for the treatment of serious diseases. The core technology of Silence is its proprietary form of a short interfering RNA molecule, known as AtuRNAi, which enables the

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

development of novel molecular entities that “silence” or inactivate the genes expressed in some diseases. As well as the ability to switch genes off using its modified siRNA and delivery systems, the company has added the ability to switch genes on by using the same delivery systems with a messenger RNA. Atu027 is the company's leading pancreatic cancer oncology product which is in Phase 2 of clinical development. The company has also licensed out its AtuRNAi technology to Quark Pharmaceuticals which is using this to developing acute kidney injury products under license with Novartis and macular degeneration products under license with Pfizer, all of which are at least in Phase 2 of clinical development. In addition, Silence announced on 13 January 2017, that it had acquired an 9.2% holding in NASDAQ quoted Arrowhead Pharmaceuticals, which has a broad portfolio of RNA chemistries, for USD \$11.3 million in cash. This equity position will facilitate future discussions with Arrowhead regarding possible product licensing, technology and R&D sharing or a potential corporate transaction. Silence has a strong balance sheet with net cash and deposits at 31 December 2016 of £39.0 million. Sarossa's shareholding at 31 December 2016 was, and continues to be, 3.14 per cent. of the issued share capital of Silence.

Plant Health Care Plc ('PHC') which is AIM listed, is a leading provider of novel patent protected biological products to the global agriculture markets. The company has a portfolio of established products based on its proprietary Harpin and Myconate® technologies. PHC's products increase crop yields by enhancing natural processes within the plant. PHC is also focused on the discovery and development of new patent-protected products and the company has a platform of peptide products known as Innatus 3G and has signed agreements with four of the six major agrochemical companies to evaluate this peptide product platform. The control of plant diseases is a huge global market, with fungicide usage alone constituting around US \$15 billion per annum. Innatus 3G peptides are not pesticides but have shown great potential in delivering yield improvements and inducing a defensive response in plants that helps crops resist attack by economically important pathogens. Overall PHC revenues were US \$ 6.3 million for the year to 31 December 2016 and cash balances at that date amounted to of US \$10.1 million inclusive of £7.6 million (US \$10.0 million) raised in August 2016 through a placing of shares. Sarossa invested £0.40 million in that placing in order to maintain its shareholding in PHC, which at 31 December 2016 was, and continues to be, 5.34 per cent.

GVC Holdings Plc (“GVC”) which is fully listed, operates online gaming and sports betting businesses in Europe and Latin America. GVC acquired bwin.party digital entertainment plc on 1 February 2016. The group operates a number of market leading sports label betting brands, including bwin and Sportingbet and also operates games label brands, including partypoker, partycasino, Foxy Bingo, Gioco Digitale and CasinoClub. GVC has a proven track record of delivering significant value to shareholders via a combination of organic growth, including mobile which has been a key driver of such growth, as well as by way of astute acquisitions. Sarossa's shareholding in GVC reduced during the half year consequent to share disposals which generated cash proceeds of £2.28 million such that the Companies holding at 31 December 2016 was 0.18 per cent. This investment was subsequently realised in full after the half year end to generate further cash disposal proceeds of £2.72 million.

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

Outlook

Looking ahead, whilst there remain many threats to a sustained global growth recovery including the impact of Brexit and the surprise US election result, near term growth risks do appear to be relatively more balanced. Your Board is confident in the underlying fundamentals, technologies and potential for growth at the companies within our investment portfolio. We will continue to maintain a rigorous and highly selective investment approach and are committed to delivering additional value for shareholders going forward.

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

Michael Bretherton
Chairman
4 May 2017

SAROSSA PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2016

| | | 6 months ended 31 December 2016 (Unaudited) £'000 | 6 months ended 31 December 2015 (Unaudited) £'000 | Year ended 30 June 2016 (Audited) £'000 |
|---|-------|--|--|--|
| | Notes | | | |
| Gain / (loss) on portfolio investments | | 570 | (3,617) | (6,021) |
| Dividend and other income | | 4 | 70 | 106 |
| Gross investment return | 3 | 574 | (3,547) | (5,915) |
| Administrative expenses | | (151) | (202) | (436) |
| Operating profit / (loss) | | 423 | (3,749) | (6,351) |
| Finance income | | 10 | 10 | 22 |
| Profit / (loss) before taxation | | 433 | (3,739) | (6,329) |
| Taxation | | - | - | - |
| Profit / (loss) and comprehensive income / (loss) for the period | | 433 | (3,739) | (6,329) |
| Earnings / (loss) per ordinary share | | | | |
| Basic and diluted | 5 | 0.09p | (0.69p) | (1.25p) |

The loss for the period arises from the Company'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 STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

| | Share capital £'000 | Capital redemption reserve £'000 | Merger Reserve £'000 | Retained Earnings Reserve £'000 | Total £'000 |
|---|------------------------|---|----------------------------|--|----------------|
| At 31 December 2015 | 5,435 | 959 | 126,422 | (118,312) | 14,504 |
| Total comprehensive loss for the period | - | - | - | (2,590) | (2,590) |
| Purchase of shares for cancellation | (815) | 815 | - | (1,052) | (1,052) |
| Reversal and transfer of merger reserve | - | - | (126,422) | 126,422 | - |
| At 30 June 2016 | 4,620 | 1,774 | - | 4,468 | 10,862 |
| Total comprehensive income for the period | - | - | - | 433 | 433 |
| At 31 December 2016 | 4,620 | 1,774 | - | 4,901 | 11,295 |

SAROSSA PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

| | | At 31 December 2016 (Unaudited) £'000 | At 31 December 2015 (Unaudited) £'000 | At 30 June 2016 (Audited) £'000 |
|-----------------------------|-------|--|--|--|
| | Notes | | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| Portfolio Investments | 6 | 7,586 | 8,662 | 8,064 |
| | | 7,586 | 8,662 | 8,064 |
| Current assets | | | | |
| Trade and other receivables | | 33 | 34 | 24 |
| Short-term deposits | | - | 3,003 | - |
| Cash and cash equivalents | | 3,728 | 2,874 | 2,878 |
| | | 3,761 | 5,910 | 2,902 |
| Total assets | | 11,347 | 14,573 | 10,966 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (52) | (69) | (104) |
| Total liabilities | | (52) | (69) | (104) |
| Net current assets | | 3,709 | 5,841 | 2,798 |
| Net assets | | 11,295 | 14,504 | 10,862 |
| Shareholders' equity | | | | |
| Share capital | 7 | 4,620 | 5,435 | 4,620 |
| Capital redemption reserve | 8 | 1,774 | 959 | 1,774 |
| Merger reserve | 8 | - | 126,422 | - |
| Retained earnings deficit | | 4,901 | (118,312) | 4,468 |
| Total equity | | 11,295 | 14,504 | 10,862 |

Approved by the Board and authorised for issue on 4 May 2017.

Michael Bretherton
Chairman

SAROSSA PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

| | 6 months ended 31 December 2016 (Unaudited) £'000 | 6 months ended 31 December 2015 (Unaudited) £'000 | Year ended 30 June 2016 (Audited) £'000 |
|--|--|---|---|
| Cash flows from operating activities | | | |
| Profit / (loss) before tax for the period | 433 | (3,739) | (6,329) |
| Adjustments for: | | | |
| Finance income | (10) | (10) | (22) |
| Unrealised loss on revaluation of portfolio investments | 20 | 3,988 | 6,134 |
| Realised gain on sale of portfolio investments | (590) | (371) | (113) |
| Operating cash flows before movement in working capital | (147) | (132) | (330) |
| Purchase of portfolio investments | (1,232) | (305) | (2,510) |
| Proceeds from sale of investments | 2,280 | 862 | 1,261 |
| (Increase)/decrease in trade and other receivables | (9) | (5) | 5 |
| (Decrease)/increase in trade and other payables | (52) | (3) | 32 |
| Cash flows generated / (used) in operations | 840 | 417 | (1,542) |
| Interest received | 10 | 10 | 22 |
| Net cash flows generated from / (used) in operating activities | 850 | 427 | (1,520) |
| Cash flows from investing activities | | | |
| Increase in short term deposits with banks | - | (3,003) | - |
| Net cash generated / (used) in investing activities | - | (3,003) | - |
| Cash flows from financing activities | | | |
| Purchase of own shares for cancellation | - | (65) | (1,117) |
| Net cash used in financing activities | - | (65) | (1,117) |
| Net increase/(decrease) in cash and cash equivalents | 850 | (2,641) | (2,637) |
| Cash and cash equivalents at beginning of the period | 2,878 | 5,515 | 5,515 |
| Cash and cash equivalents at end of the period | 3,728 | 2,874 | 2,878 |
| Short term deposits at the end of the period | - | 3,003 | - |
| Cash, cash equivalents and short term deposits at end of period | 3,728 | 5,877 | 2,878 |

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed financial statements for the six months ended 31 December 2016. These include unaudited consolidated comparatives for the six months ended 31 December 2015 together with audited comparatives for the year ended 30 June 2016.

The financial information for the six months ended 31 December 2016 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 2016 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 financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2017 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 financial statements have been prepared under the historical cost convention. The Company'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 Company's annual financial statements to 30 June 2016. 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 Company's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2016.

Going concern

Information on the business environment, financial position and the factors underpinning the Company's future prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Company 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.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Sarossa Plc for the year ended 30 June 2016.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

3) SEGMENTAL REPORTING

The Directors are of the opinion that the under IFRS 8 – ‘Operating Segments’ the Company has only one reportable segment, being Portfolio Investment Return. Segmental profit or loss is therefore equal to Company profit or loss and this basis of segmentation is consistent with the annual audited financial statements of the Company to 30 June 2016.

| | 6 months ended 31 December 2016 (Unaudited) | 6 months ended 31 December 2015 (Unaudited) | Year ended 30 June 2016 (Audited) |
|---|--|--|--|
| Unrealised (loss) on revaluation of portfolio investments | (20) | (3,988) | (6,134) |
| Gain on disposal of portfolio investments | 590 | 371 | 113 |
| Net gain / (loss) on portfolio investments | 570 | (3,617) | (6,021) |
| Dividend income | 4 | 70 | 106 |
| Gross investment return | 574 | (3,547) | (5,915) |

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 2015: nil percent; year to 30 June 2016: 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 2016 (Unaudited) | 6 months ended 31 December 2015 (Unaudited) | Year ended 30 June 2016 (Audited) |
|---|--|---|---|
| Gain / (loss) for the period (£'000) | 433 | (3,739) | (6,329) |
| Weighted average number of shares ('000) | 462,008 | 543,812 | 504,821 |
| Basic earnings/(loss) per ordinary share | 0.09p | (0.69p) | (1.25p) |
| Diluted earnings/(loss) per ordinary share | 0.09p | (0.69p) | (1.25p) |

The Company had no dilutive potential ordinary shares in issue during the six months to 31 December 2016 and to 31 December 2015, or during the year to 30 June 2016 and consequently there was also no dilutive impact for those periods.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

6) PORTFOLIO INVESTMENTS

| | Quoted Equity Shares £'000 |
|---|-------------------------------|
| Fair value at 31 December 2015 | 8,662 |
| Additions | 2,205 |
| Unrealised loss on the revaluation of investments | (2,803) |
| Fair value at 30 June 2016 | 8,064 |
| Additions | 1,232 |
| Disposals | (1,690) |
| Unrealised loss on the revaluation of investments | (20) |
| Fair value at 31 December 2016 | 7,586 |

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 2015, 30 June 2016 and 31 December 2016 | 1,000,000,000 | 10,000 |
| Allotted, issued and fully paid ordinary shares of 1p: | | |
| Sarossa Plc | | |
| At 31 December 2015 | 543,456,309 | 5,435 |
| Purchase and cancellation of own shares | (81,447,831) | (815) |
| At 30 June 2016 and 31 December 2016 | 462,008,478 | 4,620 |

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

There were no further share buybacks made by the Company during the interim period to 31 December 2016, and as a result, the total number of shares repurchased and cancelled by Sarossa Plc since incorporation remains at 177,351,886.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

8) EQUITY CAPITAL AND MERGER RESERVE

| | Share capital | Capital redemption reserve | Merger reserve |
|---|--------------------------|---|---------------------------|
| | £'000 | £'000 | £'000 |
| At 31 December 2015 | 5,435 | 959 | 126,422 |
| Purchase and cancellation of own shares | (815) | 815 | - |
| Reversal and transfer of merger reserve | | | (126,422) |
| At 30 June 2016 and 31 December 2016 | 4,620 | 1,774 | - |

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

The merger reserve was subsequently extinguished and transferred to retained earnings following the voluntary winding down and strike-off of all subsidiary entities of the Company in the financial year to 30 June 2016.

9) RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2016 the Company had net reimbursements of expenses amounting to £7,008 with ORA Limited. Of which Sarossa's Chairman, Michael Bretherton, is also a director.

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

10) 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.