



SAROSSA PLC

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED

31 DECEMBER 2018

SAROSSA PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

Richard Griffiths	<i>Chairman</i>
Michael Bretherton	<i>Chief Executive Officer</i>
James Ede-Golightly	<i>Non-Executive Director</i>

COMPANY SECRETARY

James Sutcliffe

COMPANY WEBSITE

www.sarossapl.com

COMPANY NUMBER

115158 (Jersey)

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INDEPENDENT AUDITOR

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SAROSSA PLC
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SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

The quoted investment holdings of Sarossa Plc, (the "Company" or "Sarossa"), were negatively impacted by adverse markets in final months of the interim period to 31 December 2018, during which the Company incurred a loss after tax of £3.83 million compared to a profit of £2.75 million in the corresponding 2017 half year. The first half reported loss mainly reflects a gross investment loss of £3.52 million together with net overhead costs of £0.31 million.

During the six months ended 31 December 2018, the Company spent £4.08 million on 2 new portfolio investments. The Company also disposed of 2 portfolio investments and made a partial disposal of 1 other, generating total proceeds of £3.19 million, and realisation gains of £1.27 million.

Sarossa currently holds 6 portfolio investments all of which are quoted, and for which the carrying value at 31 December 2018 was £10.29 million (30 June 2018: £15.58 million represented by 6 quoted holdings).

Net assets attributable to holders of Sarossa at 31 December 2018 were £10.92 million (equivalent to £273 per share) compared with £15.72 million (equivalent to £340 per share) at 30 June 2018. Cash and short-term deposit balances were £0.61 million at 31 December 2018, compared to £0.14 million at the previous 30 June 2018 year end.

The net asset per share values referred to above are presented as though the share consolidation referred to below had been enacted at the reference date.

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 £966,000 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. We thank Ross for his contribution to the Company and wish him well for the future.

We shall continue to review the composition of the board at appropriate intervals as we move forward.

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.

SAROSSA PLC
CHAIRMAN'S STATEMENT (CONTINUED)

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

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 year ended 31 December 2018, Petrofac reported a profit of US \$350 million after tax but before exceptional items on revenue of US \$5.829 billion. During that period, the company incurred exceptional costs of US \$289 million on mainly the write down of an installation vessel following the decision to exit the deep-water market, together with a further write down of its interests in Mexico and the Greater Stella Area development, both of which are in the process of disposal, and which resulted in a reported overall profit after tax for the year of US \$61 million. Petrofac's total order book backlog at the end of 2018 was US \$9.6 billion versus US \$10.2 billion at 31 December 2017. Sarossa's shareholding at 31 December 2018 was and continues to be 0.22 per cent. of the issued share capital of Petrofac.

CareTech Holdings plc ("CareTech") is an AIM listed leading provider of specialist social care services supporting adults and children with a wide range of complex needs in more than 250 specialist services around the UK. CareTech provides innovative care pathways through five divisions covering adult learning and disabilities, mental health, young people's residential services, foster care and learning services. CareTech's revenue for the year ended 30 September 2018 increased by 11.9% to £185.7 million and underlying profit before tax increased by the same percentage to £32.9 million. Its property portfolio was valued at £424 million at that date. The Company subsequently acquired Cambian Group plc, a leading Children's specialist education and behavioural health service provider, in October 2018 for a total consideration of £366 million, settled approximately 50 per cent. in cash and, approximately 50 per cent. in new CareTech shares. Following that acquisition, CareTech now has a national presence with over 450 homes and schools in the UK and with around 10,000 staff supporting some 4,500 vulnerable young people and adults. Sarossa's shareholding at 31 December 2018 was and remains at 0.66% of the issued share capital of CareTech.

Eland Oil & Gas Plc ("Eland") is an AIM listed independent oil and company focused on production and development in principally the Niger Delta in West Africa where, through its joint venture company Elcrest Exploration and Production Nigeria Ltd, it has acquired a number of oil field licenses. Since acquiring its Opuama oil field, Eland has successfully redeveloped this asset with first oil commencing in February 2014 from the recommissioning of two existing wells. The Company subsequently brought two further wells onstream, resulting in an all-time production high in early 2018. Eland is also in the process of development of its Gbetiokun and Ubima oil fields. As well as its primary focus on development and production, Eland is also planning to explore for further material upside on its Nigerian licenses and has several exploration prospects in its portfolio. Eland's increasing production has led to growing revenues of US \$169.2 million for the year to 31 December 2018 and a resultant US \$148.0 million post-tax profit in that period. Sarossa's shareholding at 31 December 2018 was and continues to be 0.64% of the issued share capital of Eland.

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 which enables the development of novel molecular entities that "silence" or inactivate the expression of disease-causing genes, allowing cells to revert to their healthy state. The Company's liver-focused pipeline is built around three principal areas of high unmet need (i) haematology, which includes its SLN124 programme that is scheduled to enter in to clinicals trials during the first half of 2019, (ii) metabolic and (iii) rare diseases. Silence 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 which, following positive results, is now moving forward with phase 3 clinical trials. Silence incurred a loss of £18.4 million for the year ended 31 December 2018 and

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CHAIRMAN'S STATEMENT (CONTINUED)

had cash and deposits of £21.5 million at that date. Sarossa's shareholding at 31 December 2018 was and continues to be 3.08 per cent. of the issued share capital of Silence.

In addition to the above, Sarossa has 2 further AIM listed holdings, the first is a leading provider of novel patent protected biological products to the global agriculture markets and the second is in a profitable company operating as a commercial outsourcing services provider.

Outlook

Whilst the world economy continues to expand, there are signs that growth has peaked as the US, European and Asian economies slow amid continuing trade tensions between the US and China, together with the protracted impact from unrest in Italy and France and changing regulations that held back European car production in the second half of last year. The current 2019 year is also supposed to be the year of an uncertain Brexit and the potentially disruptive impact that this may have. Consequently, 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
5 April 2019

SAROSSA PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2018

		6 months ended 31 December 2018 (Unaudited) £'000	6 months ended 31 December 2017 (Unaudited) £'000	Year ended 30 June 2018 (Audited) £'000
(Loss) / gain on portfolio investments		(3,599)	2,141	1,297
Dividend and other income		84	790	1,163
Gross investment return	3	(3,515)	2,931	2,460
Administrative expenses		(313)	(182)	(478)
Operating (loss)/profit		(3,828)	2,749	1,982
Finance income		1	2	3
(Loss)/profit before taxation		(3,827)	2,751	1,985
Taxation	4	-	-	-
(Loss)profit and comprehensive (loss)/income for the period		(3,827)	2,751	1,985
(Loss)/earnings per ordinary share				
Basic and diluted	5	(£83.89)	£59.56	£42.97

The (loss)/profit for the period arises from the Company's continuing operations.

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

SAROSSA PLC
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Share capital £'000	Capital redemption reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 31 December 2017	4,620	1,774	10,089	16,483
Total comprehensive loss for the period	-	-	(766)	(766)
At 30 June 2018	4,620	1,774	9,323	15,717
Total comprehensive loss for the period	-	-	(3,827)	(3,827)
Tender offer buyback of shares	(624)	624	(966)	(966)
At 31 December 2018	3,996	2,398	4,530	10,924

SAROSSA PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

		At 31 December 2018 (Unaudited) £'000	At 31 December 2017 (Unaudited) £'000	At 30 June 2018 (Audited) £'000
	Notes			
ASSETS				
Non-current assets				
Portfolio Investments	6	10,291	16,166	15,582
		10,291	16,166	15,582
Current assets				
Trade and other receivables		42	35	28
Cash and cash equivalents		613	311	143
		655	346	171
Total assets		10,946	16,512	15,753
LIABILITIES				
Current liabilities				
Trade and other payables		(22)	(29)	(36)
Total liabilities		(22)	(29)	(36)
Net current assets		633	317	135
Net assets		10,924	16,483	15,717
Shareholders' equity				
Share capital	7	3,996	4,620	4,620
Capital redemption reserve	8	2,398	1,774	1,774
Retained earnings deficit		4,530	10,089	9,323
Total equity		10,924	16,483	15,717

Approved by the Board and authorised for issue on 5 April 2019.

Michael Bretherton
Chief Executive Officer

SAROSSA PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	6 months ended 31 December 2018 (Unaudited) £'000	6 months ended 31 December 2017 (Unaudited) £'000	Year ended 30 June 2018 (Audited) £'000
	Notes		
Cash flows from operating activities			
(Loss)/profit before tax for the period	(3,827)	2,751	1,985
Adjustments for:			
Finance income	(1)	(2)	(3)
Unrealised loss / (gain) on revaluation of portfolio investments	3 4,872	(2,136)	(1,292)
Realised gain on sale of portfolio investments	3 (1,273)	(5)	(5)
Operating cash flows before movement in working capital	6 (229)	608	685
Purchase of portfolio investments	(4,078)	(5,720)	(5,980)
Proceeds from sale of investments	5,770	798	798
Increase in trade and other receivables	(14)	(11)	(4)
Decrease in trade and other payables	(14)	(15)	(8)
Cash flows generated / (used) from operating activities	1,435	(4,340)	(4,509)
Cash flows from financing activities			
Interest received	1	2	3
Tender offer buyback of shares	(966)	-	-
Cash flows (used) /generated from financing activities	(965)	2	3
Total net cash flows generated / (used)	470	(4,338)	(4,506)
Net increase / (decrease) in cash and cash equivalents	470	(4,338)	(4,506)
Cash and cash equivalents at beginning of the period	143	4,649	4,649
Cash and cash equivalents at end of the period	613	311	143

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed financial statements for the six months ended 31 December 2018. These include unaudited comparatives for the six months ended 31 December 2017 together with audited comparatives for the year ended 30 June 2018.

The financial information for the six months ended 31 December 2018 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 2018 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 2019 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 2018. 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 2018.

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 2018.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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 2018.

	6 months ended 31 December 2018 (Unaudited)	6 months ended 31 December 2017 (Unaudited)	Year ended 30 June 2018 (Audited)
Unrealised gain/(loss) on revaluation of portfolio investments	(4,872)	2,136	1,292
Gain on disposal of portfolio investments	1,273	5	5
Net (loss)/gain on portfolio investments	(3,599)	2,141	1,297
Dividend income	84	790	1,163
Gross investment return	(3,515)	2,931	2,460

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 2017: nil percent; year to 30 June 2018: 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 2018 (Unaudited)	6 months ended 31 December 2017 (Unaudited)	Year ended 30 June 2018 (Audited)
(Loss) / gain for the period (£'000)	(3,827)	2,751	1,985
Weighted average number of shares	45,625	46,201	46,201
Basic (loss)/earnings per ordinary share	(£83.89)	£59.56	£42.97
Diluted (loss)/earnings per ordinary share	(£83.39)	£59.56	£42.97

During the interim period, the Company undertook a share consolidation as set out in note 7. The weighted average number of shares, therefore, has been adjusted as if the share consolidation had occurred at the beginning of the period. The weighted average number of shares in issue in prior periods has also been restated accordingly to ensure comparability.

The Company had no dilutive potential ordinary shares in issue during the six months to 31 December 2018 and to 31 December 2017, or during the year to 30 June 2018 and consequently there was also no dilutive impact for those periods.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

6) PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000
Fair value at 31 December 2017	16,166
Additions	260
Disposals	-
Unrealised loss on the revaluation of investments	(844)
Fair value at 30 June 2018	15,582
Additions	4,078
Disposals	(4,497)
Unrealised loss on the revaluation of investments	(4,872)
Fair value at 31 December 2018	10,291

Investment additions include an amount of £2,579,000 relating to the fair value of shares acquired as part of a structured acquisition of a previously held portfolio company, for which shareholders received both cash and shares.

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		
At 31 December 2017 and 30 June 2018	1,000,000,000	10,000
Share consolidation	(999,990,000)	-
At 31 December 2018	100,000	10,000
Allotted, issued and fully paid ordinary shares		
At 31 December 2017 and 30 June 2018	462,008,478	4,620
New shares issued	1,522	-
Share consolidation	(461,963,799)	-
Shares repurchased and cancelled under tender offer	(6,239)	(624)
At 31 December 2018	39,962	3,996

During the interim period to 31 December 2018, and 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. Shareholders holding fewer than ten thousand shares received payment for their fractional entitlements at a pro rata proportion of the £155 tender offer price.

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.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

8) EQUITY CAPITAL AND RESERVES

	Share capital	Share Premium	Capital redemption reserve
	£'000	£'000	£'000
At 31 December 2017 and 30 June 2018	4,620	-	1,774
Tender offer buyback of shares	(624)	-	624
At 31 December 2018	3,996	-	2,398

The movement in share capital relates to the tender offer buyback and subsequent cancellation of 6,239 ordinary shares, each with a nominal value of £100, as set out in note 7.

9) RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2017 the Company had net expenses amounting to £19,321 recharged from ORA Limited, which is a controlled undertaking of Richard Griffiths, as is Sarossa.

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.