7 September 2016

Sanne Group plc

("the Company") together with its subsidiaries ("the Group" or "Sanne")

Interim results for the six months ended 30 June 2016

	6 months to 30 June 2016	6 months to 30 June 2015	Change
Revenue	£27.6m	£21.1m	+31%
Underlying operating profit [1]	£10.3m	£7.9m	+30%
Operating profit / (loss)	£8.3m	£(1.7)m	+£10.0m
Underlying profit before tax [1]	£10.2m	£7.0m	+46%
Profit / (loss) before tax	£8.1m	£(5.0)m	+£13.1m
Underlying operating profit margin [1]	37.3%	37.4%	-10bps
Underlying diluted earnings per share[1]	8.1p	6.4p	+27%
Underlying operating cash conversion [1]	117.3%	114.9%	+240bps
Interim dividend per share	3.2p	1.4p	+129%

1. The items classified as non-underlying are as detailed in note 4.

Financial highlights:

- Group revenue increased 31% to £27.6 million (2015: £21.1 million) of which 26.5% was organic growth
- Underlying operating profit up 30% to £10.3 million (2015: £7.9 million)
- Strong underlying operating cash conversion of 117.3% (2015: 114.9%) in the period
- Underlying diluted earnings per share stood at 8.1 pence (2015: 6.4 pence)
- The Board has declared a 3.2 pence interim dividend for 2016 (2015: 1.4 pence)

Operational highlights

- Strong underlying performance within the Group's core alternatives focused business divisions (Real Estate, Private Equity and Debt)
- New business with annualised fees of approximately £6.7 million won in the first six months with good pipeline continuing into the second half
- Acquisitions completed in Ireland and South Africa and acquisition signed in Netherlands broadening capabilities, geographic footprint and increasing scale
- Larger office space secured in Dublin to support growth in the jurisdiction

Outlook and current trading

- Strong momentum of the business in the first six months has continued with current trading in line with the Board's expectations

This announcement contains inside information.

Dean Godwin, Chief Executive Officer of Sanne Group plc, said:

"We are pleased with the performance of the Group in the first half as we continue to win new business from both existing and new clients. In addition to strong organic growth, our recent acquisitions demonstrate the Group's commitment to a targeted acquisition strategy which develops market share, expands Sanne's asset and jurisdictional offerings and creates opportunities for operational leverage. While the outcome of the EU referendum has created uncertainty in some markets, our strong momentum and diverse presence, as well as the favourable underlying trends in our markets, give us confidence in the continued growth of the Group."

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A presentation for analysts will be held at 09.30am today at the offices of Investec Bank plc, 2 Gresham Street, London, EC2V 7QP, United Kingdom.

A copy of this announcement will be available online at www.sannegroupplc.com at 7am today.

Notes:
Sanne is a specialist provider of outsourced corporate, fund and private client administration, reporting and fiduciary services. Established for over 25 years and listed on the Main Market of the London Stock Exchange, the Group employs approximately 600 people worldwide and administers structures and funds that have in excess of £90 billion of assets.

Key clients include alternative asset managers, financial institutions, family offices and corporates.

The Group has a presence in established, international financial centres including Jersey, Guernsey, London, Luxembourg, Dublin, Malta, South Africa, Dubai, Hong Kong, Shanghai and Singapore.

www.sannegroup.com

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INTERIM MANAGEMENT REPORT

First half review

The Group's core business lines have seen good growth in the first half of the year driven by strong momentum from new business opportunities delivered in the latter part of 2015. Revenue increased by 31% to £27.6 million and underlying operating profit increased by 30% to £10.3 million, compared with the same period in the prior year.

In the first six months of the year the Group has secured new business from both new and existing clients totalling approximately £6.7 million on a projected annualised fee basis. Of this approximately £2.4 million was from new clients to Sanne. As in previous reporting periods the full revenue impact of many of these new structures will commence in the second half of the year and, in some cases, will continue into 2017 as implementation is completed.

The Group has continued expanding its service provision through the development of new reporting services and the roll-out of capabilities across the existing global network and operating platform. Examples of this include the development of regulatory reporting services in response to the Common Reporting Standard ("CRS") and the European Alternative Investment Fund Managers Directive ("AIFMD") requirements where Sanne is working with clients to deliver multijurisdictional reporting solutions.

The result of the EU referendum in June was felt across the financial markets. While the final outcome of the UK's negotiations with the EU will not be known for some time, with operational centres both inside and outside the EU the Group continues to invest in the development of its client proposition across a range of jurisdictions, in particular AIFMD related services, in order to be best positioned to react to any market shift.

During the period the Group acquired Chartered Corporate Services ("CCS"), a Dublin-based corporate services business that specialises in the delivery of company secretarial, liquidation, payroll and VAT reporting services. CCS will complement the Group's existing operations in Ireland, delivering additional scale and product capabilities across the corporate services offering and demonstrates a commitment to acquiring businesses that support existing growth opportunities and deliver greater jurisdictional and product diversity. Following the integration of CCS, new office premises have been taken on in Dublin to support operational expansion and provide space for further growth and recruitment.

The Group also acquired IDS Fund Services ("IDS") during the period, a company headquartered in South Africa, which provides outsourced investment administration services to the asset management industry, particularly focused on hedge fund clients. The acquisition of IDS broadens Sanne's alternative asset capabilities through the delivery of a hedge fund platform which can be leveraged across the wider Group network and delivers a new addressable market in South Africa. The acquisition also offers a lower cost operational platform.

The Group continues to invest in staff at both a senior and operational level to ensure new work can be serviced effectively, particularly in key functions such as risk and compliance. Senior business appointments have also been made with a focus on the global expansion of fund, corporate and private client products and services in support of divisional business objectives. Sanne has continued to recruit in operational centres outside of its Jersey headquarters as the Group expands its service offering and client base globally.

After the period end, the Group has entered into an agreement to acquire Sorato Trust B.V. ("Sorato"), a Netherlands based domiciliation and associated corporate services business. Sorato has been Sanne's business partner in the Netherlands for more than five years and the acquisition brings Sorato's capability formally into the Group as well as delivering a regulated footprint in the Netherlands, which supports the Group's growth strategy in Europe. The transaction is due to complete within three months following receipt of the necessary regulatory approvals.

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Strategy for growth

The Group's ongoing strategic focus is to continue building scale in established and emerging markets to be a leading provider of corporate, fund and private client administration, reporting and fiduciary services.

The Group is committed to continuing to invest in both people and infrastructure in support of its strategic objectives while maintaining the financial discipline required to sustain operating profit margin.

While there is a core focus on delivering organic growth, the Group will continue to evaluate acquisition opportunities that enable Sanne to deepen existing asset capabilities, broaden its product offering and deliver greater jurisdictional diversification through operational scale in existing offices as well as entering new markets.

Divisional review:

Debt

Revenues for the first six months were £7.8 million (6 months to June 2015: £6.5 million) with a gross profit of £5.1 million (6 months to June 2015: £4.3 million). The division has focused on maintaining its strong market position in the provision of administration services to banks and non-bank lenders including peer-to-peer platforms and asset managers. The division continues to see a strong pipeline of loan agency business across a range of institutional clients. Operational capabilities have been increased in London and Dublin to reflect new work flows and this is enabling further business development opportunities driven by an ability to deliver services across a wider geographic footprint.

Real Estate

Revenues for the first six months were £6.6 million (6 months to June 2015: £4.4 million) with a gross profit of £4.2 million (6 months to June 2015: £2.7 million). There have been new business wins from both new and existing clients as the UK real estate market continues to attract significant foreign investment following the weakening of the pound since the EU referendum result. There has also been increased demand for fund structures across multiple jurisdictions as managers look forward to new fund raises. New client mandates are also being driven by a trend for fund managers to outsource non-core roles such as back-office accounting. A funds platform has been implemented in the division which will enhance Sanne's administration capabilities and service clients' increasing reporting requirements. Recruitment continues in key operational centres (Jersey, London, Dublin, Luxembourg and Asia) to service new mandates in these jurisdictions and create capacity to grow existing relationships.

Private Equity

Revenues for the first six months were £4.2 million (6 months to June 2015: £2.9 million) with a gross profit of £2.8 million (6 months to June 2015: £1.7 million). The division has seen growth from both existing clients launching successor funds or new strategies as well as new clients to the division. The funds platform continues to develop to deliver more efficient service and reporting to clients across the division with particular focus on transparency of reporting and adaptability in response to regulatory and tax reporting reforms. The increasingly global client base continues to drive investment in cross border service capabilities.

Corporate and Institutional

Revenues for the first six months were £2.6 million (6 months to June 2015: £2 million) with a gross profit of £1.7 million (6 months to June 2015: £1.2 million). The division continues to define and develop a distinct product suite to expand its market offering and take a pro-active approach to cross-jurisdiction product development in response to the changing regulatory landscape. Focus has centred on the integration of the acquisition of CCS and leveraging its additional product offerings (liquidations, payroll services and VAT reporting) across the existing client base and beyond. There has been continued investment in the Group's depositary service proposition to be promoted across the alternatives focused business divisions and jurisdictions. The division has benefitted from the recruitment of key hires and continues to build upon its operational capabilities.

Executive Incentives

Revenues for the first six months were £2.3 million (6 months to June 2015: £2.3 million) with a gross profit of £1.5 million (6 months to June 2015: £1.7 million). The performance is reflective of the uncertainty generated in advance of the EU referendum which has affected underlying activity levels in the first half of the year in terms of share transactions for existing clients as well impacting the number of new mandates from private equity and IPO related activity in the period. The pipeline of transfer mandates for FTSE 100 and 250 companies requiring specialist trusteeship of their employee share trusts remains healthy.

Private Client

Revenues for the first six months were £3.4 million (6 months to June 2015: £2.7 million) with a gross profit of £2.3 million (6 months to June 2015: £1.8 million). There has been a strong pipeline of new mandates from existing clients and an increase in business development activity has resulted in a growing number of new client opportunities. The division continues its strategic focus on Ultra High Net Worth clients and their family offices. The recent recruitment of a Global Head of the division will continue to drive the expansion of the Private Client offering and broaden its target client focus into newer markets.

Treasury

Revenues for the first six months were £0.2 million (6 months to June 2015: £0.2 million). The team continues to position itself as a strategic partner to the other divisions and their clients in relation to their specialist treasury requirements. Both the cash and foreign exchange services have seen a number of client wins across the business divisions with some notable wins towards the end of the period. The continued expansion of the breadth of services provides a platform for the continued growth and development of the division.

Hedge

While the acquisition of IDS only completed in June 2016, there are a number of developments within the hedge fund sector in South Africa which are reflected in the revenue performance of the business, which now forms the hedge fund division within the Group. The industry is expected to continue to become increasingly institutionalised following the introduction of new regulations which will increase oversight and reporting requirements for funds and will likely drive further outsourcing opportunities for incumbent administrators such as IDS.

Working capital and cash flow

The Group continues to manage its working capital carefully, maintaining the level of working capital despite good growth in revenue. Working capital as a percentage of annualised revenue is 20.9% (30 June 2015: 27.1%).[1]

The Group's net debt position at 30 June 2016 was £7.2 million (30 June 2015: £8.6 million).[2] This net debt position has been maintained while the company has adhered to its progressive dividend policy and utilised £10.0 million of cash for the acquisitions in Ireland and South Africa.

Dividend

The Board has declared an interim dividend of 3.2 pence per share (2015: 1.4 pence). The dividend will be paid on 14 October 2016 to shareholders on the register as at the close of business on 16 September 2016.

Our people

Our employees remain core to the quality of the service offering to clients and we will continue to recruit high calibre individuals as we grow. We are committed to encouraging employees to continue with their professional development both through recognised qualification routes as well as continuous, industry specific learning programmes.

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[1] The component parts of the balance sheet that make up working capital include trade receivables (net of allowances), accrued income and deferred revenue.

[2] Net debt includes cash and bank balances excluding cash held for regulatory capital, and borrowings.

We are also committed to developing the employee value proposition to ensure that Sanne is recognised as nurturing a positive and supportive working environment which recognises and rewards individual and collective performance.

We have continued to recruit in operational centres outside of the Jersey headquarters as the Group expands its service offering and client base globally. Investment has been made in the central functions to ensure sufficient support and capability is in place to support organic and inorganic growth. The recent acquisition in South Africa also offers a lower cost operational model to enable further investment in centralised functional capabilities.

Risk

The principal risks facing the Group are unchanged from those set out in the Annual Report 2015, with the following two exceptions:

- The result of the EU referendum has led to a period of uncertainty increasing the Group's exposure to political/regulatory risk. It is noted that in the short term the Group is a net beneficiary of Sterling's recent weakness given the value of underlying contracts in USD and EUR being in excess of the mild exposure to increased costs in overseas jurisdictions; and
- Slight adjustments to the risk profiles have seen Business Continuity risk replaced by Compliance risk as one of the Group's principal risks. This has been driven by the Group's international expansion resulting in a greater number of regulated jurisdictions (e.g. South Africa, Malta) as well as an increase in the range of regulated services and reporting capabilities offered to clients.

During the period the Group completed the acquisitions of IDS and CCS (along with the acquisition after the balance sheet date of Sorato). Notwithstanding this activity, the Group's net risk determination with respect to acquisition risk (which includes integration risk) remains unchanged.

Outlook

The Board sees continued opportunities for growth across all the Group's core markets. A healthy level of new business wins in the first half of the year means there is a good level of forward momentum, particularly within those business lines focused on the alternatives markets.

While market uncertainty has been felt across many sectors of the economy in response to the result of the EU referendum, Sanne has comprehensive and regulated operational capabilities in a number of premier European financial centres, both inside and outside the EU, including the Channel Islands, London, Dublin and Luxembourg. The Group remains well placed to continue to service the ongoing structuring and administration requirements of its clients.

The Board believes that there is a continuing trend towards the outsourcing of corporate and fund administration activities from asset managers and institutions driven by increasing regulation, cross-border investment and the growing expectation of independent oversight. Furthermore, there remain strong underlying growth trends within the alternatives sector, a particular area of focus for Sanne.

Rupert Robson
Chairman
7 September 2016

Dean Godwin
Chief Executive Officer
7 September 2016

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM STATEMENT

We confirm to the best of our knowledge that:

- The condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and

- The interim management report includes a fair review of the information required by:

  A. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  B. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The interim statement contains certain forward looking statements which are made by the directors in good faith based on the information available to them at the time of their approval of this interim statement. Forward looking statements contained within the interim statement should be treated with some caution due to the inherent uncertainties, including economic, regulatory and business risk factors, underlying any such forward looking statements.

We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise. The interim statement has been prepared by Sanne Group plc to provide information to its shareholders and should not be relied upon by any other party or for any other purpose.

Dean Godwin
Chief Executive Officer

7 September 2016

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INDEPENDENT REVIEW REPORT TO SANNE GROUP PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the financial statements of the group are prepared in accordance with IFRS as adopted by the European Union and in accordance with IFRS as issued by the IASB. The half-yearly financial statements are presented on a condensed basis as permitted and do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Annual Report for the year ended 31 December 2015.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Helier, Jersey
7 September 2016

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Sanne Group plc

Consolidated Income Statement

For the period from 1 January 2016 to 30 June 2016

	Notes	Unaudited 6 Months to 30 Jun 2016 £ '000	Unaudited 6 Months to 30 Jun 2015 £ '000	Audited 12 Months to 31 Dec 2015 £ '000
Revenue		27,639	21,091	45,638
Direct costs		(9,624)	(7,641)	(15,981)
Gross profit	**3**	**18,015**	**13,450**	**29,657**
Other operating income		70	67	129
Operating expenses		(9,833)	(15,214)	(23,867)
Operating profit/(loss)		**8,252**	**(1,697)**	**5,919**
Comprising:				
Underlying operating profit		10,310	7,922	17,307
Non-underlying items within operating expenses	4	(2,058)	(9,619)	(11,388)
		8,252	(1,697)	5,919
Other gains and losses		60	(134)	(145)
Finance costs		(251)	(3,141)	(3,410)
Finance income		64	19	49
Profit/(loss) before tax		**8,125**	**(4,953)**	**2,413**
Comprising:				
Underlying profit before tax		10,183	6,957	16,092
Non-underlying items	4	(2,058)	(11,910)	(13,679)
		8,125	(4,953)	2,413
Tax	5	(1,007)	(197)	(849)
Profit/(loss) for the period/year		**7,118**	**(5,150)**	**1,564**

Earnings per share ("EPS") per ordinary share (expressed in pence per ordinary share)

	Notes	30 Jun 2016	30 Jun 2015	31 Dec 2015
Basic	7	6.3	(4.9)	1.4
Diluted	7	6.3	(4.9)	1.4
Underlying basic	7	8.1	6.4	13.9
Underlying diluted	7	8.1	6.4	13.9

All profits in the current and preceding periods and year are derived from continuing operations

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Sanne Group plc

Consolidated Balance Sheet

As at 30 June 2016

	Note	Unaudited 30 Jun 2016 £ '000	Unaudited 30 Jun 2015 £ '000	Audited 31 Dec 2015 £ '000
Assets				
Non-current assets				
Intangible assets	**9**	23,419	8,479	7,712
Equipment		1,568	1,862	1,647
Total non-current assets		**24,987**	**10,341**	**9,359**
Current assets				
Trade and other receivables		18,255	13,876	18,549
Cash and bank balances		14,520	12,154	19,445
Accrued income		2,107	3,041	1,069
Total current assets		**34,882**	**29,071**	**39,063**
Total assets		**59,869**	**39,412**	**48,422**
Equity				
Share capital		1,160	1,130	1,130
Share premium		44,745	44,766	44,770
Own shares		-	-	(122)
Retranslation reserve		1,866	(517)	(220)
Retained earnings		(25,128)	(32,632)	(26,573)
Total equity		**22,643**	**12,747**	**18,985**
Non-current liabilities				
Borrowings		17,730	17,703	17,695
Deferred tax liabilities		2,290	-	-
Total non-current liabilities		**20,020**	**17,703**	**17,695**
Current liabilities				
Trade and other payables		7,352	2,701	3,211
Current tax liabilities		2,293	1,756	1,383
Provisions		84	-	134
Deferred revenue		7,477	4,505	7,014
Total current liabilities		**17,206**	**8,962**	**11,742**
Total equity and liabilities		**59,869**	**39,412**	**48,422**

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Sanne Group plc

Consolidated Statement of Comprehensive Income

For the period from 1 January 2016 to 30 June 2016

	Note	Unaudited 6 Months to 30 Jun 2016 £ '000	Unaudited 6 Months to 30 Jun 2015 £ '000	Audited 12 Months to 31 Dec 2015 £ '000
Profit/(loss) for the period/year		**7,118**	**(5,150)**	**1,564**
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign operations	**2**	2,086	(333)	(36)
Total comprehensive income for the period/year		**9,204**	**(5,483)**	**1,528**

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Sanne Group plc

Consolidated Statement of Changes in Equity

As at 30 June 2016

	Share Capital £ '000	Share Premium £ '000	Own shares £ '000	Re-translation reserve £ '000	Retained Earnings £ '000	Total Equity £ '000
Balance at 1 January 2015	**50**	**-**	**-**	**(184)**	**(29,286)**	**(29,420)**
Loss for the period	-	-	-	-	(5,150)	(5,150)
Other comprehensive income for the period	-	-	-	(333)	-	(333)
Total comprehensive income for the period	**-**	**-**	**-**	**(333)**	**(5,150)**	**(5,483)**
Issue of share capital	1,133	45,838	-	-	-	46,971
Cost of share issuance	-	(1,072)	-	-	-	(1,072)
Conversion of Preference shares (SHL)	18,899	-	-	-	-	18,899
Own shares acquired in the year (SHL)	(18,971)	-	-	-	-	(18,971)
Net buyback of own shares	(3)	-	-	-	-	(3)
Issue of share capital (SHL)	22	-	-	-	-	22
Share-based payment transactions	-	-	-	-	1,804	1,804
Balance at 30 June 2015	**1,130**	**44,766**	**-**	**(517)**	**(32,632)**	**12,747**
Profit for the period	-	-	-	-	6,714	6,714
Other comprehensive income for the period	-	-	-	297	-	297
Total comprehensive income for the period	**-**	**-**	**-**	**297**	**6,714**	**7,011**
Dividend payments	-	-	-	-	(1,579)	(1,579)
Cost of share issuance	-	6	-	-	-	6
Net buyback of own shares	-	(2)	(122)	-	-	(124)
Share based payments	-	-	-	-	924	924
Balance at 31 December 2015	**1,130**	**44,770**	**(122)**	**(220)**	**(26,573)**	**18,985**
Profit for the period	-	-	-	-	7,118	7,118
Other comprehensive income for the period	-	-	-	2,086	-	2,086
Total comprehensive income for the period	**-**	**-**	**-**	**2,086**	**7,118**	**9,204**
Dividend payments	-	-	-	-	(6,335)	(6,335)
Net sale of own shares	30	(25)	122	-	251	378
Share-based payment transactions	-	-	-	-	411	411
Balance at 30 June 2016	**1,160**	**44,745**	**-**	**1,866**	**(25,128)**	**22,643**

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Sanne Group plc

Consolidated Cash Flow Statement

For the period from 1 January 2016 to 30 June 2016

	Unaudited 30 Jun 2016 £ '000	Unaudited 30 Jun 2015 £ '000	Audited 31 Dec 2015 £ '000
Operating profit/(loss)	8,252	(1,697)	5,919
Adjustments for:			
Depreciation of equipment	466	365	861
Amortisation of intangible assets	955	807	1,611
Disposal of equipment	-	-	6
(Decrease)/increase in provisions	(50)	-	134
Share-based payment expense	411	1,804	2,736
Operating cash flows before movements in working capital	**10,034**	**1,279**	**11,267**
Decrease/(increase) in receivables	212	(2,538)	(5,239)
Increase in deferred revenue	441	2,793	5,302
Increase in payables	712	557	1,066
Cash generated by operations	11,399	2,091	12,396
Income taxes paid	(251)	(32)	(1,057)
Net cash from operating activities	**11,148**	**2,059**	**11,339**
Investing activities			
Interest received	63	19	49
Acquisition of subsidiaries	(9,979)	-	-
Purchases of equipment	(219)	(453)	(741)
Proceeds on disposal of equipment	9	-	-
Net cash used in investing activities	**(10,126)**	**(434)**	**(692)**
Financing activities			
Dividends paid	(6,335)	-	(1,579)
Interest paid on preference shares	-	(256)	(256)
Interest on bank loan	(243)	(1,040)	(1,271)
Proceeds on issue of shares	-	28,052	28,056
Net proceeds on sale of own shares	378	-	-
Costs of share issuance	-	(1,072)	(1,066)
Redemption of ordinary shares	-	(50)	(178)
Redemption of bank loans	-	(45,000)	(45,000)
New bank loans raised	-	17,672	17,627
Net cash used in financing activities	**(6,200)**	**(1,694)**	**(3,667)**
Net (decrease)/increase in cash and cash equivalents	**(5,178)**	**(69)**	**6,980**
Cash and cash equivalents at beginning of year	19,445	12,591	12,591
Effect of foreign exchange rate changes	253	(368)	(126)
Cash and cash equivalents at end of year	**14,520**	**12,154**	**19,445**

Sanne Group plc
Notes to the consolidated results
For the period from 1 January 2016 to 30 June 2016

1 . Basis of preparation

Sanne Group plc is a company incorporated in Jersey, Channel Islands. The unaudited, condensed and consolidated financial statements for the six months ended 30 June 2016 comprise the Company and its subsidiaries (collectively the "Group").

The consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements are therefore presented on a condensed basis as permitted and do not include all disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Annual Report for the year ended 31 December 2015 available at www.sannegroupplc.com.

As previously explained in the Annual Report, on 1 April 2015, the Company obtained control of the entire share capital of Sanne Holdings Limited via a share exchange. As a result, the comparatives for the periods to 30 June 2015 and 31 December 2015 presented in these financial statements include the consolidated results of Sanne Holdings Limited for the first quarter of 2015.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have reviewed the Group's financial projections and cash flow forecasts and believe, based on those projections and forecasts, that it is appropriate to prepare the consolidated financial statements of the Group on the going concern basis. Accordingly, they have adopted the going concern basis of accounting in preparing the consolidated financial statements.

Accounting policies

The Group has applied consistent accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015, in accordance with IFRS as adopted by the European Union.

The Directors have considered all new, revised or amended standards and interpretations which are mandatory for the first time for the financial year ending 31 December 2016, and concluded that they have had no significant impact on these interim financial statements. New, revised or amended standards and interpretations that are not yet effective have not been early adopted and the Directors do not expect that the adoption of the standards will have an impact other than as identified and disclosed in the Annual Report for the year ended 31 December 2015.

2 . Estimates, critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 . Estimates, critical accounting judgements and key sources of estimation uncertainty (continued)

The critical judgements and estimations of uncertainty at the balance sheet date that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as set out in the Annual Report for the year ended 31 December 2015.

Seasonality

Given the make up of the Group's customers and contracts seasonality is not expected to have a significant bearing on the financial performance of the Group.

Brexit and GBP

The Group continues to appraise the potential impacts of the United Kingdom's Referendum on EU membership ("Brexit"). In the short term the Group is a net beneficiary of Sterling's weakness given the value of underlying contracts in USD and EUR being in excess of the mild exposure to increased cost in overseas jurisdictions.

Sterling's weakness and a strengthening of the South African Rand has resulted in an unrealised £2,086k gain on retranslation in the period. This relates to the net exchange gain on the non-Sterling assets and liabilities of the Group, with notably a £2,239k gain on the Intangible assets.

The Directors are of the opinion that the Group is well placed to adapt to the potential challenges and opportunities created by Brexit.

3 . Segmental Reporting

The divisions engage in corporate, fund and private client administration, reporting and fiduciary services. Declared revenue is generated from external customers.

The Group has eight reportable segments under IFRS 8: Debt, Real Estate, Private Equity, Corporate and Institutional, Executive Incentives, Private Client and Treasury and following the acquisition of IDS, a new Hedge division.

The chief operating decision maker is the board of directors of Sanne Group plc. Each segment is defined as a set of business activities generating a revenue stream determined by divisional responsibility and the management information reviewed by the board of directors. The board evaluates segmental performance on the basis of gross profit, after the deduction of the direct costs of staff, marketing and travel.

Unaudited 6 Months to 30 Jun 2016	**Revenue**	**Direct costs**	**Gross profit**	**Gross profit Margin**
	£ '000	**£ '000**	**£ '000**	
Divisions				
Debt	7,797	(2,666)	5,131	66%
Real Estate	6,577	(2,357)	4,220	64%
Private Equity	4,232	(1,444)	2,788	66%
Corporate and Institutional	2,578	(924)	1,654	64%
Executive Incentives	2,297	(770)	1,527	66%
Private Client	3,378	(1,080)	2,298	68%
Treasury	242	(186)	56	23%
Hedge	538	(197)	341	63%
Total Gross profit	**27,639**	**(9,624)**	**18,015**	65%
Other operating income			70	
Operating expenses			(9,833)	
Operating profit			**8,252**	

3 . Segmental Reporting (continued)

Unaudited 6 Months to 30 Jun 2015	Revenue £ '000	Direct costs £ '000	Gross profit £ '000	Gross profit Margin
Divisions				
Debt	6,459	(2,173)	4,286	66%
Real Estate	4,396	(1,699)	2,697	61%
Private Equity	2,947	(1,207)	1,740	59%
Corporate and Institutional	2,029	(781)	1,248	62%
Executive Incentives	2,319	(662)	1,657	71%
Private Client	2,742	(937)	1,805	66%
Treasury	199	(182)	17	9%
Total Gross profit	**21,091**	**(7,641)**	**13,450**	64%
Other operating income			67	
Operating expenses			(15,214)	
Operating loss			**(1,697)**	

Audited 12 Months to 31 Dec 2015	Revenue £ '000	Direct costs £ '000	Gross profit £ '000	Gross profit Margin
Divisions				
Debt	13,835	(4,424)	9,411	68%
Real Estate	10,177	(3,789)	6,388	63%
Private Equity	6,567	(2,630)	3,937	60%
Corporate and Institutional	4,026	(1,468)	2,558	64%
Executive Incentives	4,764	(1,373)	3,391	71%
Private Client	5,846	(1,932)	3,914	67%
Treasury	423	(365)	58	14%
Total Gross profit	**45,638**	**(15,981)**	**29,657**	**65%**
Other operating income			129	
Operating expenses			(23,867)	
Operating profit			**5,919**	

Geographical information

The Group's revenue from external customers by geographical location of contracting Group entity is detailed below:

	Unaudited 6 Months to 30 Jun 2016 £ '000	Unaudited 6 Months to 30 Jun 2015 £ '000	Audited 12 Months to 31 Dec 2015 £ '000
Jersey	17,875	15,692	32,116
Rest of Europe	8,715	5,362	12,693
Rest of world	1,049	37	829
Total Revenue	**27,639**	**21,091**	**45,638**

4 . Underlying profit before tax

		Unaudited 6 Months to 30 Jun 2016 £ '000	Unaudited 6 Months to 30 Jun 2015 £ '000	Audited 12 Months to 31 Dec 2015 £ '000
Profit before tax		8,125	(4,953)	2,413
Non-underlying items within operating expenses:				
Initial public offering ("IPO")	(i)	-	7,008	6,870
Share based payments	(ii)	411	1,804	2,770
Acquisition expense	(iii)	692	-	137
Amortisation of intangible assets	(iv)	955	807	1,611
		2,058	9,619	11,388
Non-underlying items within finance costs:				
Loan restructuring within finance costs	(v)	-	2,291	2,291
Underlying profit before tax		**10,183**	**6,957**	**16,092**

In order to present the underlying performance of the Group the Directors have adjusted for the above expenses.

(i) During 2015 the group expensed fees relating to the IPO of £6,870k.

(ii) During 2015 the Group accelerated share based payment charges of £1,810k ahead of the IPO and made a one-off share gift to employees resulting in a charge of £960k, inclusive of associated Social Security charges of £34k. Current period share based payment charges are as disclosed in note 10.

(iii) During the period ended 30 June 2016 the Group completed two acquisitions, as detailed in note 8. The Group has expensed £692k of acquisition and integration expenditure. In the prior period the group expensed £90k of legal and professional fees relating to the IDS acquisition and a further £47k of legal and professional fees relating to aborted deals.

(iv) The amortisation charges relate to the amortisation of Customer and Contract intangibles acquired through acquisitions.

(v) As part of the restructure at the time of the IPO, loan issuance costs of £2,291k were written off.

5 . Tax

Income tax is calculated across the Group based on the prevailing income tax rates in the jurisdictions in which profits are earned.

The company is subject to Jersey income tax at the standard rate of 0%; however, the majority of the Group's profits are reported by Sanne Fiduciary Services Limited, a Jersey incorporated company which is subject to Jersey income tax at the rate applicable to financial services companies of 10%.

6 . Dividends

An interim dividend of 3.2 pence per ordinary share (2015: 1.4 pence) was declared by the Directors on 6 September 2016 and will be payable on 14 October 2016 to holders of record on 16 September 2016. The 2015 final dividend of 5.6 pence was paid on 10 May 2016.

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7 . Earnings per share

	Unaudited 6 Months to 30 Jun 2016 £ '000	Unaudited 6 Months to 30 Jun 2015 £ '000	Audited 12 Months to 31 Dec 2015 £ '000
Profit/(loss) for the period	7,118	(5,150)	1,564
Non-underlying items:			
Initial public offering ("IPO")	-	7,008	6,870
Share based payments	411	1,804	2,770
Acquisition expense	692	-	137
Amortisation of intangible assets	955	807	1,611
Loan restructuring within finance costs	-	2,291	2,291
Underlying earnings	9,176	6,760	15,243
Weighted average number of ordinary shares for the purposes of basic earnings per share	113,013,392	106,040,425	109,496,601
Effect of dilutive potential ordinary shares:			
Restricted Stock Awards	97,245	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	113,110,637	106,040,425	109,496,601
Basic earnings per share (pence)	6.3	(4.9)	1.4
Diluted earnings per share (pence)	6.3	(4.9)	1.4
Underlying basic earnings per share (pence)	8.1	6.4	13.9
Underlying diluted earnings per share (pence)	8.1	6.4	13.9

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted EPS takes into consideration the Company's dilutive contingently issuable shares as disclosed in note 10. These arrangements have no impact on the earnings or underlying earnings figures used to calculate diluted EPS. The weighted average number of ordinary shares used in the diluted calculation is inclusive of the number of shares which are expected to be issued to satisfy the awards when they become due and where the performance criteria, if any, have been deemed to have been met at 30 June 2016.

At 30 June 2016 there were a total of 833,270 contingently issuable ordinary shares granted as part of the Performance Share Plan and 278,363 contingently issuable ordinary shares granted as Restrictive Stock Awards.

8 . Business combinations

Chartered Corporate Services ("CCS")

On 29 February 2016 the Group acquired 100% of the issued share capital of Castlewood Corporate Services Limited and Castlewood CS Holdings Limited, companies incorporated in Ireland and together trading as CCS.

The business was acquired to expand the Group's offering in Ireland by delivering additional scale and to diversify product capabilities to the corporate and institutional client base.

		EUR '000	GBP '000
Recognised amounts of identifiable net assets (at Fair value):			
Non-current assets	**Useful economic life**		
Equipment	2 years	4	3
Customer & Contract intangible	7 years	1,895	1,474
		1,899	1,477
Current assets			
Trade and receivables		211	164
Deferred tax		13	10
Cash and cash equivalents		45	35
Accrued income		199	155
		468	364
Current liabilities			
Trade and other payables		(16)	(12)
Current tax liabilities		(11)	(9)
Deferred income		(28)	(22)
Other taxation liabilities		(122)	(94)
		(177)	(137)
Non-current liabilities			
Deferred tax liabilities		(237)	(184)
		(237)	(184)
Identifiable net assets		**1,953**	**1,520**
Fair value of consideration payable at acquisition date			
Cash consideration		1,953	1,520
Less: cash and cash equivalent balances acquired		(45)	(35)
Net cash outflow arising on acquisition:		1,908	1,485

Deferred tax liabilities

Deferred tax liabilities have been recognised in relation to identified intangible assets, the amortisation of which is non-deductible against Irish Corporation Tax and therefore creates temporary differences between the accounting and taxable profits.

Transaction costs

Legal and professional fees totalled £94k for this acquisition. Due to the legal form of the deferred consideration on this deal there are also additional payments to be made totalling £1.5 million which are being treated as ongoing remuneration of key management personnel and being expensed over this and future accounting periods. £349k has been expensed within this financial period and together with the legal and professional fees have been shown in operating expense and further identified as non-underlying as detailed in note 4.

8 . Business combinations (continued)

Effect on the results

CCS contributed £401k revenue and a profit of £155k before exceptional staff retention (£193k loss after exceptional retention) to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the business had been acquired at 1 January 2016 on a pro-rata basis the Group revenue for the period would have been £27,840k (£201k higher) and the operating profit, £8,155k (£97k lower) and the underlying profit before tax, £10,261k (£78k higher).

IDS Fund Services ("IDS")

On 1 June 2016 the Group acquired 100% of the issued share capital of IDS Fund Services Holdings (Pty) Limited, a company incorporated in South Africa. The company and its subsidiaries trade as IDS.

The company was acquired to complete the Group's portfolio within the alternatives asset sector by the addition of a Hedge division. It will create opportunities to expand the current service lines into Africa and the Hedge division into European and Asian markets. It further provides an operational platform in a lower cost jurisdiction to deliver client and support services across the Group.

		ZAR '000	GBP '000
Recognised amounts of identifiable net assets (at Fair value):			
Non-current assets	**Useful economic life**		
Equipment	3-6 years	3,320	147
Customer & Contract intangible	8 years	147,808	6,557
		151,128	6,704
Current assets			
Trade and receivable		14,330	636
Cash and cash equivalents		10,182	452
		24,512	1,088
Current liabilities			
Trade and other payables		(10,874)	(482)
Income taxes payable		(1,159)	(51)
Other taxation liabilities		(1,024)	(45)
		(13,057)	(578)
Non-current liabilities			
Deferred tax liabilities		(41,386)	(1,836)
		(41,386)	(1,836)
Identifiable net assets		**121,197**	**5,378**
Goodwill		144,091	6,392
Total consideration		**265,288**	**11,770**
Fair value of consideration payable at acquisition date			
Initial consideration		201,645	8,946
Secondary consideration		63,643	2,824
Less: cash balances acquired		(10,182)	(452)
Net cash outflow arising on acquisition:		255,106	11,318

8 . Business combinations (continued)

Deferred tax liabilities

Deferred tax liabilities have been recognised in relation to identified intangible assets, the amortisation of which is non-deductible against South African Corporation Tax and therefore creates temporary differences between the accounting and taxable profits.

Transaction costs

The group has so far incurred £239k of acquisition and integration expense in this financial period and £90k in the prior period. Principally, legal and professional fees in acquiring the business and travel costs on the integration of the business. These costs have been expensed within operating expenses in this financial period and have further been identified as non-underlying as detailed in note 4.

Goodwill

Goodwill is represented by assets that do not qualify for separate recognition or other factors. These include new business wins to new customers, effects of an assembled workforce and synergies from combining operations of the acquiree and the acquirer.

Effect on the results

IDS contributed £538k revenue and £43k to the Group's operating profit for the period between the date of acquisition and the balance sheet date.

If the business had been acquired at 1 January 2016 on a pro-rata basis the Group revenue for the period would have been £30,331k (£2,692k higher) and the operating profit, £8,879k (£215k higher).

Other payable

The secondary consideration of ZAR 63.6 million was paid on 1 August 2016.

9 . Intangible assets

	Unaudited 30 Jun 2016 £ '000	Unaudited 30 Jun 2015 £ '000	Audited 31 Dec 2015 £ '000
Opening balance	7,712	9,385	9,385
Acquired during the period	14,423	-	-
Amortisation charge for the period	(955)	(807)	(1,611)
Exchange difference	2,239	(99)	(62)
Closing balance	**23,419**	**8,479**	**7,712**

10. Share based payments

		Unaudited 30 Jun 2016 £ '000	Unaudited 30 Jun 2015 £ '000	Audited 31 Dec 2015 £ '000
Sanne Holdings Limited				
2015 F share class issues	(i)	-	1,070	1,075
Amortisation of costs	(i)	-	734	735
Sanne Group plc				
Employee Share Gift award	(i)	-	-	918
Performance Share Plan	(ii)	315	-	-
Restricted Stock Awards	(iii)	96	-	-
Foreign exchange		-	-	8
Total Share based payments		**411**	**1,804**	**2,736**

10. Share based payments (continued)

(i) Details of the prior period share based payment charges can be found in the Group's annual report for the year ended 31 December 2015.

(ii) During the period the Group granted awards over its ordinary shares under the terms of its Performance Share Plan ("PSP"). The exercise of awards under the PSP is conditional upon the achievement of one or more challenging performance targets set at the time of the grant and measured over a 3 year performance period ending 31 December 2018.

(iii) During the period the Group granted awards over its ordinary shares in the form of Restrictive Stock Awards ("RSA"). The awards are used as part of the Group's recruitment policy for certain key management. The vesting of the awards is subject to continued employment over an agreed period. The awards were also granted as part of the mechanics of an acquisition to act as retentions for key management.

11. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel comprises all members of the plc Board and the Executive Committee who are responsible for planning and controlling the activities of the Group.

The remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Unaudited as at 30 Jun 2016 £ '000	Unaudited as at 30 Jun 2015 £ '000	Audited as at 31 Dec 2015 £ '000
Short term payments			
Short-term employee benefits	1,267	1,134	2,555
Share Based Payments (see note 10)	286	984	452
Total short term payments	**1,553**	**2,118**	**3,007**
Other			
Ordinary Dividends	466	-	185
Total other payments	**466**	**-**	**185**

12. Post balance sheet events

Sorato Trust B.V

On 5 August 2016 the Group entered into an agreement to acquire Sorato Trust B.V., a Netherlands based provider of domiciliation and associated corporate services.

Due to the conditions to completion, the calculation of deferred consideration, acquired intangible assets and fair value reviews have not yet been completed.