20 August 2015

Sanne Group plc
("Sanne", "the Group" or "the Company")
Interim results for the six months ended 30 June 2015

Sanne, the specialist provider of outsourced corporate and fund administration, reporting and fiduciary services, is pleased to announce its maiden results for the six months from 1 January 2015 to 30 June 2015.

	2015	2014	Change
Revenue	£21.1m	£16.7m	+26.0%
Adjusted EBITDA(1)	£8.3m	£6.5m	+27.5%
Adjusted EBITDA(1) margin	39.3%	38.8%	+50bps
Operating (loss) / profit before tax	£(1.7)m	£5.2m	-132.7%
Adjusted(2) operating profit before tax	£7.1m	£5.4m	+32.5%
(Loss) / profit before tax	£(5.0)m	£4.0m	-224.9%
Adjusted(3) operating profit before tax	£6.2m	£4.1m	+48.6%
Earnings per share	(4.6)p	3.5p	-231.4%
Adjusted(3) earnings per share	5.3p	3.7p	+43.2%
Net debt	£8.6m	£33.6m(4)	£(26.2)m
Interim dividend per share	1.4p	-	n/a

1. Group's earnings before interest, tax, depreciation and amortisation, share based payments and exceptional operating expenses related to the Group's IPO and non-continuing, pre-IPO costs
2. Adjustment is for exceptional operating expenses related to the Group's IPO and non-continuing, pre-IPO costs
3. Adjustment is for exceptional operating expenses and exceptional finance costs related to the Group's IPO and non-continuing, pre-IPO costs
4. Net debt as at 31 December 2014

Financial highlights:

- Group revenue increased 26.0% to £21.1 million (2014: £16.7 million)
- Adjusted operating profit before exceptional operating costs up 32.5% to £7.1 million (2014: £5.4 million)
- Adjusted profit before tax and exceptional items up 48.6% to £6.2 million (2014: £4.1 million)
- Exceptional items in the period included IPO transaction costs of £7.0 million, IPO related share based payment charges of £1.8 million and finance costs of £2.3 million relating to the write off of loan issuance costs resulting from the restructure at the time of the IPO
- Strong Adjusted EBITDA / operating cash conversion of 131.6% (2014: 103.2%) in the period with a net debt position of £8.6 million at 30 June 2015 (31 December 2014: £33.6 million)
- Earnings per share before exceptional items stood at 5.3p, a 43.2% increase from the position derived from 2014 numbers
- The Board recommends a 1.4 pence interim dividend for 2015

Operational highlights

- New business with annualised fees of approximately £7.8 million won in the first six months with strong momentum continuing into the second half
- Strong pipeline of new business within Sanne's core alternatives focused business divisions (Real Estate, Private Equity and Debt)
- Office move to larger premises in London and additional office space taken in Jersey to support growth

Successful IPO on the London Stock Exchange

- Admission to Main Market effective 1 April 2015
- Listing provides stable capital base upon which to progress further objective of building scale in established and emerging markets

Outlook and current trading

- Strong momentum in the business since IPO and trading in line with the Board's expectations

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

"The first six months of 2015 has been an important period for Sanne. Strong revenue and underlying profit growth have been achieved alongside a number of new business wins, and our listing on the Main Market of the London Stock Exchange in April provides us with an excellent opportunity for Sanne to build on its established operational platform and drive growth."

"There has been strong momentum in the business since the IPO and trading has been in line with the Board's expectations. With a healthy pipeline of new business and with the full revenue impact of a number of recent client wins still to be realised in H2, the Board remains confident on the outlook for the remainder of the year."

For further information contact:

Sanne Group plc +44 (0) 1534 722 787
Dean Godwin, Chief Executive Officer
Spencer Daley, Chief Financial Officer

Citigate Dewe Rogerson +44 (0) 20 7638 9571
Caroline Merrell sanne@citigatedr.co.uk
Nick Hayns
Michael Russell

A presentation for analysts will be held at 9.30am today at the offices of Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, London, EC2M 5SY.

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

Notes:
Sanne is a specialist global provider of outsourced corporate and fund administration, reporting and fiduciary services.

Established for over 25 years and listed on the Main Market of the London Stock Exchange, Sanne employs more than 300 people worldwide and has in excess of €100 billion of assets under administration.

As leaders in alternative asset administration, Sanne delivers tailored fiduciary services to a highly valued international client base through a global network of regulated businesses within nine leading financial jurisdictions.

www.sannegroup.com

INTERIM MANAGEMENT REPORT

First half review

The first six months of the year have been an important period for the Company. On 1 April Sanne listed on the Main Market of the London Stock Exchange marking a new chapter in the Company's history. The successful listing has provided Sanne with a stable capital base on which to progress further its objective of building scale in established and emerging markets with a particular focus on alternative asset classes that have high barriers to entry and require specialist expertise in order to deliver service.

Reflecting both continued positive underlying markets and the Company's successful strategy to drive growth, Sanne delivered a strong operating performance in the six months to 30 June 2015. Revenue increased by 26.0% to £21.1 million, gross profit increased by 24.8% to £13.5 million, operating profit before exceptional items increased by 32.5% to £7.1 million, and adjusted EBITDA increased by 27.5% to £8.3 million, all compared with the same period in the prior year.

The Company has continued to grow across its six business lines through increasing revenue from existing clients and attracting new clients. In the first six months of the year the Company secured new business totalling approximately £7.8 million on a projected annualised fee basis which compares with circa £4.2 million of annualised fees won during the same period in 2014. Of this approximately £4.1 million was from new clients to Sanne and it is hoped further revenues can be generated over time as these mandates are broadened across a wider range of services. 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 to increase into 2016 as implementation is completed.

Sanne has also 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 FATCA and AIFMD Annex IV requirements where Sanne has worked with clients to deliver multi-jurisdictional reporting solutions.

Performance in the period reflects the conversion of a strong pipeline of new business from existing and new clients across all core asset classes as well as delivering the full revenue impact of new structures secured in 2014. The Company has invested in staff at both a senior and operational level to ensure new work can be serviced effectively, particularly in fast growing divisions such as Real Estate, and capabilities at a Group level keep pace with business requirements, particularly within key control functions such as risk and compliance.

Sanne has continued to recruit in operational centres outside of its Jersey headquarters as the Company expands its service offering and customer base globally. In London, new office premises have been taken on to support this expansion and provide space for further recruitment. Sanne also continues to evaluate alternative service centres to deliver operational leverage and offer new jurisdictional opportunities.

The Company has also invested in its existing treasury function which continues to work closely with the business divisions to deliver competitive foreign exchange and treasury management services to client structures. It is anticipated that this will continue to grow as strategic relationships are built with banking providers.

This investment in growth in the period has been balanced with a strong control of central overhead which has delivered an adjusted EBITDA margin improvement of 0.5% compared to the same period last year (2015 Adjusted EBITDA margin: 39.3%, 2014: 38.8%).

Strategy for growth

The Company's growth strategy continues to focus on organic and acquisition opportunities. Organic strategies are focused around developing the service proposition and building scale within existing asset and market specialisms while pursuing initiatives to build revenue from a wider geographical base. During the first six months of the year Sanne has undertaken business development activities to build brand awareness within local markets.

The Company continues to review acquisition opportunities which complement existing growth objectives and which deliver greater jurisdictional and product diversity with defined areas of focus. Sanne operates in a consolidating market place that presents a number of attractive opportunities.

An article published by McKinsey & Company[1] in February 2015 indicates that, since 2005, assets under management within the alternatives sector have grown at an annualised rate of 10.7%, nearly twice the rate of traditional investments. The Company's focus on the alternatives and corporate sector positions it well for future growth.

Divisional review:

Debt

Revenues for the first six months were £6.5 million (6 months to June 2014 on a pro forma basis[2]: £5.4 million) with a gross profit of £4.3 million. The division has focused on maintaining its strong market position in the provision of administration services to non-bank lenders including peer-to-peer lenders and asset managers. The division has also seen 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 £4.4 million (6 months to June 2014 on a pro forma basis[2]: £2.6 million) with a gross profit of £2.7 million. There have been new business wins from new and existing clients as the UK real estate market continues to attract significant investment. New client mandates are also being driven by a trend for fund managers to outsource non-core roles such as accounting back-office. A new 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 and Luxembourg) to service new work and create capacity to grow existing relationships.

Private Equity

Revenues for the first six months were £2.9 million (6 months to June 2014 on a pro forma basis[2]: £2.1 million) with a gross profit of £1.7 million. A number of large mandates for new clients were secured in the first six months reflecting a strong service proposition and better alignment with the private equity manager community supported by a growth in fund raising. The funds platform continues to be enhanced to deliver more efficient service and reporting to clients across the division and enhanced client reporting will continue to be developed to meet the requirements of key service relationships. The division continues to invest in its platform in Asia and Luxembourg to drive future growth.

Corporate and Institutional

Revenues for the first six months were £2.0 million (6 months to June 2014 on a pro forma basis[2]: £1.9 million) with a gross profit of £1.2 million. During this period there has been a continued focus on developing a distinct product suite not only suitable to those clients directly serviced through this business division but also for selling across all business divisions. Examples include the development of regulatory reporting services to meet the specific requirements of FATCA and AIFMD Annex IV reporting. Furthermore, there has been continuing investment in Sanne's depositary service proposition delivered from an operational base in the UK (where Sanne is regulated to provide such a service) to be promoted across the alternatives focused business divisions.

---

[1] Pooneh Baghai, Onur Erzan, and Ju-Hon Kwek, The $64 trillion question: Convergence in asset management, McKinsey & Company (Mckinsey.com, February 2015)

[2] Divisional revenue for 6 months to June 2014 derived from 2014 half year financials adjusted for integration of Delorean and Ariel transactions

Executive Incentives

Revenues for the first six months were £2.3 million (6 months to June 2014 on a pro forma basis[2]: £2.1 million) with a gross profit of £1.7 million. The division continues to position itself as a leading provider of specialist trusteeship of employee share trusts and associated administration services. The division often works in partnership with other large UK based share plan administration businesses to deliver best of breed service solutions to clients and this approach has ensured that they have been able to increase their share of the UK listed companies market. Further initiatives are underway to identify cross selling opportunities across the wider Group's client base.

Private Client

Revenues for the first six months were £2.7 million (6 months to June 2014 on a pro forma basis[2]: £2.6 million) with a gross profit of £1.8 million. There have been a number of significant client wins which ensure the continued development of the division around outsourced family office services which enables the division to build specialist capabilities around a targeted ultra-high-net-worth private client base. The division has benefited from the recruitment of experienced resource from institutional providers which it is hoped will drive further business development opportunities.

Working capital and cashflow

The Company delivered an impressive adjusted EBITDA[3] / operating cash conversion rate of 131.6% (2014: 103.2%) for the period. A strong focus on cash collection resulted in working capital falling to 27.1% as a percentage of the 30 June 2015 annualised revenue (2014: 30.1%).[4]

The Company's net debt position at 30 June 2015 was £8.6 million (December 2014: £33.6 million).[5] The variance on the previous year is primarily due to the repayment of debt at the time of the IPO.

During 2014, quarterly invoicing was processed in the month following a quarter end. Following the successful roll out of a new billing system, invoices are now and will continue to be processed within the quarter to which they relate. This change has impacted on the make-up of the working capital of the Company presented in the interim financial statements. Specifically, it has led to the increase in trade receivables and decrease in accrued income at the period end when reviewed in comparison to previous reporting periods. The change of billing system has also enabled the accurate presentation of deferred revenue where elements of deferred revenue were netted in accrued income in previous reporting periods.

Dividend and dividend policy

The Board has adopted a dividend policy which will allow us to maximise shareholder value while allowing the business to retain sufficient capital to fund ongoing operating requirements and to invest in the Company's long term growth. Given the IPO took place halfway through the first half of the year, the Board has declared an interim dividend of 1.4 pence per share.

The dividend will be paid on 30 September 2015 to shareholders on the register as at the close of business on 4 September 2015.

Our people

As a people business, the strength and depth of Sanne's management teams and employees is a core contributor to the Company's success. In the period, further key appointments have been made across both business divisions and within group services to augment the depth and capability of skills required to continue to build the business. It is anticipated that further senior hires will be made throughout the remainder of the year to support strategic initiatives.

[3] Group's earnings before interest, tax, depreciation and amortisation, share based payments and exceptional administrative charges related to the Group's IPO and non-continuing, pre-IPO costs

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

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

Board

Sanne was pleased to strengthen its Board with the appointment of Rupert Robson as independent Chairman together with Andy Pomfret and Nicola Palios as independent non-executive directors, as part of the IPO. The Board look forward to working together to further develop the Group.

There have been no Board changes since the plc Board was formally appointed on Thursday 26 March.

Outlook

The Board remains confident about the outlook for the remainder of the year, based on half-year performance, new business wins and the continued focus by divisions on driving through successful business development strategies.

The Company continues to review strategic initiatives in the context of its stated objective to be a leading specialist provider of outsourced corporate and fund administration, reporting and fiduciary services. In particular Sanne will continue to focus on market share development through the deepening of key client relationships, the expansion of a core asset-led offering as well as the targeted entry of new asset classes through acquisition.

Furthermore, the Company will continue to expand its global network and platform by building presence in existing and new jurisdictions to support operational growth and diversification and expand Sanne's suite of services in order to meet the evolving requirements of existing and future clients and in response to the developing regulatory landscape.

Rupert Robson
Chairman
20 August 2015

Dean Godwin
Chief Executive Officer
20 August 2015

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 view 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

20 August 2015

SANNE

Sanne Group plc

Consolidated income statement

For the period from 1 January 2015 to 30 June 2015

	Notes	Unaudited 6 Months to 30 Jun 2015 £ 000's	Unaudited 6 Months to 30 Jun 2014 £ 000's	Audited 12 Months to 31 Dec 2014 £ 000's
Revenue		21,091	16,744	35,583
Direct costs		(7,641)	(5,966)	(13,429)
Gross profit	**4**	**13,450**	**10,778**	**22,154**
Other operating income		67	264	264
Operating expenses		(15,214)	(5,845)	(11,426)
Operating (loss)/profit		**(1,697)**	**5,197**	**10,992**
Exceptional items included within operating expenses	**5**	(8,812)	(172)	(277)
Operating profit before exceptional items		7,115	5,369	11,269
Other gains and losses		(134)	(67)	10
Finance costs	**6**	(3,141)	(1,174)	(3,241)
Finance income		19	10	71
(Loss)/profit before tax		**(4,953)**	**3,966**	**7,832**
Exceptional items included within operating expenses and finance costs	**5**	(11,103)	(172)	(277)
Profit before tax and exceptional items		6,150	4,138	8,109
Tax	**7**	(197)	(460)	(1,657)
(Loss)/profit for the year		**(5,150)**	**3,506**	**6,175**
Other comprehensive income				
Exchange differences on translation of foreign operations		(333)	(135)	(184)
Total comprehensive income		**(5,483)**	**3,371**	**5,991**
Earnings per share ("EPS") per ordinary share (expressed in pence per ordinary share)				
Basic & diluted	**8**	(4.6)	3.5	6.2
Adjusted basic & diluted	**8**	5.3	3.7	6.5

All profits are derived from continuing operations

SANNE

Sanne Group plc

Consolidated balance sheet

As at 30 June 2015

	Notes	Unaudited 30 Jun 2015 £ 000's	Unaudited 30 Jun 2014 £ 000's	Audited 31 Dec 2014 £ 000's
Assets				
Non-current assets				
Intangible assets	**9**	8,479	10,197	9,385
Equipment		1,862	1,382	1,774
Total non-current assets		**10,341**	**11,579**	**11,159**
Current assets				
Trade and other receivables	**10**	13,876	4,527	5,933
Cash and bank balances		12,154	11,636	12,591
Accrued income		3,041	8,043	8,446
Total current assets		**29,071**	**24,206**	**26,970**
Total assets		**39,412**	**35,785**	**38,129**
Equity				
Share capital	**11**	1,130	27	50
Share premium		44,766	-	-
Retranslation reserve		(517)	(135)	(184)
Retained earnings		(32,632)	(32,084)	(29,286)
Total equity		**12,747**	**(32,192)**	**(29,420)**
Non-current liabilities				
Preference shares		-	17,939	18,939
Borrowings		17,703	42,435	42,630
Total non-current liabilities	**12**	**17,703**	**60,374**	**61,569**
Current liabilities				
Trade and other payables	**13**	2,701	4,412	2,677
Current tax liabilities		1,756	1,382	1,591
Deferred revenue		4,505	1,809	1,712
Total current liabilities		**8,962**	**7,603**	**5,980**
Total equity and liabilities		**39,412**	**35,785**	**38,129**

SANNE

Sanne Group plc

Statement of consolidated changes in Equity

As at 30 June 2015

	Note	Share Capital £000's	Share Premium £000's	Retranslation reserve £000's	Retained Earnings £000's	Total Equity £000's
Balance at 1 January 2014		**51**	**-**	**-**	**4,186**	**4,237**
Profit for the period		-	-	-	3,506	3,506
Other comprehensive income for the period		-	-	(135)	-	(135)
Total comprehensive income for the period		**-**	**-**	**(135)**	**3,506**	**3,371**
Premium on redemption of share capital		-	-	-	(34,954)	(34,954)
Dividends		-	-	-	(4,951)	(4,951)
Own shares acquired in the period		(24)	-	-	-	(24)
Share based payments		-	-	-	129	129
Balance at 30 June 2014		**27**	**-**	**(135)**	**(32,084)**	**(32,192)**
Profit for the period		-	-	-	2,669	2,669
Other comprehensive income for the period		-	-	(49)	-	(49)
Total comprehensive income for the period		**-**	**-**	**(49)**	**2,669**	**2,620**
Own shares issued in the period		23	-	-	-	23
Share based payments		-	-	-	129	129
Balance at 31 December 2014		**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		1,130	45,838	-	-	46,968
Cost of share issuance		-	(1,072)		-	(1,072)
Own shares acquired in the period		(50)	-	-	-	(50)
Share-based payment transactions		-	-	-	1,804	1,804
Balance at 30 June 2015	**11**	**1,130**	**44,766**	**(517)**	**(32,632)**	**12,747**

Sanne Group plc

Consolidated cash flow statement

For the period from 1 January 2015 to 30 June 2015

	Unaudited 30 Jun 2015 £ 000's	Unaudited 30 Jun 2014 £ 000's	Audited 31 Dec 2014 £ 000's
Operating (loss)/profit	(1,697)	5,197	10,992
Adjustments for:			
Depreciation of equipment	365	270	625
Amortisation of intangible assets	807	734	1,546
Share-based payment expense	1,804	129	258
Operating cash flows before movements in working capital	**1,279**	**6,330**	**13,421**
Decrease in receivables	(2,538)	(2,100)	(3,909)
Increase in payables	3,350	2,176	818
Cash generated by operations	2,091	6,406	10,330
Income taxes paid	(32)	(100)	(1,088)
Net cash from operating activities	**2,059**	**6,306**	**9,242**
Investing activities			
Interest received	19	10	81
Purchases of equipment	(453)	(612)	(1,365)
Disposal of equipment	-	-	6
Acquisition of subsidiaries	-	(1,728)	(1,728)
Net cash used in investing activities	**(434)**	**(2,330)**	**(3,006)**
Financing activities			
Dividends paid	-	(4,518)	(4,605)
Premium on redemption of share capital	-	(34,954)	(34,954)
Interest paid on preference shares	(256)	(461)	(1,036)
Interest on bank loan	(1,040)	(135)	(1,810)
Proceeds on issue of shares	28,052	-	-
Expenses on issue of shares	(1,072)	-	-
Proceeds on issue of preference shares	-	9,550	10,550
Redemption of preference shares	-	(13,173)	(13,173)
Redemption of ordinary shares	(50)	(38)	(15)
Redemption of bank loans	(45,000)	-	-
New bank loans raised	17,672	42,389	42,380
Net cash used in financing activities	**(1,694)**	**(1,340)**	**(2,663)**
Net (decrease)/increase in cash and cash equivalents	**(69)**	**2,636**	**3,573**
Cash and cash equivalents at beginning of year	12,591	9,202	9,202
Effect of foreign exchange rate changes	(368)	(202)	(184)
Cash and cash equivalents at end of year	**12,154**	**11,636**	**12,591**

Sanne Group plc
Notes to the consolidated results
For the period from 1 January 2015 to 30 June 2015

1. Basis of preparation

Sanne Group plc (formerly Album Group plc, the "Company") is a company incorporated in Jersey, Channel Islands. The unaudited, condensed and consolidated financial statements for the six months ended 30 June 2015 comprise the Company and its subsidiaries (collectively the "Group").

On 1 April 2015, the Company obtained control of the entire share capital of Sanne Holdings Limited via a share exchange, and thus control of the Group. There were no changes in rights or proportion of control exercised as a result of this transaction.

Although the share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of the pre-existing group, formally headed by Sanne Holdings Limited ("SHL"). As a result, the comparatives for 30 June 2014 and 31 December 2014 presented in these financial statements are the consolidated results of Sanne Holdings Limited. For the impact on the earnings per share calculation see note 8.

The consolidated balance sheets at 31 December 2014 and 30 June 2014 reflect the share capital structure of Sanne Holdings Limited. The consolidated balance sheet at 30 June 2015 presents the legal change in ownership of the Group, including the share capital of Sanne Group plc and the effects of the share exchange transactions.

The consolidated results have been prepared in accordance with International Financial Reporting Standards ("IFRS") interpretations adopted by the International Accounting Standards Board ("IASB") IAS34. 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 historical financial information ("HFI") within the prospectus available at www.sannegroupplc.com.

These condensed consolidated interim financial statements do not constitute statutory accounts. Statutory accounts for Sanne Holdings Limited for the year ended 31 December 2014 were approved by the Board of Directors of Sanne Holdings Limited on 2 March 2015. The report of the Auditors on the 2014 accounts was unqualified.

These condensed consolidated interim financial statements were approved by the Board of Directors on 19 August 2015. They have not been audited or reviewed by the Group's external auditors.

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 2014, in accordance with IFRS as issued by the International Accounting Standards Board.

The Group adopted accounting policies can be found in the appendices to these consolidated results.

2. Estimates

When preparing the condensed interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation of uncertainty, were the same as those applied in the Group's HFI.

3. Significant events and transactions

On 1 April 2015, the Company was successfully admitted to the London Stock Exchange achieving a premium listing for Ordinary shares at £2.00 per share, 102,000,000 shares being allocated to the existing owners. The placement of 14,000,000 new ordinary shares raised £27m (net of costs) which the Company used to repay loan financing that was in place before the Initial Public Offering (''IPO''), see note 12.

4. Segmental Reporting

All divisions engage in trust and corporate administration, declared revenue is generated from external customers.

The Group has seven reportable segments under IFRS 8: Private Equity, Debt, Real Estate, Corporate and Institutional, Executive Incentives, Private Client and Treasury following the business service lines representing its main services and type of customers. Business acquisitions (project names Delorean and Ariel) are now fully integrated into the relevant service lines, but are presented separately in prior years as it was not practical to restate the positions.

The chief operating decision maker has been identified as 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-2015

	Private Equity £000's	Debt £000's	Real Estate £000's	Corporate and institutional £000's	Executive Incentives £000's	Private Client £000's	Treasury £000's	Total £000's
Revenue	2,947	6,459	4,396	2,029	2,319	2,742	199	21,091
Direct costs	(1,207)	(2,173)	(1,699)	(781)	(662)	(937)	(182)	(7,641)
Gross Profit	**1,740**	**4,286**	**2,697**	**1,248**	**1,657**	**1,805**	**17**	**13,450**
Other operating income								67
Operating expenses								(15,214)
Operating loss								**(1,697)**

Unaudited 6 Months to 30-Jun-2014

	Private Equity £000's	Debt £000's	Real Estate £000's	Corporate and institutional £000's	Executive Incentives £000's	Private Client £000's	Delorean# £000's	Ariel* £000's	Other^ £000's	Total £000's
Revenue	2,091	2,910	2,344	1,194	2,094	1,626	4,038	345	102	16,744
Direct costs	(895)	(1,102)	(1,011)	(362)	(596)	(603)	(1,305)	(53)	(39)	(5,966)
Gross Profit	**1,196**	**1,808**	**1,333**	**832**	**1,498**	**1,023**	**2,733**	**292**	**63**	**10,778**
Other operating income										264
Operating expenses										(5,845)
Operating profit										**5,197**

Audited 12 Months to 31-Dec-2014

	Private Equity £000's	Debt £000's	Real Estate £000's	Corporate and institutional £000's	Executive Incentives £000's	Private Client £000's	Delorean# £000's	Ariel* £000's	Other^ £000's	Total £000's
Revenue	4,224	6,317	5,668	2,551	4,137	3,308	7,934	1,303	141	35,583
Direct costs	(2,088)	(2,592)	(2,315)	(808)	(1,374)	(1,190)	(2,715)	(288)	(59)	(13,429)
Gross Profit	**2,136**	**3,725**	**3,353**	**1,743**	**2,763**	**2,118**	**5,219**	**1,015**	**82**	**22,154**
Other operating income										264
Operating expenses										(11,426)
Operating profit										**10,992**

* The Ariel business was acquired in April 2014 and was managed as a separate business until integrated into the relevant divisions from 31 December 2014.

The Delorean business was acquired in May 2013 and was managed as a separate business until integrated into the relevant divisions from 31 December 2014.

^ Revenue from all other activities is aggregated and included within 'Other'.

4. Segmental Reporting (continued)

	Unaudited 6 Months to 30-Jun 2015 £ 000's	Unaudited 6 Months to 30-Jun 2014 £ 000's	Audited 12 Months to 31-Dec 2014 £ 000's
Jersey	15,692	14,189	27,311
Rest of Europe	5,362	2,539	8,206
Rest of world	37	16	66
Total Revenue	21,091	16,744	35,583

5. Exceptional items

		Unaudited 6 Months to 30-Jun 2015 £ 000's	Unaudited 6 Months to 30-Jun 2014 £ 000's	Audited 12 Months to 31-Dec 2014 £ 000's
Within operational expenses:				
Initial Public Offering ("IPO")	(i)	7,008	-	-
Share Based Payment	(ii)	1,804	-	-
Other	(iii)	-	172	277
		8,812	172	277
Within finance costs:				
Loan restructuring	(iv)	2,291	-	-
Total Exceptional items		11,103	172	277

The above reflect expenses which are not representative of underlying performance.

(i) In the period ended 30 June 2015, the Group expensed fees relating to the IPO of £7,008k.

(ii) The shared base payments made as part of the share restructuring ahead of the IPO resulted in a total charge to the income statement of £1,804k, see note 14.

(iii) Prior period numbers relate to acquisition costs incurred in the Delorean and Ariel acquisitions.

(iv) As part of the restructure at the time of the IPO, loan issuance costs of £2,291k were written off, see note 12.

6. Finance costs

	Unaudited 6 Months to 30-Jun 2015 £ 000's	Unaudited 6 Months to 30-Jun 2014 £ 000's	Audited 12 Months to 31-Dec 2014 £ 000's
ICG Interest *	624	416	1,675
ICG amortised loan fees:			
- amortised *	94	46	250
- expensed on loan redemption *	2,291	-	-
HSBC Interest*	116	-	-
HSBC amortised loan fees *	16	-	-
Interest cap expense	-	135	135
Interest of preference shares	-	577	1,181
Total Finance costs	3,141	1,174	3,241

* The Group loan positions were restructured during the period as disclosed in note 12.

7. Tax

Income tax expense computations are based on the jurisdictions in which profits were earned at prevailing rates in the respective jurisdictions. Overseas taxation has been provided at £197k for the six month period to 30 June 2015.

The Jersey income tax rate applicable to financial services companies is 10%.

Including the disallowable expenses associated with the IPO, the Group is left with a temporary tax loss position, however, the deferred tax asset is anticipated to be utilised by 31 December 2015. Consequently, no deferred tax asset for Jersey income tax has been booked in the financial statements for the interim period.

8. Earnings per share	**Unaudited 6 Months to 30-Jun 2015 £ 000's**	**Unaudited 6 Months to 30-Jun 2014 £ 000's Restated**	**Audited 12 Months to 31-Dec 2014 £ 000's Restated**
(Loss)/profit for the period	(5,150)	3,506	6,175
Non-underlying items:			
Exceptional operating expenses	8,812	172	277
Exceptional finance costs	2,291	-	-
Adjusted earnings	5,953	3,678	6,452
Weighted average number of Ordinary shares:-			
Original shareholder exchange	102,000,000	102,000,000	102,000,000
Less EBT	(2,998,249)	(2,998,249)	(2,998,249)
Primary raise	14,000,000	-	-
Weighted average numbers of Ordinary shares	113,001,751	99,001,751	99,001,751
Basic and diluted earnings per share (pence)	(4.6)	3.5	6.2
Adjusted earnings per share (pence)	5.3	3.7	6.5

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 normalised average number of ordinary shares outstanding during the period.

As explained in note 1, the Group's financial statements reflect the continuation of the pre-existing group previously headed by Sanne Holdings Limited. To aid comparability following the Groups' reconstruction and share reorganisation, the number of ordinary shares issued to the original shareholders has been used to best indicate the share capital in existence at that time and provide earnings per share information on a consistent basis.

9. Intangible assets	**Unaudited 30-Jun 2015 £ 000's**	**Unaudited 30-Jun 2014 £ 000's**	**Audited 31-Dec 2014 £ 000's**
Opening balance	9,385	9,271	9,271
Additions during the period	-	1,660	1,660
Amortisation during the period	(807)	(734)	(1,546)
Foreign exchange difference on translation	(99)	-	-
Closing balance	**8,479**	**10,197**	**9,385**

10. Trade and other receivables

	Unaudited 30-Jun 2015 £ 000's	Unaudited 30-Jun 2014 £ 000's	Audited 31-Dec 2014 £ 000's
Trade receivables	13,373	4,396	5,520
Allowance for doubtful debts	(473)	(565)	(422)
	12,900	3,831	5,098
Other debtors and prepayments	976	696	835
Total Trade and other receivables	**13,876**	**4,527**	**5,933**

11. Share capital and share premium

Sanne Group plc	Unaudited 30-Jun 2015 £ 000's
Authorised	
500,000,000 Ordinary shares of £0.01 each	5,000
Called up, issued and fully paid	
113,001,751 Ordinary shares of £0.01 each	1,130

2,998,249 Treasury shares were held by Sanne Group Employees' Share Trust.

Sanne Group plc (formally Album Group plc) was incorporated on 26 January 2015 with an authorised share capital of £10,000 divided into 10,000 shares of £1 each, 2 of which were issued on incorporation at par.

On 27 March 2015, the 10,000 authorised ordinary shares of £1.00 each were sub-divided into 1,000,000 shares of £0.01 each. Following such subdivision, the authorised share capital was then increased from £10,000 divided into 1,000,000 shares of £0.01 each to £5,000,000 divided into 500,000,000 shares of £0.01 each.

On 1 April the Company entered into a share exchange agreement with Sanne Holdings Limited and its shareholders at that time (the “Original Shareholders”), pursuant to which the existing share capital was transferred to the Company in exchange for the Company issuing 102,000,000 ordinary shares of £0.01 each to the Original Shareholders (the “Share Capital Reorganisation”).

Immediately following completion of the Share Capital Reorganisation, the Company issued 14,000,000 ordinary shares of £0.01 each in the capital of the Company, bringing the total shares in issue to 116,000,000 ordinary shares (the “Ordinary Shares”). The Original Shareholders sold, in aggregate, 56,776,006 ordinary shares by way of an offer to certain institutional and other investors. On 1 April 2015 the Ordinary Shares were admitted to the Official List of the UK Listing Authority with a Premium Listing and approval to trade on the Main Market of the London Stock Exchange.

12. Non current liabilities		**Unaudited 30-Jun 2015 £ 000's**	**Unaudited 30-Jun 2014 £ 000's**	**Audited 31-Dec 2014 £ 000's**
Preference shares	(i)	-	17,939	18,939
Bank Loan	(ii)	17,703	42,435	42,630
Total Non current liabilities		**17,703**	**60,374**	**61,569**

(i) As part of the IPO restructure the Group settled the preference shares, exchanging them to ordinary shares.

(ii) As part of the restructure at the time of the IPO the Group settled the secured bank loan with Intermediate Capital Group ("ICG") totalling £45m over a seven year term. The issue costs associated with the loan of £2.3m have been written off, having previously been capitalised for amortisation over the seven year term. To partially fund the repayment the Group has taken out a replacement loan arrangement with HSBC plc for £40m, of which £18m has been drawn with an additional £7m undrawn and available on a revolving credit facility and a further £15m in the form of an undrawn accordion facility. Covenants attached to the loan monitor interest cover and leverage, with leverage defining the interest payable at a margin above LIBOR. £0.3m of loan costs have been capitalised and are being amortised over the five year term.

13. Trade and other payables		**Unaudited 30-Jun 2015 £ 000's**	**Unaudited 30-Jun 2014 £ 000's**	**Audited 31-Dec 2014 £ 000's**
Trade creditors		427	5	27
Other payables	(i)	189	3,537	696
Other taxes and social security		914	390	771
Accruals		1,171	480	1,183
Total Trade and other payables		**2,701**	**4,412**	**2,677**

(i) The balance of Other payables at 30 June 2014 included deferred consideration of £1,576k relating to the Ariel acquisition and £1,000k received in advance of a preference share issue.

14. Share based payments	**Unaudited 30-Jun 2015 £ 000's**	**Unaudited 30-Jun 2014 £ 000's**	**Audited 31-Dec 2014 £ 000's**
2015 F share class issues	1,070	-	-
Amortisation of costs	734	129	258
Total Share based payments	**1,804**	**129**	**258**

On 13 March 2015, the Group issued 2,450,000 F class shares of Sanne Holdings Limited on the same basis of valuation as previous issues in accordance with the method disclosed in the 31 December 2014 financial statements of the Group.

The remaining value of all share awards were fully amortised ahead of completion of the IPO. All shares were subsequently exchanged for ordinary shares of Sanne Group plc on 1 April 2015 upon completion of the IPO.

15. 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.

The Group's other significant related parties are:

Key management personnel defined as the board of directors of the principal operating entities, Sanne Group Plc, Sanne Holdings Limited and Sanne Fiduciary Services Limited, and other key individuals responsible for planning and controlling the activities of the Group.

IFX Sartura Limited Partnership, Inflexion 2012 Co-Investment Fund LP and Inflexion 2012 Co-Investment Fund (No.2.) LP (together "Inflexion"), are considered key shareholders.

Santisima Limited ("Santisima") are considered key shareholders. The directors of Santisima were also directors of other entities within the Group during the reporting period.

The holdings of related parties immediately following the IPO share exchange, disclosed in note 11, were as follows: Inflexion: 50,756,879 shares; Santisima Limited: 12,334,384 shares; Key Management Personnel: 20,554,971 shares. As part of the share exchange agreement, payments of £3.5m and £1m were made to Inflexion and Santisima Limited respectively.

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 2015 £ 000's	Unaudited as at 30-Jun 2014 £ 000's	Audited as at 31-Dec 2014 £ 000's
Short-term employee benefits	1,134	1,120	2,356
Share Based Payments (see note 14)	984	58	116
Total short term payments	**2,118**	**1,178**	**2,472**
Other			
- Ordinary Dividends	-	1,052	1,052
- Interest on 6% Preference Shares	-	43	95
Total other payments	**-**	**1,095**	**1,147**

16. Post balance sheet events

As part of an ongoing rationalisation programme, on 31 July 2015, the Group merged a number of Jersey subsidiary companies. Those companies being Sanne Fiduciary Services Limited, Sanne Corporate Services Limited, Sanne Registrars Limited, Sanne Capital Markets Limited and Sanne Group Services Limited. The merged companies will continue as the surviving merged company, Sanne Fiduciary Services Limited. This has no impact on the financial results of the Group.

Sanne Group plc
Appendix 1
Accounting Policies

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). IFRS includes the standards and interpretations approved by the IASB including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on the historical cost basis with fair value being applied to derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the balance sheet date for each period. Control is achieved where the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Under Article 105(11) of the Companies (Jersey) Law 1991, the directors of a holding company need not prepare separate financial statements (i.e. company only financial statements). Consolidated financial statements for the company are not prepared unless required by the members of the company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the Directors opinion, the Company meets the definition of a holding company. As permitted by law, the Directors have elected not to prepare separate financial statements.

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.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated amortisation and any impairment losses.

Contract Intangibles
Contract intangibles consist of the recognition of the legal relationships gained through acquisition.

On initial recognition the values are determined by relevant factors such as business product life-cycles, length of notice, ease of movement and general attrition.

This class of intangibles are amortised over their useful lives using the straight-line method, which is estimated at seven years, based on management's expectations and client experience.

The amortisation charge for the period is included in the consolidated income statement under 'operating expenses'.

Customer Intangibles
Customer intangibles consists of the recognition of value attributed to the customer lists through acquisition.

On initial recognition the values are determined by relevant factors such as the company's growth pattern and ability to cross-sell to existing clients.

Subsequently, this class of intangibles are amortised over their useful lives using the straight-line method, which is estimated at ten years, based on management's expectations and client experience.

The amortisation charge for the period is included in the consolidated income statement under 'operating expenses'.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Rendering of services
Revenue is derived from the provision of services and is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the services at the reporting date on an accruals basis.

Accrued income
Accrued income represents billable time spent on the provision of services to clients which has not been invoiced at the reporting date. Accrued income is recorded at the agreed charge out rates in force at the reporting date, less any specific provisions against the value of accrued income where recovery will not be made in full.

Deferred revenue

Fees in advance and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred revenue.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Earnings per share

The Group presents basic and diluted earnings per share per class based on the right to profit participation of each class of share. In calculating the weighted average number of shares outstanding during the period any share restructuring is adjusted by a factor to make it comparable with the other periods.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is accounted for using the balance sheet liability method which represents the temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and tax purposes. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Equipment

Equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Computer Equipment	25% to 33%
Fixtures and equipment	20%

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

All financial assets, other than cash and cash equivalents and derivatives, are classified as 'loans and receivables'.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit and Loss 'FVTPL' or 'other financial liabilities'. The Group does not hold any financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities, including borrowings and preference shares, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Preference shares are typically redeemed as soon as cash is available and on this basis the interest is expensed on a straight-line basis.

Accrued interest is recorded separately from the associated borrowings within current liabilities.

Derivative financial instruments and embedded derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Share-based payments

Before the IPO, employees (including senior executives) of the Group received remuneration in the form of share-based payment transactions, whereby eligible employees rendered services as consideration for equity instruments (equity settled transactions). The issuance was immediate but subject to a five year call option on the equity, considered to be a vesting period.

The cost of equity-settled transactions was recognised in operating expenses, together with a corresponding increase in retained earnings, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in operating expenses. The equity settled transactions are fair valued at the grant date and the expense recognised over the duration of the vesting period.

Fiduciary activities

The assets and liabilities of trusts and companies under administration are not included in these financial statements.

Exceptional items

Exceptional items are disclosed and described separately in the consolidated financial statements where it is necessary to do so to provide a better understanding of the financial performance of the Group. They are material items of expenditure shown separately due to their size and significance and include professional advisors and legal costs in relation to acquisitions.

Direct costs

Direct costs are defined by management as the costs of the income generating divisions which include staff payroll, marketing and travel attributable to the division in relation to the delivery of services and supporting growth.

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.

The following are the critical judgements and estimation 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 financial statements.

Revenue recognition and accrued income

The Group recognises accrued income within revenue and as a receivable for amounts that remain unbilled at the period end, recorded at the recoverable amount. The recoverable amount of accrued income is assessed on an individual basis using the judgment of management, and takes into account an assessment of the client's financial position, the aged profile of the accrued income and an assessment of historical recovery rates.

Carrying value and useful life of intangible assets

The Group has identified and recognised separately identifiable intangible assets associated with acquisitions made in previous accounting periods. Management have recognised two main classes of intangibles being Contract and Customer intangibles.

The valuation method used to value Contract and Customer intangibles is a multi-period excess earnings method. The intangibles are amortised over their useful economic life ("UEL"). For the Contract intangibles, UEL has been assessed to be seven years which has been estimated as the average period for which services are typically provided to contracted client entities. For the Customer intangibles, UEL has been assessed to be ten years.

The initial determination of the UELs required management to give comprehensive consideration to all pertinent factors surrounding the assets. Subsequent to the initial determination, management have adopted procedures to identify and evaluate appropriately those events or circumstances that may affect the remaining UEL and thus give rise to a change in the carrying value of the intangible assets.

SANNE

Sanne Group plc
Appendix 2
Risks and key judgements

As a regulated provider of fiduciary and administration services, risk management is at the core of the Company's day to day activities. As Sanne continues to develop its risk management framework there is an ongoing assessment of the primary and emerging risks and these are summarised below.

As is common, a three tier risk management model is operated, with business and operations management at level one, guided by appropriate internal controls, policies and procedures. The second tier is performed by Group functions such as Risk, Finance and Compliance. The appointment of Grant Thornton to provide Internal Audit services for Sanne Group plc provides a clear third tier to the assurance model and their activity will be further described in the annual statements for the full year 2015.

Risk factors

In a business which provides both operational and intellectual support to its client base it is typical to identify a range of risk factors. Some of these are specific to a single engagement or to certain activities performed for a subset of the client base. More generally there are a broader set of risks that have the potential to affect the Company's results or its ability to deliver the services required by clients. The summary below presents the primary current or emerging risks faced by the Company.

Risk	Risk driver	Key treatments and countermeasures
Current risk Sanne regulation and compliance	That a failure by Sanne to comply with laws, rules and regulations may result in regulatory investigation and/or censure	– Appointment of a Chief Compliance Officer (August 2015) – Enhancement of the company's risk identification, escalation and management framework
Current risk Strategic regulation and compliance	That regulatory change reduces demand for Sanne's services or requires a significant change in the way that Sanne operates	– Enhancement of the Company's horizon scanning capability which will improve monitoring of current and forthcoming regulatory requirements in operational jurisdictions
Emerging risk Employees	That business growth is dependent upon the availability and quality of staff to deliver client services and that those key staff are retained	– Development of Sanne's incentivisation and retention strategies. The first 6 months of 2015 has seen staff growth of 6% with a turnover rate of 9.7% – Investment in media channels to raise recruitment profile in key markets
Current risk Technology risk	That Sanne is not seen as innovative or hasn't integrated in its technology platforms to provide consistent and stable service delivery	– Core network and storage infrastructure is being refreshed in 2015 – The Company is progressing an enhanced dual data centre strategy removing single site risk for business operations and technology hosting – Continued deeper integration of the Navision platform and the wider roll out of e-Front across business divisions delivering fund service
Emerging risk Business expansion risk	That Sanne is exposed to execution and integration risk through acquisition	– Continued evaluation of acquisition targets against key performance, legal and risk criteria

Current risk Competitive threat	The competitive environment in Sanne's key markets is becoming more challenging as competition for new business increases and the Company is subjected to significant price competition	– The Company continues to develop awareness of key competitors and their service and pricing strategies – Continued development of key client relationships to understand detailed servicing requirements and drivers of satisfaction – Evaluation and implementation of process / system driven service solutions to deliver synergies and efficiencies across all business divisions
Current risk Conflicts of interest	Conflicts of interest are inherent to the provision of fiduciary and administration services and may potentially affect Sanne's business across all divisions. Sanne has a duty to act in the best interests of its clients and it must manage such conflicts to ensure its clients are not disadvantaged by them	– Continued development of identification and management capabilities around conflicts of interest – A more detailed recording of conflicts is being introduced, including documenting expectations of others and enhancing awareness through external training
Current risk Market risk	Sanne must continue to expand its service portfolio/delivery to meet the needs of new and/or existing clients in their changing markets	– Promotion of director led service model in understanding developing client needs – The Company is recruiting senior resource at Group level to focus on product development across key disciplines – Continued strong relationships with leading professional services firms who are driving product innovation
Emerging risk Outsourcing risk	As the group operating model is focused on divisional and not jurisdictional delivery it must continue to be aware that all outsourcing arrangements require notification, monitoring and oversight, failure to do so could lead to operational errors, loss of client confidence and possibly regulatory sanction	– The Compliance Monitoring Programme (CMP) is being enhanced to provide further comfort that oversight of outsourced activities is fully documented and evidenced where required – The Company continues to ensure the fulfilment of the requirement for fully documented outsourcing / delegation arrangements that are relied upon for servicing contractual and regulatory obligations
Current risk Managed Entity risk	Sanne provides services to client entities which have a managed presence. These entities do not yet meet the regulatory requirements to become stand-alone regulated entities or they have been established for customers who wish to test Jersey as a jurisdiction	– Due diligence carried at the outset and during the business relationship including assessment of fitness and propriety – Evidencing local management and control through the appointment of Sanne directors on the board of managed entities allowing oversight of an entity's activity and financial standing – Compliance officer/MLCO/MLRO provided by Sanne to ensure adherence to regulatory obligations and monitoring of breaches – Clear communications and reporting to client entity to reinforce obligations and understanding thereof

Current risk Capital and financing risk	As the group continues to pursue growth and expand its book of business its own regulatory capital and available funds needs will grow. In order to meet these needs financing arrangements have been put in place to facilitate management and growth of the business	– Financing arrangements have been put in place with a 5 year tenor with interest liability economically capped for a minimum of two years – Procedures are in place to ensure that regulatory capital needs are well understood and that any forthcoming changes are factored into financial planning – Continual review of all regulatory capital requirements is undertaken to ensure all requirements remain valid and viable
Current risk Litigation risk	That legal proceedings or claims are brought against Sanne resulting in financial and/or reputational loss	– PI cover maintained by Sanne to meet claims – Continued development of appropriate internal controls, policies and procedures