SANNE

7 September 2017

Sanne Group plc
("the Company") together with its subsidiaries ("the Group" or "SANNE")
Interim results for the six months ended 30 June 2017

	6 months to 30 June 2017	6 months to 30 June 2016	Change
Revenue	£56.3m	£27.6m	+104%
Underlying operating profit (1)	£21.5m	£10.3m	+109%
Operating profit	£13.2m	£8.3m	+59%
Underlying profit before tax (1)	£20.9m	£10.2m	+105%
Profit before tax	£12.5m	£8.1m	+54%
Underlying operating profit margin (1)	38.2%	37.3%	+0.9%
Underlying diluted earnings per share (1)	13.0p	8.1p	+60%
Underlying operating cash conversion (1)	98.9%	117.3%	-18.4%
Interim dividend per share	4.2p	3.2p	+31%

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

Highlights

- Group revenue for 2017 H1 increased by 104% to £56.3m (2016 H1: £27.6m) of which 15.3% was organic growth.
- Continued strong performance within each of the Group's business segments.
- New business with annualised fees of approximately £10m won in the first six months with a healthy pipeline continuing into the second half.
- Integration of prior year acquisitions progressing well with continued focus into the second half.
- Acquisition of IFS in Mauritius completed, broadening geographic footprint and significantly increasing scale and expertise.
- Continued strengthening of senior management team to deliver strategic capacity.
- Successful implementation of the new global operating structure.
- Development and expansion of the Group's fund technology capability continues to be a key focus.
- Larger office space secured in Hong Kong, Shanghai and Singapore to support growth in Asia-Pacific.
- Due to a change in the Group's expected effective tax rate, the Board now expects to deliver underlying EPS for the full year marginally ahead of its previous expectations.

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

"We are pleased with the performance of the Group in the first half. We have continued to see strong growth in new business wins, with the increase in cross-selling opportunities across our regional business segments particularly encouraging, and we have a healthy pipeline moving into the second half of the year. Our recent strategic acquisitions are being successfully integrated and already yielding benefits. As our business grows, during the second half of the year, we will continue to invest in our people, processes and technology."

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A presentation for analysts will be held at 9.30am today at the offices of Tulchan Communications, 85 Fleet Street, London, United Kingdom. This presentation can be viewed live on the Sanne Group website: https://www.sannegroup.com/investor-relations/interimsh12017/

Participants can also dial into the presentation in listen-only mode using the following details:

Telephone: +44 20 3713 5011
Access Code: 492-915-541

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

Notes:

SANNE provides administration, reporting and fiduciary services to leading alternative asset managers, financial institutions, family offices and corporates.

The Group employs more than 1,000 people worldwide and administers structures and funds that have in excess of £160 billion of assets.

The Group has a presence in 15 established strategic locations spread across the Americas, EMEA and Asia-Pacific.

This announcement contains inside information.

SANNE is listed on the Main Market of the London Stock Exchange.
sannegroupplc.com

INTERIM MANAGEMENT REPORT

First half review

The Group has continued to see strong growth in the first half of the year, primarily driven by strong momentum from new business delivered throughout 2016. Continued focus on both organic and inorganic revenue strategies coupled with cost control has resulted in revenue increasing by 104% to £56.3m (growth has been largely generated through the acquisitions made in 2016/2017 and organic growth continues to be strong at 15.3%) and underlying operating profit increasing by 109% to £21.5m, compared with the same period in the prior year.

In the first six months of the year the Group secured new business from both new and existing clients totalling approximately £10m on a projected annualised fee basis (compared to £6.7m in the same period in 2016). Of this approximately £5m was from new clients to SANNE. The Group is seeing an increase in cross-selling opportunities as a result of our acquisitions. 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 2018 as implementation is completed.

On 1 January 2017, the Group completed the acquisition of International Financial Services ("IFS"). Headquartered in Mauritius, IFS provides fund and corporate services to clients in the attractive growth markets of Asia and Africa. The acquisition broadens SANNE's geographic footprint and increases scale and operational capability across the Group. The Group will also be able to utilise the highly skilled talent pool in this jurisdiction to support client service and operational initiatives.

There has been a continued demand for regulatory services as clients seek to meet requirements of Common Reporting Standards (CRS) and the imminent implications of MiFID II, which comes into force in January 2018. The Group also continues to see an increase in demand for Luxembourg and Dublin structures as clients look to hedge positions against the final outcome of the Brexit negotiations.

The Group continues to invest in staff at both senior and operational levels of the business in order to strengthen the Group's operating platform globally and add further capacity to drive the business forward. Senior appointments have been made in both Client Services and Group Services to support the integration of the acquisitions made in 2016/2017.

Strategy for growth

The Group's ongoing strategic focus is to continue building scale in established and emerging markets and to be recognised as one of the world's leading providers of alternative asset and corporate administration services.

The Group continues to invest in its infrastructure, as well as its people, in support of its strategic objectives while maintaining financial discipline. This includes further leveraging of the technology platform in support of client service initiatives and an increasing demand for timely and transparent client reporting.

While there has been a focus in the period on integration and delivering organic growth, the Group has continued to evaluate acquisition opportunities that enable SANNE to take advantage of a consolidating market.

Operational Review:

Transition from divisional to global operating structure

From 1 January 2017, the Group established four core management and reporting business units to better reflect the continued growth and increasingly global nature of the service platform. These consist of North American Alternatives, EMEA Alternatives, Asia-Pacific and Mauritius (APM) Alternatives and Corporate and Private Clients (CPC). Each business unit is led by a Managing Director with significant experience delivering business performance and strategic growth.

Across each of the regions in which the global business operates, the Group will continue to take advantage of the growing outsourcing trends and increasing level of regulation by positioning itself as a leading expert in asset class and market administration and reporting services.

SANNE's core focus continues to be on providing clients with high quality services and access to a highly skilled and expert workforce who understand the fluctuating requirements that both alternative asset and corporate clients require.

North American Alternatives

Revenues for the first six months were £9.5m with a gross profit of £4.7m. There are no comparatives for the prior year as the segment was born out of the acquisition of FLSV Fund Administration Services LLC that completed on 1 November 2016.

Our North American Alternatives business achieved a number of new wins from existing clients in H1 as they increased their share of wallet from key client relationships. The business is also starting to build a good pipeline of opportunities from cross-selling into existing EMEA Alternatives clients. Technology enabled fund administration services from our New York office continue to be the core services provided to clients.

The Group has added senior management capacity in the New York office to support expansion both in New York and also focus on the wider North American market.

EMEA Alternatives

SANNE's EMEA Alternatives business includes all of the Group's four key alternative asset strategies (Debt, Real Estate, Private Equity and Hedge). Revenues for the first six months were £23.1m (H1 2016: £17.2m) with a gross profit of £14.2m (H1 2016: £11.2m). Comparisons to prior period numbers are impacted by acquisitions made in Ireland and South Africa on 1 March 2016 and 1 June 2016 respectively.

EMEA Alternatives saw positive growth in business wins from new clients, as well as from existing clients. Fund related work contributed to the majority of that growth.

The Debt business division continues to benefit from market leadership in private debt administration services and has seen some good traction within the capital markets space for structured finance.

The Real Estate business division continues to grow quickly across the range of core international jurisdictions with a good mix of new and existing clients.

Due to the internal promotions of Martin Schnaier and Zena Couppey the Debt and Real Estate business divisions have transitioned to new leadership.

During the first half of 2017, the Private Equity business division has continued to grow its offering to institutional private equity houses. In particular, the division has seen a number of opportunities arising through relationships introduced by the North American Alternatives business.

The Hedge business division has performed well given the backdrop of a relatively depressed local market in South Africa. The division successfully completed a highly intensive, long running project to migrate a large portfolio of clients on to a new regulated management company platform, in accordance with regulatory changes in South Africa.

Operational capability in EMEA Alternatives has been increased across Luxembourg, Dublin and Cape Town. The continued development and expansion of SANNE's funds technology capability across the business has considerably strengthened the Group's ability to provide market leading technology solutions to Asset Managers and their investors. These increased capabilities have been beneficial for all asset classes.

Asia-Pacific & Mauritius (APM) Alternatives

The APM Alternatives business is predominantly made up of real estate, private equity and a smaller proportion of credit funds across Asia-Pacific and Mauritius. Revenues for the first six months were £14.0m (H1 2016: £1.9m) with a gross profit of £10.9m (H1 2016: £1.3m). The prior period comparatives do not include results of the Mauritius business that was acquired on 1 January 2017.

During the first half of the year, strong growth has been delivered within the real estate and private equity asset classes in Hong Kong, Shanghai and Singapore, with advantage being taken of good cross-selling opportunities from EMEA Alternatives clients.

In Mauritius the integration of IFS-Sanne remains on track. The Group is also seeing an increase in cross-selling opportunities to and from the region, expanding the client offering for both SANNE and IFS-Sanne's client portfolios.

The region displays good growth potential within the existing jurisdictional offering.

Within APM, operational capability has been expanded in Shanghai, Hong Kong and Singapore in line with client requirements and a new Managing Director has now been appointed to head up the regional business.

Corporate & Private Clients (CPC)

CPC comprises four business divisions: Corporate & Institutional, Executive Incentives, Private Client and Treasury. Revenues for the first six months were £9.6m (H1 2016: £8.5m), with strong growth in all divisions. Gross profit was £6.1m (H1 2016: £5.5m).

The Corporate & Institutional (C&I) division showed good revenue growth resulting from strong new business wins and cross selling opportunities arising from Alternatives in respect of our Depository offering. There is also increased demand from clients for regulatory reporting services.

The Private Client (PC) division showed growth and continues its strategic focus on institutionally minded Ultra High Net Worth (UHNW) families and their family offices, with a continued focus on outsourcing of their fiduciary and administrative needs.

The Executive Incentives (EI) division showed growth in revenue despite some new larger engagements won in late 2016/early 2017, taking longer to implement. Global trends in regard to executive compensation, including toward equity based plans, deferred compensation & carried interest structures, bode well for the sustained growth of the EI division over the longer term.

The Treasury division showed revenue growth resulting from cash management and foreign exchange transactions wins and strong pipeline has been developed through cross selling initiatives across the global business.

Cash flow and working capital

The Group delivered an impressive level of operating cash flow in the first half with cash from operations of £20.9m (£11.4m; 2016). This was delivered largely due to the strong profits growth in the period as well as the continued focused management of working capital. Underlying operating cash conversion was 98.9% for the first half (117.3%; 2016). Working capital as a percentage of annualised revenue is 11.8% (30 June 2016: 20.9%).[1]

The Group's net debt position at 30 June 2017 was £23.4m (30 June 2016: £7.2m).[2]

Dividend

The Board has declared an interim dividend, up 31.3%, of 4.2 pence per share (2016: 3.2 pence). The dividend will be paid on 13 October 2017 to shareholders on the register as at the close of business on 15 September 2017.

Risk

The following top ten risks facing the Group are unchanged from those set out in the Annual Report 2016: Acquisition Risk; Strategic Risk; Competitor Risk; Business Change Risk; Data Security Risk; Process Risk; Staff Resourcing Risk; Political/Regulatory Change Risk; Regulatory Licence (Compliance) Risk; and Intangible Asset Risk.

[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.

Detailed explanations of these principal risks together with key mitigants can be found on pages 27 to 30 of the Annual Report 2016.

Outlook

The Board remains confident in the continued growth of the Group. The new business performance in the first half, and healthy pipeline of further opportunities, provide good momentum in the second half and beyond. The successful execution of the Group's organic growth strategy, supported by strategic acquisitions, is deepening SANNE's asset capabilities, broadening its product offering and delivering greater jurisdictional diversification.

The underlying fundamentals in SANNE's markets remain compelling. Increasing regulation, cross-border investment and the growing expectation of independent oversight are driving demand for the outsourcing of administration services. SANNE's brand, market position, high levels of service and strong client base provide a strong platform for continued success.

As a result of continued investments across the Group in support of its growth, with a focus on people, processes, and technology, this year the Board expects to see a more even half one/half two split of profitability than the Group has reported in prior years.

The Board continues to believe that the Group will meet its expectations for underlying profits before tax for the full year and as a result of a lower expected effective tax rate, expects to be able to report underlying EPS marginally ahead of its previous expectations.

Rupert Robson
Chairman
7 September 2017

Dean Godwin
Chief Executive Officer

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 2017

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 2017 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 14. 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 Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union and in accordance with IFRSs as issued by the IASB. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union

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 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
St Helier, Jersey
7 September 2017

Sanne Group plc
Consolidated Income Statement

For the period from 1 January 2017 to 30 June 2017

	Notes	Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Revenue		56,310	27,639	63,847
Direct costs		(20,337)	(9,624)	(23,412)
Gross profit	3	**35,973**	**18,015**	**40,435**
Other operating income		128	70	122
Operating expenses		(22,925)	(9,833)	(25,893)
Operating profit		**13,176**	**8,252**	**14,664**
Comprising:				
Underlying operating profit		21,534	10,310	22,652
Non-underlying items within operating expenses	4	(8,358)	(2,058)	(7,988)
		13,176	8,252	14,664
Other gains and losses		(74)	60	1,096
Finance costs		(604)	(251)	(914)
Finance income		50	64	115
Profit before tax		**12,548**	**8,125**	**14,961**
Comprising:				
Underlying profit before tax	4	20,931	10,183	21,994
Non-underlying items		(8,383)	(2,058)	(7,033)
		12,548	8,125	14,961

Tax	5	(2,452)	(1,007)	(2,013)
Profit for the period/year		**10,096**	**7,118**	**12,948**
Earnings per ordinary share ("EPS") (expressed in pence per ordinary share)				
Basic	6	7.3	6.3	11.4
Diluted	6	7.1	6.3	11.3
Underlying basic	6	13.4	8.1	17.6
Underlying diluted	6	13.0	8.1	17.4

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

Sanne Group plc
Consolidated Statement of Comprehensive Income
For the period from 1 January 2017 to 30 June 2017

	Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Profit for the period/year	**10,096**	**7,118**	**12,948**
Other comprehensive income			
Items that will not be reclassified subsequently to the profit and loss:			
Actuarial loss on pension scheme	(7)	-	-
Income tax relating to items not reclassified	1	-	-
Items that may be reclassified subsequently to the profit and loss:			
Exchange differences on translation of foreign operations	(8,712)	2,086	3,317
Total comprehensive income for the period/year	**1,378**	**9,204**	**16,265**

Sanne Group plc
Consolidated Balance Sheet
As at 30 June 2017

	Notes	Unaudited 30 Jun 2017 £'000	Unaudited 30 Jun 2016 £'000	Audited 31 Dec 2016 £'000
Assets				
Non-current assets				
Goodwill	9	103,678	7,393	55,094

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Other intangible assets	10	68,168	16,026	27,587
Equipment		3,185	1,568	2,832
Deferred tax asset		728	-	239
Total non-current assets		**175,759**	**24,987**	**85,752**
Current assets				
Trade and other receivables		24,356	18,255	22,746
Cash and bank balances		32,560	14,520	108,673
Accrued income		4,750	2,107	1,535
Total current assets		**61,666**	**34,882**	**132,954**
Total assets		**237,425**	**59,869**	**218,706**
Equity				
Share capital	11	1,411	1,160	1,353
Share premium		169,279	44,745	135,354
Own shares		(692)	(369)	(562)
Shares to be issued		15,014	333	13,867
Retranslation reserve		(5,615)	1,866	3,097
Retained losses		(20,513)	(25,092)	(21,745)
Total equity		**158,884**	**22,643**	**131,364**
Non-current liabilities				
Borrowings	13	50,569	17,730	59,518
Deferred tax liabilities		2,158	2,290	2,527
Retirement gratuity liability		602	-	-
Total non-current liabilities		**53,329**	**20,020**	**62,045**
Current liabilities				
Trade and other payables		7,581	7,352	13,695
Current tax liabilities		3,801	2,293	2,609
Provisions		388	84	353
Deferred revenue		13,442	7,477	8,640
Total current liabilities		**25,212**	**17,206**	**25,297**
Total equity and liabilities		**237,425**	**59,869**	**218,706**

Sanne Group plc
Consolidated Statement of Changes in Equity
As at 30 June 2017

	Share Capital £'000	Share Premium £'000	Own shares £'000	Shares to be issued £'000	Re-translation reserve £'000	Retained Earnings £'000	Total Equity £'000

Balance at 1 January 2016	**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	-	-	9	-	-	620	629
Net buyback of own shares	30	(25)	(256)	-	-	-	(251)
Share based payment - employees	-	-	-	333	-	78	411
Balance at 30 June 2016	**1,160**	**44,745**	**(369)**	**333**	**1,866**	**(25,092)**	**22,643**
Profit for the period	-	-	-	-	-	5,830	5,830
Other comprehensive income for the period	-	-	-	-	1,231	-	1,231
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**1,231**	**5,830**	**7,061**
Issue of share capital	193	94,313	-	-	-	-	94,506
Cost of share issuance	-	(3,704)	-	-	-	-	(3,704)
Dividend payments	-	-	-	-	-	(3,618)	(3,618)
Share based payment - employees	-	-	-	774	-	198	972
Share based payment - acquisitions	-	-	-	12,760	-	-	12,760
Net buyback of own shares	-	-	(201)	-	-	-	(201)
Reissue of own shares	-	-	8	-	-	937	945
Balance at 31 December 2016	**1,353**	**135,354**	**(562)**	**13,867**	**3,097**	**(21,745)**	**131,364**
Profit for the period	-	-	-	-	-	10,096	10,096
Other comprehensive income for the period	-	-	-	-	(8,712)	(6)	(8,718)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(8,712)**	**10,090**	**1,378**
Issue of own shares	58	34,132	-	-	-	-	34,190
Cost of share issuance	-	(207)	-	-	-	-	(207)
Net buyback of own shares	-	-	(130)	-	-	-	(130)
Dividend payments	-	-	-	-	-	(8,858)	(8,858)
Share based payment - employees	-	-	-	1,147	-	-	1,147
Balance at 30 June 2017	**1,411**	**169,279**	**(692)**	**15,014**	**(5,615)**	**(20,513)**	**158,884**

Sanne Group plc
Consolidated Cash Flow Statement
For the period from 1 January 2017 to 30 June 2017

	Unaudited	Unaudited	Audited

	30 Jun 2017 £'000	30 Jun 2016 £'000	31 Dec 2016 £'000
Operating profit	13,176	8,252	14,664
Adjustments for:			
Depreciation of equipment	731	466	1,085
Amortisation of intangible assets	6,609	955	2,707
Share-based payment expense	1,318	411	1,383
Increase/(decrease) in provisions	35	(50)	219
Operating cash flows before movements in working capital	**21,869**	**10,034**	**20,058**
(Increase)/decrease in receivables	(1,398)	212	(3,207)
Increase/decrease in deferred revenue	2,033	441	(1,434)
(Decrease)/Increase in payables	(1,616)	712	3,234
Cash generated by operations	20,888	11,399	18,651
Income taxes paid	(2,803)	(251)	(985)
Net cash from operating activities	**18,085**	**11,148**	**17,666**
Investing activities			
Interest received	50	63	115
Purchases of equipment	(1,289)	(210)	(1,501)
(Decrease)/increase in deferred consideration	(5,619)	-	5,916
Acquisition of subsidiaries	(68,543)	(9,979)	(56,030)
Net cash used in investing activities	**(75,401)**	**(10,126)**	**(51,500)**
Financing activities			
Dividends paid	(8,858)	(6,335)	(9,953)
Interest on bank loan	(698)	(243)	(585)
Proceeds on issue of shares	-	-	94,506
Net proceeds on sale of own shares	-	378	-
Costs of share issuance	(207)	-	(3,217)
Buyback of own shares	(130)	-	(462)
Capitalised loan cost	-	-	(482)
Net proceeds on ordinary shares by employee benefit trust	-	-	629
Redemption of bank loans	(14,000)	-	(18,000)
New bank loans raised	5,000	-	60,000
Net cash (used in)/from financing activities	**(18,893)**	**(6,200)**	**122,436**
Net (decrease)/increase in cash and cash equivalents	**(76,209)**	**(5,178)**	**88,602**
Cash and cash equivalents at beginning of period/year	108,673	19,445	19,445
Effect of foreign exchange rate changes	96	253	626
Cash and cash equivalents at end of period/year	**32,560**	**14,520**	**108,673**

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Sanne Group plc

Notes to the consolidated results

For the period from 1 January 2017 to 30 June 2017

1. Basis of preparation

Sanne 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 2017 comprise the Company and its subsidiaries (collectively the "Group").

The consolidated results have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union ("EU"). 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 2016, available at www.sannegroup.com.

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 a 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 2016, in accordance with IFRS as adopted by the EU.

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 2017, 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 2016.

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.

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 2016.

Seasonality

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

Brexit

While the final outcome of the UK's negotiations with the EU will not be known for some time, the Group continues to invest in the development of its client proposition across its many operational centres, both inside and outside the EU. Brexit has created uncertainty in some markets, but the Group's strong momentum and diverse geographic presence, as well as the favourable underlying trends in the markets in which we operate, give the Directors confidence in the continued growth of the Group.

3. Segmental Reporting

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

The Group's consolidated financial statements for the year ended 31 December 2016 had nine reportable segments under IFRS 8: Debt, Real Estate, Private Equity, Corporate and Institutional, Executive Incentives, Private Client, Treasury, Hedge and North American Alternatives. Given the continuing growth of the Group, these nine segments have been reorganised into four segments from the beginning of the reporting period ended 30 June 2017. The four new segments are EMEA Alternatives (EMEA), Asia/Pacific and Mauritius Alternatives (APM), North American Alternatives (NA) and Corporate and Private Client (CPC).

The comparative numbers for the segmental reporting have been restated to reflect the four new segments created in the current reporting period.

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 segmental 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 2017	**Revenue £'000**	**Direct costs £'000**	**Gross profit £'000**
Segments			
EMEA Alternatives	23,136	(8,961)	14,175
Asia-Pacific & Mauritius Alternatives	14,025	(3,098)	10,927
North American Alternatives	9,508	(4,772)	4,736
Corporate & Private Client	9,641	(3,506)	6,135
Total	**56,310**	**(20,337)**	**35,973**
Other operating income			128
Operating expenses			(22,925)
Operating profit			**13,176**

Unaudited 6 Months to 30 Jun 2016	**Revenue £'000**	**Direct costs £'000**	**Gross profit £'000**
Segments			
EMEA Alternatives	17,218	(5,990)	11,228
Asia-Pacific & Mauritius Alternatives	1,926	(674)	1,252
North American Alternatives	-	-	-
Corporate & Private Client	8,495	(2,960)	5,535
Total	27,639	(9,624)	18,015
Other operating income			70
Operating expenses			(9,833)
Operating profit			**8,252**

Audited 12 Months to 31 Dec 2016	**Revenue**	**Direct costs**	**Gross profit**

	£'000	£'000	£'000
Segments			
EMEA Alternatives	38,668	(14,040)	24,628
Asia-Pacific & Mauritius Alternatives	4,196	(1,511)	2,685
North American Alternatives	3,092	(1,396)	1,696
Corporate & Private Client	17,891	(6,465)	11,426
Total	63,847	(23,412)	40,435
Other operating income			122
Operating expenses			(25,893)
Operating profit			**14,664**

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 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Jersey	19,638	17,875	36,747
Rest of Europe	11,701	8,812	19,475
Mauritius	11,224	-	-
Americas	9,508	-	3,092
South Africa	3,302	441	3,341
Asia - Pacific	937	511	1,192
Total Revenue	**56,310**	**27,639**	**63,847**

4. Underlying profit before tax

		Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Profit before tax		12,548	8,125	14,961
Non-underlying items within operating expenses:				
Share based payments	(i)	1,318	411	1,391
Acquisition and integration expense	(ii)	413	692	3,870
Amortisation of intangible assets	(iii)	6,609	955	2,707
Other items		18	-	20
		8,358	2,058	7,988
Non-underlying items within finance costs:				
Loan restructuring within finance costs	(iv)	25	-	245
FX gains and losses	(v)	-	-	(1,200)
Underlying profit before tax		**20,931**	**10,183**	**21,994**

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

(i) Share based payments are detailed in Note 12.

(ii) During the period ended 30 June 2017 the Group completed the acquisition of IFS Group as detailed in Note 8. The Group completed four acquisitions during the twelve months ending 31 December 2016. Integration costs relating to these acquisitions for the period ending 30 June 2017 were £413k.

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

(iv) As part of a loan restructuring, previously capitalised issuance costs of £245k were expensed during 2016 and legal costs of £25k were expensed during the current period.

(v) During 2016, FX forward contracts were taken out to purchase United States Dollars at a fixed price on a fixed date to fund the FLSV Fund Administration Services LLC and IFS Group acquisitions. A net gain of £1.2 million was recognised on these contracts.

5. Tax

	Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Current income tax	3,208	1,036	2,289
Deferred income tax	(756)	(29)	(276)
Total income tax	**2,452**	**1,007**	**2,013**

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

6. Earnings per share

	Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Profit for the period/year	10,096	7,118	12,948
Non-underlying items within:			
Operating expenses	8,358	2,058	7,988
Other costs	25	-	(955)
Underlying earnings	18,479	9,176	19,981
Weighted average number of ordinary shares for the purposes of basic earnings per share	138,327,654	113,013,392	113,693,355
Effect of dilutive potential ordinary shares:			
Deferred consideration shares	2,546,626	-	417,480
Performance share plan	528,719	-	202,172
Restricted stock awards	1,143,340	97,245	235,974
Weighted average number of ordinary shares for the purposes of diluted earnings per share	142,546,339	113,110,637	114,548,981
Basic earnings per share (pence)	7.3	6.3	11.4
Diluted earnings per share (pence)	7.1	6.3	11.3
Underlying basic earnings per share (pence)	13.4	8.1	17.6
Underlying diluted earnings per share (pence)	13.0	8.1	17.4

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 above. 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 as at the respective period end.

At 30 June 2017 there were a total of 1,019,857 contingently issuable ordinary shares granted as part of the Performance Share Plan. A portion of these shares were included in the diluted EPS as some of the conditions had been met at the end of the reporting period.

7. Dividends

An interim dividend of 4.2 pence per ordinary share (2016: 3.2 pence) was declared by the Directors on 6 September 2017 and will be payable on 13 October 2017 to holders on record on 15 September 2017. The 2016 final dividend of 6.4 pence was paid on 23 May 2017.

8. Business combinations

International Financial Services Limited ("IFS Group")

On 1 January 2017 the Group acquired 100% of the issued share capital of International Financial Services Limited and IFS Trustees, these entities are incorporated in Mauritius and together trade as the IFS Group.

This acquisition provides the Group with a significant platform to both support clients in attractive regions and grow the Group's emerging markets presence. IFS Group forms the core of the Asia-Pacific and Mauritius Alternatives segment.

The consideration for the acquisition was satisfied through a payment of approximately £74.6 million (US$92 million) in cash and the issuance of 5,844,507 consideration shares.

		USD '000	GBP '000
Recognised amounts of identifiable net assets (at fair value):			
Non-current assets	**Useful economic life**		
Equipment	3 - 7 years	383	310
Customer & contract intangibles	6 years	62,078	50,306
Deferred tax asset		111	91
		62,572	50,707
Current assets			
Trade and other receivables		1,769	1,433
Cash and cash equivalents		7,463	6,048
Accrued income		2,460	1,994
		11,692	9,475
Current liabilities			
Trade and other payables		1,349	1,093
Current tax liabilities		961	778
Deferred income		3,416	2,769
		5,726	4,640
Non-current liabilities			
Retirement gratuity liability		691	560
		691	560
Identifiable net assets		**67,847**	**54,982**

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Goodwill	66,389	53,799
Total consideration	**134,236**	**108,781**
Total consideration satisfied by:		
Cash consideration - on acquisition	92,045	74,591
Equity instruments - ordinary shares (5,844,507 shares in Sanne Group plc)	42,191	34,190
Fair value of consideration payable at acquisition date	**134,236**	**108,781**
Net cash outflow arising on acquisition:		
Cash consideration	92,045	74,591
Less: cash and cash equivalent balances acquired	(7,463)	(6,048)
Net cash outflow arising on acquisition:	**84,582**	**68,543**

Fair value of consideration

The shares were valued based on the closing share price the day before reissuance with this amount appropriately allocated between share capital and share premium.

Transaction costs

The Group incurred £319k (net of FX gain of £1.5 million) of acquisition and integration expense in 2016. During the first half of 2017 the Group incurred integration costs of £74k and a reduction in transaction costs of £87k after an accrual for the 2016 financial period was reversed. 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 by other factors. These include the opportunities for new business wins from new customers, the benefits of an established workforce and synergies from combining operations of the acquiree and the acquirer.

Effect on the results

IFS Group contributed £11.2 million revenue and a profit of £6 million to the Group's profit for the period between the date of acquisition and the balance sheet date. The date of acquisition was 1 January 2017 and therefore there are no differences in the revenue and profit which would have been contributed on a pro rata basis from the start of the period.

9. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

	Unaudited 30 Jun 2017 £'000	Unaudited 30 Jun 2016 £'000	Audited 31 Dec 2016 £'000
Opening balance	55,094	-	-
Acquired during the period/year	53,799	6,392	53,244
Exchange difference	(5,215)	1,001	1,850
Closing balance	**103,678**	**7,393**	**55,094**

10. Other intangible assets

	Unaudited 30 Jun 2017 £'000	Unaudited 30 Jun 2016 £'000	Audited 31 Dec 2016 £'000

Opening balance	27,587	7,712	7,712
Acquired during the period	50,306	8,031	20,458
Amortisation charge for the period/year	(6,609)	(955)	(2,707)
Exchange difference	(3,116)	1,238	2,124
Closing balance	**68,168**	**16,026**	**27,587**

11. Share capital

		Unaudited 6 Months to 30 Jun 2017 £'000	Unaudited 6 Months to 30 Jun 2016 £'000	Audited 12 Months to 31 Dec 2016 £'000
Opening balance		1,353	1,160	1,160
Issue of shares	(i)	58	-	193
Closing balance		**1,411**	**1,160**	**1,353**

(i) The Company issued 5,844,507 shares on 1 January 2017 as part consideration in the acquisition of IFS Group (Note 8).

12. Share based payments

		Unaudited 30 Jun 2017 £'000	Unaudited 30 Jun 2016 £'000	Audited 31 Dec 2016 £'000
Sanne Group plc				
Employee Share Gift award	(i)	-	-	276
Performance Share Plan	(ii)	605	315	676
Restricted Stock Awards	(iii)	713	96	439
Total share based payments		**1,318**	**411**	**1,391**

(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 2016.

(ii) During the current and previous periods 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.

(iii) During the current and previous periods the Group granted awards over its ordinary shares in the form of Restricted Stock Awards ("RSA"). The majority of awards were granted as part of the mechanics of acquisitions to act as retentions for key management. The awards are also 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.

13. Borrowings

The Group had borrowings with HSBC to the value of £60 million at 31 December 2016. The Group settled borrowings with HSBC to the value of £14.1 million during the period, £14.0 million related to principal loan balance and £58k to interest accrued thereon. The Group also drew down £5 million during the period. The balance at period end is £51 million (2016: £18 million).

14. 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 only other significant related parties are key management personnel, comprising all members of the plc Board of directors and the Executive Committee who are responsible for planning and controlling the activities of the Group.

The remuneration of any employee who met the definition of key management personnel of the Group during the period is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Unaudited as at 30 Jun 2017 £'000	Unaudited as at 30 Jun 2016 £'000	Audited as at 31 Dec 2016 £'000
Short term payments			
Short-term employee benefits	2,301	1,267	1,956
Share Based Payments (see Note 12)	344	286	477
Total short term payments	**2,645**	**1,553**	**2,433**
Other			
Ordinary Dividends	506	466	764
Total other payments	**506**	**466**	**764**