

# SANDON CAPITAL

Sandon Capital Investments Limited  
ABN 31 107 772 467

## Appendix 4E – PRELIMINARY FINAL REPORT For the full year ended 30 June 2022

**Results For Announcement to the Market**  
*All comparisons to the full year ended 30 June 2021*

	\$	Movement Up/Down	Movement %
Revenue from ordinary activities	(27,452,981)	Down	149%
Loss from operating activities before tax attributable to members	(30,685,715)	Down	168%
Loss from operating activities after tax attributable to members	(23,698,379)	Down	163%
Net loss for the period attributable to members	(23,698,379)	Down	163%

	Cents per Share	Franked amount per share	Tax Rate of franking
<b>Final Dividend</b>			
Dividend	2.75	2.75	25%
Ex-dividend date			21 October 2022
Record date			24 October 2022
Payment date			7 November 2022

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) with no discount will apply to this fully franked dividend.

	Cents per share	Franked amount per share	Tax rate for franking
<b>Dividends paid during the period</b>			
2021 Final dividend paid 5 November 2021	2.75	2.75	25%
2021 Special dividend paid 20 December 2021	1.00	1.00	25%
2022 Interim dividend paid 1 June 2022	2.75	2.75	25%

	30 June 2022 Cents	30 June 2021 Cents
<b>Net Tangible Assets Per Share</b>		
Net tangible assets per share (before tax)	79.82	111.43
Net tangible assets per share (after tax)	80.43	105.21

Dividends of 6.5 cents per share were paid during the period.

Sandon Capital Investments Limited advises that its Annual General Meeting will be held on Thursday 3 November 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEDT) 20 September 2022.

This report is based on the Annual Financial Report that has been audited by Grant Thornton. All documents comprise the information required by Listing Rule 4.3A. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E.

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Annual Report**  
**For the year ended 30 June 2022**

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Annual Report**  
**For the year ended 30 June 2022**

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Company Particulars**

**Registered Office**

Level 5, 139 Macquarie Street  
Sydney NSW 2000  
Telephone: 02 8014 1188  
[www.sandoncapital.com.au](http://www.sandoncapital.com.au)  
[info@сандонкапитал.com.au](mailto:info@сандонкапитал.com.au)

**Stock exchange listing**

Sandon Capital Investments Limited shares are listed on the Australian Securities Exchange (ASX code: SNC)

**Directors**

Gabriel Radzynski – Non-Executive Chairman  
Peter Velez – Independent Non-Executive Director  
Melinda Snowden – Independent Non-Executive Director (retired 2 March 2022)  
Jacqueline Sullivan – Independent Non-Executive Director (appointed 20 December 2021)

**Company Secretary**

Mark Licciardo  
Acclime Australia (Formerly Mertons Corporate Services Pty Ltd)  
Level 7, 330 Collins Street  
Melbourne VIC 3000

**Auditor**

Grant Thornton Audit Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

**Share Registry**

Link Market Services Limited  
Level 12, 680 George Street, Sydney, NSW 2000  
Telephone 1300 554 474  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Sandon Capital Investments Limited**  
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**Portfolio Composition**  
**As at 30 June 2022**

<b>Australian Securities Exchange Listed Investments</b>	<b>Total Value \$</b>
COG Financial Services Limited	16,225,994
A2B Australia Limited	10,630,549
Fleetwood Corporation Ltd	7,119,242
BCI Minerals Ltd	6,679,130
Coventry Group Ltd	6,141,036
Iluka Resources Limited	4,560,341
The Lottery Corporation Ltd	4,515,444
City Chic Collective Limited	3,654,733
Karoon Energy Ltd	3,613,277
Wellard Limited	2,914,893
Deterra Royalties Limited	2,491,233
IDT Australia Limited	2,294,185
Alliance Resources Limited	2,022,873
Earlypay Ltd	1,843,547
Alterra Ltd	1,742,690
Nuix Limited	1,503,082
Global Data Centre Group	1,373,293
Ardent Leisure Group Ltd	1,277,675
Tabcorp Holdings Limited	1,063,926
Midway Limited	995,793
Ignite Limited	713,632
Yellow Brick Road Holdings Limited	174,150
Dawney & Co Ltd	135,520
<b>Total Listed Investments</b>	<b>83,686,238</b>
<b>Unlisted Investments</b>	
Mercantile Investment Company Limited*	56,720,045
Carbon Conscious Ltd	373,440
Foundation Life (NZ) Limited	304,496
Monash Absolute Investment Company Ltd	165,031
OneMarket Ltd	101,243
<b>Total Unlisted</b>	<b>57,664,256</b>
<b>Total Cash and cash equivalents</b>	<b>520,517</b>
<b>Total Portfolio</b>	<b>141,871,011</b>

\* The MVT Portfolio is disclosed in note 15(a) on page 31

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Chairman's Letter**  
**For the year ended 30 June 2022**

**Chairman's Letter**

Dear Fellow Shareholders,

The Directors of Sandon Capital Investments Ltd (ASX:SNC) (**SNC or the Company**) present the Company's Annual Report for the year ended 30 June 2022.

SNC's gross investment return was negative 23.5% before all fees and expenses, most of which was unrealised. The investment performance of the portfolio is discussed in greater detail later in this letter.

**Financial Highlights**

As a result of the investment performance, revenue from ordinary activities for the financial year ended 30 June 2022 was a loss of \$27,452,981 (2021: Profit \$56,513,393) and the Company reported a net loss after tax of \$23,698,379 (2021: Profit \$37,337,092).

**Dividend Announcements**

On 25 August 2022, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The dividend reinvestment plan (**DRP**) will apply to this dividend.

The key dates for this dividend are:

Ex date	21 October 2022
Record Date	24 October 2022
DRP Election Date	25 October 2022
Payment Date	7 November 2022

As at 31 July 2022, SNC had profit reserves of 30.11 cents per share and 6.48 cents per share in franking credits.

**Corporate Update**

On 4 October 2021, the Company completed a 1-for-4 Entitlement Offer and Shortfall Placement. The Offer (including Top-up applications) raised a total of \$8,130,783 from 729 shareholder applications resulting in the issuance of 8,050,281 new SNC shares on 6 October 2021. The Shortfall Placement raised a total of \$14,266,821 with 14,125,565 new SNC shares issued under this facility on 8 October 2021. The costs of the Entitlement Offer and Shortfall Placement are being reimbursed by the Investment Manager.

On 20 December 2021, Jacqueline Sullivan was appointed as an independent non-executive director and on 2 March 2022 Melinda Snowden retired as non-executive director of the Company. Jacqueline Sullivan has since been appointed chair of the Audit and Risk Committee.

**Investment Objectives**

SNC's objectives are to preserve shareholder capital, deliver a positive absolute return over the medium term and to provide shareholders with a growing stream of fully franked dividends.

SNC is a value investor seeking to purchase investments below its assessment of their intrinsic value. As an activist investor, SNC takes value investing one step further by aiming to influence and encourage changes that can preserve or enhance the value of its investments.

**Sandon Capital Investments Limited**  
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**Chairman's Letter**  
**For the year ended 30 June 2022**

**Chairman's Letter (continued)**

**Investment Performance**

The share market performance of the Company's portfolio for the year ended 30 June 2022 was disappointing. By contrast, corporate performance of most of the portfolio companies was satisfactory. In some instances, it was far more than satisfactory.

This combination reminds us of what Ben Graham meant when he described the share market as a voting machine in the short term and a weighing machine in the long term. The voting in the short term reflects the sum of investor sentiment, whereas time tends to provide evidence of the true substance of a firm.

To better understand what we mean, below we provide some commentary and discussion on our five largest holdings, which together represent more than a third of the gross portfolio.

<b>SNC Top 5 (on a look through basis)</b>	<b>Market Value at 30 June 2022</b>
Consolidated Operations Group Ltd	\$16,225,994
A2B Australia Limited	\$10,630,459
Spectra Systems Corporation	\$9,466,218
Fleetwood Corporation Ltd	\$7,119,242
BCI Minerals Ltd	\$6,679,130
As % of total gross portfolio	35.0%

**COG Financial Services Ltd (COG)**

COG continues to deliver on the strategy it set out several years ago. COG owns the largest finance broker network in Australia targeting small and medium enterprises (SME). COG's financial performance, in both halves of this financial year, was strong. This strength was at odds with share market perceptions of future economic activity. Recently released Reserve Bank of Australia (RBA) analysis reinforces the strength of economic conditions and demand for debt finance, particularly in medium and large businesses. While the RBA reports a mixed outlook across various sectors, COG has talked of a strong pipeline of growth in the sectors it targets.

COG continued with its strategy of making selected acquisitions. Highlights for the 2022 financial year included increasing its ownership of Westlawn Finance to 75%. Acquisitions were also made by COG subsidiaries.

COG's financial and operational gains in FY22 have finally begun to draw attention from share market investors, with a total share price return, including dividends, of more than 28%. COG shares continued to increase after the financial year end after management advised unaudited results were expected to exceed the upper end of their guidance. Unaudited net profits were reported to have increased by more than 41% on the prior year.

Aside from growing organically, we expect COG to focus on growing the burgeoning credit asset management business being built within its Westlawn Finance division.

**A2B Australia Limited (A2B)**

The taxi industry was among the hardest hit by the pandemic. The Company (as well as other funds managed by Sandon Capital) first began buying A2B shares in August 2020 following the impact of COVID shutdowns and travel restrictions. These shares were bought at a material discount to the Investment Manager's assessment of their intrinsic value. Notwithstanding the effects of COVID, A2B's financial and operational performance had been poor for a number of years. These factors, together with the market price, provided the makings of an attractive investment. The Investment Manager conducted an activist campaign that began with a marshalling a significant protest vote at A2B's Annual General Meeting in late 2021 and concluded with the departure of the Chairman and Managing Director. A new Executive Chairman, Mark Bayliss, was appointed and he immediately implemented a strategic review. Mr Bayliss is one of those rare executives with demonstrable turnaround successes. A2B and its shareholders were fortunate to have secured his services.

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**Chairman's Letter**  
**For the year ended 30 June 2022**

**Chairman's Letter (continued)**

A2B has undergone some radical changes during the 2022 financial year. The results of the strategic review were announced in mid-July 2022. "Better Before Bigger" was the title of the new corporate strategy. Given the company's dismal historic performance, we believe this is a prudent approach. A2B has been reorganised around two core segments: business-to-consumer and business-to-business. The former will look to make more of A2B's estimated number 2 position in the highly fragmented personal transport sector. Uber, the leader, is now operating under a newly-discovered profit motive, which we expect will level the playing field for drivers and passengers, especially as A2B (and taxis more generally) continue to improve their service standards. The latter segment includes payments, despatch equipment and corporate clients. A2B shut down some of the more fanciful growth opportunities that had been previously promoted.

A2B also announced it would dispose of most of its property portfolio and return the net proceeds to shareholders. Although the share price reaction was muted, this decision is significant. Depending on the final sale proceeds, and after costs and taxes, A2B has indicated shareholders are likely to receive a fully franked dividend of between 69 and 76 cents per share. Including imputation credits, A2B shareholders may receive nearly \$1.00 or more of value from such a dividend, for shares currently trading at less than \$1.20.

If A2B can achieve its plan for returning to profitability in FY23<sup>1</sup>, EBITDA could reach >\$15m. A continued increase in drivers and taxis returning to service, and passenger journeys will be crucial to achieving this objective. We are confident of this, as humans are fundamentally social beings, though we are uncertain as to timing.

**Spectra Systems Corporation (SPSY) (Held in Mercantile)**

SPSY, a US technology company listed on the London Stock Exchange, specialises in authentication and cleaning technologies for bank notes, as well as having a burgeoning platform in gaming security software. Its clients include a number of the world's central banks.

Since 2019, revenues have grown 33% and EBITDA has grown by 39%. Importantly, this growth has required minimal capital expenditure, resulting in very strong cash flow generation. The company has consistently had net cash on its balance sheet and for the past 5 years has paid attractive and growing dividends. The medium-term future looks bright, with SPSY expected to continue to grow revenue and earnings. SPSY currently trades at an enterprise value to EBITDA multiple of ~7 times, offers a double-digit free cash flow yield and has a quarter of its market capitalisation in cash. There is also significant growth embedded into existing customer contracts and as well as the potential to grow the customer base. All these factors lead us to conclude that SPSY is a company we remain very happy to own.

**Fleetwood Ltd (FWD)**

Since late 2020, following changes to Board and senior management, FWD has been working hard to improve its performance. FWD's three operating divisions have delivered a mix of operating performances over the past 12 months. The RV Solutions business has been buoyed by the strength in domestic tourism and is performing extremely well. In the Community Solutions division, after a COVID-related bump, Searipple Accommodation Village has seen demand moderate over the past 6-12 months as new supply has come into the Karratha market ahead of the expected increase in future demand for accommodation. Despite these shorter-term effects, Searipple remains solidly profitable. It is also well placed to benefit from long term demand that will arise from the development of new projects in the oil and gas, fertiliser, and green energy sectors in the Karratha region.

Building Solutions is where the most improvement is required. In this reporting period, two underperforming contracts (signed by previous management) have coincided with pandemic lockdowns and a now a shortage of raw materials and labour. Looking ahead, we expect the tailwinds behind the manufactured accommodation sector will only blow stronger. This sector has the potential not to only grow faster than the wider economy but can also help shape changes to building practices in Australia. These changes range from better affordability through to improved sustainability.

<sup>1</sup> As set out in the 14 July 2022 Strategic Review Update presentation.

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**Chairman's Letter**  
**For the year ended 30 June 2022**

**Chairman's Letter (continued)**

FWD's balance sheet is very strong with net cash of ~\$55m, a significant excess of current assets over current liabilities and minimal long-term liabilities. This places the company in a strong position to take advantage of the many growth opportunities before it. Furthermore, it will allow management to implement its automation strategy for the Building Solutions business and continue to pay out 100% of earnings as dividends.

**BCI Minerals Ltd (BCI)**

BCI is one of those few companies where, after investing, we found the board and management were very much attuned to our way of thinking. As a result, our engagement with BCI has been supportive not adversarial. Our initial attraction to BCI lay in its royalty over the iron ore mine at Iron Valley. However, over time, we have come to realise that the value of this royalty pales in comparison to the company's undeveloped Mardie salt and potash project. Mardie is one of those rare resource projects that has an infinite resource (seawater) that requires little ongoing capital spend following project construction. The company recently disclosed that the total cost of the Mardie Project is likely to exceed previous estimates and the construction schedule is likely to be extended. This did not come as a great surprise given the current cost environment for large project development in Western Australia. We expect an updated capital cost for Mardi to be detailed before the end of the calendar year. Any additional funding required may come from raising debt and/or equity and asset sales. At steady state production, Mardi is expected to generate approximately \$260m of earnings, year in, year out, for over 100 years. Longer term, we believe the company should be worth multiples of its current market capitalisation of ~\$300m.

**Outlook**

Making sound investment decisions requires being able to distinguish between what matters to value and ever-present noise. The present challenge is that the noise dial is turned up to 11.<sup>2</sup> The loudest noises would suggest the outlook is poor.

While rising interest rates, a blunt tool at the best of times, and increased inflation expectations will have a tempering effect on the Australian economy, we believe growth and opportunity will continue. We do not consider inflation is as intractable in Australia as it might be elsewhere. Much of the inflation evident in Australia has arisen from the supply side.

We think it worth re-iterating some comments we made in our mid-June 2022 shareholder letter:

- Despite recent increases, nominal interest rates remain historically low (very low). Furthermore, real interest rates (that is nominal rates less the inflation rate) remain largely negative, which is highly accommodative for economic activity.
- In Australia, demand for labour is high. We have skilled and unskilled labour shortages, largely the result of COVID-era restrictions on migration. This can be fixed.
- Commodity prices remain elevated, which has overall net benefits to the Australian economy. Those sectors augur well for Australia even as spot prices eventually revert to more reasonable levels.
- Many supply chain issues are slowly ironing themselves out, which in time, should flow through to more stable prices.

Our cash levels have recently increased as a result of selected disposals, receipt of dividends and returns of capital. Some of this has been redeployed into existing positions, and we are also considering a number of new investment opportunities.

In an environment of uncertainty, we believe our investment approach will continue to uncover attractive investment opportunities.

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<sup>2</sup> In the immortal words of Nigel Tufnel, the fictional lead guitarist of the band in the movie This is Spinal Tap.

**Sandon Capital Investments Limited**  
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**Chairman's Letter**  
**For the year ended 30 June 2022**

**Chairman's Letter (continued)**

On behalf of the Board, I would like to thank fellow shareholders for their continued support throughout the 2022 financial year. Your faith in us has been tested in recent years and I thank all of you who have stayed the course. We look forward to reporting to you on our progress in 2023.

Yours sincerely,



Gabriel Radzynski  
Chairman

25 August 2022

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Directors' Report**  
**For the year ended 30 June 2022**

The Directors of Sandon Capital Investments Limited present their report together with the financial statements of the Company for the year ended 30 June 2022.

Sandon Capital Investments Limited is a company limited by shares and is incorporated in Australia.

**Directors**

The Directors of the Company during the year and up to the date of this report were:

Gabriel Radzynski – Non-Executive Chairman

Peter Velez – Independent Non-Executive Director

Melinda Snowden – Independent Non-Executive Director (retired 2 March 2022)

Jacqueline Sullivan – Independent Non-Executive Director (appointed 20 December 2021)

**Company secretary**

Mark Licciardo

**Auditors**

Grant Thornton Audit Pty Ltd

**Principal activities**

The Company's principal activity is investing for profit. It is a listed investment company whose assets are managed by an external investment manager, Sandon Capital Pty Ltd (**Sandon Capital** or **the Manager**).

Sandon Capital is an activist value manager. It seeks to buy investments at prices the Manager considers are below their intrinsic value. It looks for investments with high levels of tangible assets, marketable securities or cash, although investments may not always have these characteristics. The Manager deploys a range of activist strategies aimed at realising the intrinsic value of those investments. The Manager may also take advantage of other market opportunities where it considers there are reasonable prospects for a satisfactory return.

The Company may invest in cash, term deposits, unlisted and listed securities and debt instruments.

During the period, the Company's investment portfolio decreased from \$156,153,514 at 30 June 2021 to \$141,350,494 at 30 June 2022. The decrease is largely reflective of the unrealised investment loss reported in the period offset by the purchase of investments following the completion of the Company's Entitlement Offer and Shortfall Placement.

**Operating Results and Financial Position**

Net loss before tax was \$30,685,715 (2021: Profit before tax \$45,294,975). The Company had net realised and unrealised losses in the value of the investment portfolio of \$30,075,939 (2021: Gains \$54,773,792). Other revenue, including dividends and distributions, was \$2,622,958 (2021: \$1,739,601).

The Company's net loss after tax for the year was \$23,698,379 (2021: Profit \$37,337,092).

The Company paid fully franked dividends totalling 6.5 cents per share during the year.

Cash and cash equivalent holdings decreased from \$2,182,981 to \$520,517 at year end.

The NTA before tax as at 30 June 2022 was \$0.7982 per share (2021: \$1.1143). The NTA after tax was \$0.8043 per share (2021: \$1.0521). The figures are after the payment of fully franked dividends of 6.5 cents per share during the period.

The return to shareholders (the change in the Net Tangible Assets before tax per share plus dividends paid and imputation credits) was a negative return of 20.59% for the year.

**Sandon Capital Investments Limited**  
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**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**

**Dividends**

A fully franked final dividend for FY21 of 2.75 cents per share was paid on 5 November 2021. A Special fully franked final dividend for FY21 of 1.00 cent per share was paid on 20 December 2021. A fully franked interim dividend for FY22 of 2.75 cents per share was paid on 1 June 2022. The Dividend Reinvestment Plan applied to both dividends. The total amount of dividends paid to shareholders during the period was \$8,699,462.

**New Shares issued**

The Company issued 2,699,892 new shares pursuant to the DRP.

**Events occurring after the reporting period**

On 25 August 2022, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The DRP will apply to this dividend with no discounts

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Future Developments, Prospects and Business Strategies**

The Company will continue to selectively invest in cash, term deposits, unlisted and listed securities and debt instruments that the Manager considers offer the prospect for attractive risk-adjusted returns.

**Environmental regulations**

The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory law.

**Information on Directors**

**Mr Gabriel Radzynski BA (Hons), MCom (Chairman and Non-Executive Director)**

Gabriel is the founder and Managing Director of Sandon Capital Pty Ltd, a boutique investment management and advisory firm. He is the portfolio manager of funds managed by Sandon Capital Pty Ltd. Gabriel is also a non-executive director of Future Generation Investment Company Limited.

**Peter Velez LLB MA MSc (Independent Non-Executive director)**

Peter is a corporate lawyer specialising in equity capital markets, mergers and acquisitions and funds management. Peter has also advised extensively on activist corporate activity, ASX compliance and corporate governance. Peter has been a practising lawyer since 1989 having worked at then national firm Freehill Hollingdale and Page, Sydney boutique corporate firm Watson Mangioni from 1995 to 2016 and since 2016 with OB Law. He played a key role in the development of externally-managed listed investment companies (LIC) having been involved in the IPO of over 25 LICs.

Peter is a member of the Audit and Risk Committee.

**Melinda Snowden BEc, LLB, GAICD, FFin (Independent Non-Executive director)**

Melinda Snowden is a professional company director and experienced audit and risk committee member across a range of sectors. Melinda brings to the board a deep understanding of investment markets, governance disciplines and strategic insight.

Melinda's other current directorships include WAM Leaders Limited, Megaport Limited and Best and Less Group Holdings Limited. She is a former director of Mercer Investments (Australia) Limited, Kennards Self Storage Pty Ltd, MLC Limited, Vita Group Limited and SANE Australia.

Prior to leaving her executive career in 2010, Melinda was a corporate advisor for over 15 years with firms Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York

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**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**  
**Information on Directors (continued)**

**Jacqueline Sullivan (Independent Non-Executive director)**

Jacqueline is an experienced fund management executive, having gained experience in senior executive roles at AMP Capital, both Australia and overseas. Her executive experience culminated with 7 years as Managing Director, Global Distribution for AMP Capital. Since then, Jacqueline has engaged in advisory work as well as being a non-executive director of WAM Microcap Ltd (ASX: WMI).

Jacqueline is Chair of the Audit and Risk Committee.

**Company Secretary**

**Mark Licciardo B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)**

Mark is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia's Listed Services Division.

He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies.

During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited.

Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors.

	Director's Meetings		Audit & Risk Committee Meetings	
	Number of Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Gabriel Radzyminski	9	9	-	-*
Peter Velez	10	10	2	2
Melinda Snowden	9	9	2	2
Jacqueline Sullivan	3	3	-	-
<b>Total Meetings Held</b>	<b>10</b>	<b>10</b>	<b>2</b>	<b>2</b>

\* In attendance ex-officio

**Remuneration Report (Audited)**

The Company has no employees or key management personnel (KMP), other than the three Non-executive Directors. The Company Secretary is remunerated under a service agreement with Mertons Corporate Services, now part of Acclime Australia

*Nature and amounts of remuneration*

On 31 October 2019, Shareholders approved an increase to the maximum total remuneration of the Directors from \$85,000 per annum to \$125,000 per annum to be divided among the Directors, in such proportions as they agree having regard to their duties and responsibilities in their role as director. Additional remuneration may be paid in accordance with the Company's Constitution.

The remuneration of the Directors is not linked to the performance of the Company. The Manager is a director-related entity which received a management fee of \$2,334,945 (2021: \$1,775,673), a performance

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**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**  
**Remuneration report (Audited) (continued)**

fee adjustment received by the company was \$1,473 (2021: Paid \$9,349,596) and fees for accounting and administration totalling \$48,091 (2021: \$48,034).

Where specialist services beyond the normal expectations of a Non-Executive Director are provided to the Company, payment will be made on a normal commercial basis.

As part of the capital raising by the Company in October 2021, the Manager agreed to pay for all costs associated with the Offer. The total cost was \$377,111. The Company entered into an interest free loan agreement with the Manager, and it was agreed by the Board that the Manager would pay the costs of the Offer over a 30-month term with equal monthly instalments. As at 30 June 2022, the balance of the loan is \$273,615 (2021: \$Nil).

The Company has not made no other guaranteed or secured directly or indirectly any loans to key management personnel or their related entities during the year

**Names and positions held of key management personnel in office as at the end of the financial year are:**

**Key Management Person**

Gabriel Radzyminski	Non-Executive Chairman
Peter Velez	Independent Non-Executive Director
Jacqueline Sullivan	Independent Non-Executive Director

Details of the remuneration of the Directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:

	<b>Short Term Employee Benefits Cash salary and fees \$</b>	<b>Post-Employment Benefit Superannuation \$</b>	<b>Total \$</b>
<b>June 2022</b>			
Gabriel Radzyminski	9,133	913	10,046
Peter Velez	22,831	2,283	25,144
Melinda Snowden*	18,580	-	18,580
Jacqueline Sullivan	12,166	1,217	13,383
	<b>62,710</b>	<b>4,413</b>	<b>67,123</b>
<b>June 2021</b>			
Gabriel Radzyminski	9,132	868	10,000
Peter Velez	22,831	2,169	25,000
Melinda Snowden*	24,412	-	24,412
	<b>56,375</b>	<b>3,037</b>	<b>59,412</b>

\* Amount paid to Melinda Snowden excludes GST invoiced to the Company

The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. The Directors are the only people considered to be key management personnel of the Company.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**  
**Remuneration report (Audited) (continued)**

The number of shares and options held directly, indirectly, or beneficially by Directors, or by entities to which they were related at the date of this report, were:

<b>June 2022</b>	<b>Balance July</b>	<b>Net</b>	<b>Retiring Director</b>	<b>Balance</b>
<b>Shares</b>	<b>2021</b>	<b>Acquisition</b>	<b>Holding</b>	<b>June 2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Gabriel Radzynski	1,429,670	479,195	-	1,908,865 <sup>^</sup>
Peter Velez	75,187	25,523	-	100,710
Melinda Snowden	5,610	16,669	(22,279)	-
Jacqueline Sullivan	-	-	-	-
	<b>1,510,467</b>	<b>521,387</b>	<b>(22,279)</b>	<b>2,009,575</b>

<sup>^</sup>includes indirect holdings

No options were held directly, indirectly, or beneficially by Directors.

**Directors' Interests**

**Other transactions with KMP**

**a) Investment management agreement**

The Company and the Manager entered into a management agreement dated 11 November 2013. A Director of the Company, Gabriel Radzynski, is also a Director of the Manager. The Manager is permitted to undertake investments that fall within the Company's investment strategy on behalf of the Company and without the approval of the Company's Directors. Investments that are outside the Company's investment strategy will require Board approval. In circumstances where Board approval is required, the Manager will provide the Board with details of the relevant investment opportunity. The Board will review the information and will either give or withhold the approval required for the Company to make that investment. Assuming that the Board approves the investment, the manager will then execute the investment on behalf of the Company.

The term of the management agreement is 10 years and neither the Company, nor the Manager, may terminate the Management Agreement upon the occurrence of a change of control event in respect of either party.

**b) Management and performance fees**

The Manager is entitled to be paid a monthly management fee equal to 0.1042% (exclusive of GST) of the gross value of the Portfolio calculated on the last business day of each month. The Management fee is 1.25% per annum (exclusive of GST).

The Manager is also entitled to receive a performance fee calculated as a percentage of the increase in the value of the Portfolio for each performance period. The performance fee is equal to 20% (exclusive of GST) of the amount (if any) of portfolio over-performance (amount by which the increase in the value of the portfolio exceeds the benchmark performance) during the performance calculation period, subject to a high water mark.

	<b>June 2022</b>	<b>June 2021</b>
	<b>\$</b>	<b>\$</b>
Management fees (inclusive of GST) *	2,334,945	1,775,673
Performance fees (inclusive of GST) *	-	9,349,596
	<b>2,334,945</b>	<b>11,125,269</b>

\* The difference between the amount disclosed above and the Statement of Profit and Loss are the reduced input tax credits claimable.

At 30 June 2022, \$728,668 inclusive of GST remains payable by the Company to the Manager (2021: \$9,532,052 inclusive of GST).

**Sandon Capital Investments Limited**  
ABN 31 107 772 467

**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**

**c) Accounting fee**

Sandon Capital Pty Ltd also receives a monthly fee in return for providing accounting and administration services to the Company.

	June 2022	June 2021
	\$	\$
Accounting fees (inclusive of GST) *	48,091	48,034
	<u>48,091</u>	<u>48,034</u>

\* The difference between the amount disclosed above and the Statement of Profit and Loss are the reduced input tax credits claimable as well as any services rendered by accounting firms other than Sandon Capital Pty Ltd.

***This is the end of the Remuneration Report (Audited)***

**Indemnification and insurance of officers and directors**

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed.

**Non-Audit Services**

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board*.

**Rounding of amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar unless otherwise specified.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

**Sandon Capital Investments Limited**  
ABN 31 107 772 467

**Directors' Report**  
**For the year ended 30 June 2022**

**Director's Report (continued)**

This report is made in accordance with a resolution of Directors.

On behalf of the Directors,



Gabriel Radzynski  
Chairman

Sydney  
25 August 2022

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Grant Thornton Audit Pty Ltd  
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Sydney NSW 2000  
Locked Bag Q800  
Queen Victoria Building NSW  
1230  
T +61 2 8297 2400

## Auditor's Independence Declaration

### To the Directors of Sandon Capital Investments Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Sandon Capital Investments Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Sheridan  
Partner – Audit & Assurance

Sydney, 25 August 2022

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Statement of Profit and Loss and Other Comprehensive Income**  
**For the year ended 30 June 2022**

	Notes	June 2022	June 2021
		\$	\$
Net realised gains on financial assets		6,483,274	1,375,801
Net unrealised (losses)/gains on financial assets		(36,559,213)	53,397,991
Other Income from operating activities	3	2,622,958	1,739,601
<b>Total Income</b>		<b>(27,452,981)</b>	<b>56,513,393</b>
Management fees	17	(2,175,744)	(1,654,604)
Performance fees	17	-	(8,712,124)
Directors' fees	16	(68,981)	(61,854)
Company secretarial fees		(45,960)	(41,441)
Brokerage expense		(107,589)	(177,334)
Custody fees		(20,822)	(25,093)
ASX listing and CHES fees		(105,394)	(75,904)
Share registry fees		(55,937)	(73,383)
Accounting fees	17	(92,151)	(52,060)
Audit fees		(103,335)	(78,727)
Taxation fees		(316,165)	(118,910)
Legal fees		(38,168)	(68,282)
Other operating expenses		(102,488)	(78,702)
<b>Total expenses</b>		<b>(3,232,734)</b>	<b>(11,218,418)</b>
<b>(Loss)/ Profit before Income Tax</b>		<b>(30,685,715)</b>	<b>45,294,975</b>
Income tax (expense) / benefit	4	6,987,336	(7,957,883)
<b>(Loss) /Profit attributable to members of the Company</b>		<b>(23,698,379)</b>	<b>37,337,092</b>
Other comprehensive income for the year		-	-
<b>Total Comprehensive (Loss) / Profit for the period</b>		<b>(23,698,379)</b>	<b>37,337,092</b>
<b>Basic (Loss) / Profit per share (cents per share)</b>	7	<b>(18.50)</b>	<b>34.09</b>
<b>Diluted (Loss) /Profit / per share (cents per share)</b>	7	<b>(18.50)</b>	<b>34.09</b>

The accompanying notes form part of these financial statements.

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Statement of Financial Position**  
**As at 30 June 2022**

	Notes	June 2022 \$	June 2021 \$
<b>Assets</b>			
Cash and cash equivalents	8	520,517	2,182,981
Trade and other receivables	9	324,199	680,111
Prepayments		76,511	90,211
Financial assets at fair value through profit/loss	10	141,350,494	156,153,514
Deferred tax assets	4	868,802	782,950
<b>Total assets</b>		<b><u>143,140,523</u></b>	<b><u>159,889,767</u></b>
<b>Liabilities</b>			
Trade and other payables	13	33,612,952	35,216,483
Deferred tax liabilities	4	32,480	7,682,358
<b>Total liabilities</b>		<b><u>33,645,432</u></b>	<b><u>42,898,841</u></b>
<b>Net assets</b>		<b><u>109,495,091</u></b>	<b><u>116,990,926</u></b>
<b>Equity</b>			
Issued capital	11	130,013,405	105,111,400
Profit reserve	12	35,939,237	31,136,296
Accumulated losses	14	(56,457,551)	(19,256,770)
<b>Total equity</b>		<b><u>109,495,091</u></b>	<b><u>116,990,926</u></b>

The accompanying notes form part of these financial statements.

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**Sandon Capital Investments Limited**  
ABN 31 107 772 467

**Statement of Changes in Equity**  
As at 30 June 2022

	Notes	Issued Capital \$	Accumulated losses \$	Profit Reserve \$	Total Equity \$
<b>Balance at 1 July 2020</b>		<b>102,720,132</b>	<b>(21,222,677)</b>	<b>1,229,224</b>	<b>82,726,679</b>
Profit for the year attributable to the owners of the Company			37,337,092		37,337,092
Transfer to profit reserve	12	-	(35,371,185)	35,371,185	-
Shares issued as consideration for acquisition of shares in MVT		571,805	-	-	571,805
Shares issued via dividend reinvestment plan		1,819,463	-	-	1,819,463
Dividends provided or paid	6	-	-	(5,464,113)	(5,464,113)
<b>Balance at 30 June 2021</b>	11	<b>105,111,400</b>	<b>(19,256,770)</b>	<b>31,136,296</b>	<b>116,990,926</b>
<b>Balance at 1 July 2021</b>		<b>105,111,400</b>	<b>(19,256,770)</b>	<b>31,136,296</b>	<b>116,990,926</b>
Profit for the year attributable to the owners of the Company			(23,698,379)		(23,698,379)
Transfer to profit reserve	12	-	(13,502,402)	13,502,402	-
Shares issued via entitlement offer		22,397,604	-	-	22,397,604
Shares issued via dividend reinvestment plan		2,504,401	-	-	2,504,401
Dividends provided or paid	6	-	-	(8,699,462)	(8,699,462)
<b>Balance at 30 June 2022</b>	11	<b>130,013,405</b>	<b>(56,457,551)</b>	<b>35,939,237</b>	<b>109,495,091</b>

The accompanying notes form part of these financial statements.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Statement of Cash Flows**  
**For the year ending 30 June 2022**

	Not es	June 2022 \$	June 2021 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		18,187,048	13,514,289
Payments for investments		(32,689,551)	(19,087,182)
Dividends and capital return received		2,603,227	1,722,628
Interest received		6,628	1,900
Other income received		1,373	27,914
Income tax payments		-	2,082
Management fees (inclusive of GST)		(1,629,532)	(1,584,838)
Performance fees (inclusive of GST)		(9,349,596)	-
Brokerage expense (inclusive of GST)		(107,589)	(177,334)
Payment of other operating expenses (inclusive of GST)		(1,153,185)	(131,945)
<b>Net cash used in by operating activities</b>	18	<b>(24,131,177)</b>	<b>(5,712,486)</b>
<b>Cash flows from investing activities</b>			
Funding from subsidiary		6,266,170	9,437,467
<b>Net cash provided by investing activities</b>		<b>6,266,170</b>	<b>9,437,467</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of new shares		22,397,604	-
Dividends paid net of re-investment		(6,195,061)	(3,644,650)
<b>Net cash used in by financing activities</b>		<b>16,202,543</b>	<b>(3,644,650)</b>
<b>Net increase in cash and cash equivalents</b>		(1,662,464)	80,331
Cash and cash equivalents at the beginning of the year		2,182,981	2,102,650
<b>Cash and cash equivalents at end of the year</b>	8	<b>520,517</b>	<b>2,182,981</b>
<b>Non-cash transactions</b>			
Payment for investment *			(571,805)
Proceeds from issue of shares via scrip consideration for acquisition *	11		571,805

The accompanying notes form part of these financial statements.

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**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**1. Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Company is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied, unless otherwise stated.

The financial report was approved for release by the Board of Directors on 25 August 2022.

Except for cashflow information, the financial report has been prepared on an accrual basis. Financial assets and liabilities are measured at fair value. All amounts are presented in Australian dollars.

**Key judgements and accounting estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes below.

The directors have determined that the Company meets the definition of an investment entity under AASB 10 hence as an investment entity it shall not consolidate its subsidiary or apply AASB 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit and loss in accordance with AASB 9.

**a) Financial instruments**

The Company adopted AASB 9 Financial Instruments from 1 July 2018 and continue to account all its financial instruments at fair value through profit and loss.

*Recognition, Classification and Measurement*

Financial assets are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are measured at fair value. Fair value is the price the Company would receive to realise an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. For financial guarantee contracts, this is the date at which all conditions precedent were met on the contract with noteholders for the provision of credit to MVT.

As fair value is a market-based measure, the Company uses closing quoted last prices as a basis of measuring the fair value of assets and liabilities that are listed. The fair values of assets and liabilities that are not traded in an active market are determined using valuation techniques that maximise the use of observable market data.

A range of valuation techniques are applied to determine the fair value for unlisted securities.

Transaction costs related to financial instruments are expensed in the Statement of Profit and Loss when incurred.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**2. Statement of Significant Accounting Policies (continued)**

**a) Financial instruments (continued)**

***Recognition, Classification and Measurement (continued)***

Financial guarantee contract liabilities are measured initially at their fair values and are measured subsequently at the higher of the amount of the loss allowance and the amount recognised initially less, where appropriate, cumulative amortisation recognised over the life of the MVT notes.

The Company classifies its financial instruments into the following categories:

(i) Financial assets or liabilities through profit or loss

Financial assets or liabilities are classified at 'fair value through profit or loss' when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit and Loss in the period in which they arise.

(ii) Investment Entity

The directors have determined that the Company meets the definition of an investment entity under AASB 10. Hence as an investment entity it shall not consolidate its subsidiary or apply AASB 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit and loss in accordance with AASB 9.

(iii) Financial guarantee contract

MVT amended the terms of its unsecured notes, effective 23 June 2021, on approval at a meeting of noteholders. At that date, the Company executed a deed poll in favour of MVT and the noteholders guaranteeing MVT's payment obligations under the amended note terms. This guarantee has been accounted for as a financial guarantee contract by the Company.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

*Impairment*

AASB 9 requires the Company to record expected credit losses on all its financial assets measured at amortised cost and financial guarantees.

For all other financial assets subject to impairment testing, depending on the significance of the credit risk, the allowances may be recognised on the basis of the lifetime credit loss or 12-month credit loss.

The Company considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. These include factors such as adverse changes in financial performance or financial position of the counterparty and changes in external market indicators of credit risk.

Financial assets are regarded as 'credit-impaired' when events such as significant financial difficulty of the issuer/borrower or breach of contract have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.

The gross carrying amount of a financial asset is written off when the counterparty is in severe financial difficulty and the Company has no expectation of recovery of the financial asset.

**b) Expenses**

All expenses are recognised in the Statement of Profit and Loss on an accrual basis.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**2. Statement of Significant Accounting Policies (continued)**

**c) Tax Governance**

The Company considers that tax risk management is a fundamental part of its tax governance in order to maintain its efficient and effective operations and to ensure that the Company complies with all relevant tax obligations and pays the correct amount of tax.

Specifically, the Company:

- Seeks to maintain the highest reputation and, therefore, obtain the highest level of trust with tax and revenue authorities, regulators, customers, suppliers, members and employees.
- Is committed to complying with all tax laws, rules and regulations.
- Is committed to maintaining strong compliance procedures so as to ensure that all tax returns are made accurately and that all payments are made in a timely manner.
- Will endeavour to ensure that the tax laws, rules and regulations are applied appropriately.
- Will endeavour to ensure that all transactions have a commercial rationale in line with the Company's overall business strategy.
- Will not enter into artificial arrangements to evade or avoid tax.
- Will not enter into a transaction which is likely to fall foul of the general and specific anti-avoidance rules.
- Will not engage in aggressive tax planning.
- Will take a principled and responsible approach to managing its tax affairs in line with its business and commercial objectives.
- Will ensure that the law and administrative practice is applied correctly and consistently and that all of its positions are, at least, reasonably arguable and more likely than not to be settled in the Company's favour and to thereby prevent unnecessary disputes with tax authorities.
- Will deal with all tax and revenue authorities on a transparent and proactive basis, with a view to maintaining constructive, collaborative and professional relationships.

In order to ensure that the above intentions manifest in practice, the Company:

- Has a documented Tax Governance Framework which is designed to comply with Australian Tax Office (ATO) best practice recommendations.
- Allocates tax risk management roles and responsibilities to the board, each relevant employee (and employee groups) and service providers and specifies the method for identifying and managing tax risk and the escalation process.
- Defines authority levels which are required to be adhered to by the Company based on the amount of tax at risk.
- Employs diligent professional care and judgement in assessing tax risk and takes advice from its external tax specialists where appropriate.
- Escalates tax risks to the appropriate members of senior management and/or the board of directors for consideration, review and management.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**2. Statement of Significant Accounting Policies (continued)**

**d) Income tax**

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

**e) Tax Consolidation**

On 3 December 2019, the Company formed a tax consolidated group with MVT and all its subsidiaries under the tax consolidated regime. The tax agreement is effective from 3 December 2019 for the income year ending 30 June 2020 and future years. The ATO has been notified of this decision. As a result of tax consolidation, adjustments were required for the reset of tax bases of assets of the subsidiaries.

Controlled entities within the relevant tax consolidated group continue to be responsible under the Company's tax funding agreement for funding their share of tax payments that are required to be made by the Company. These tax amounts are measured as if each entity within the tax consolidated group continues to be a stand-alone tax payer in their own right.

Assets or liabilities arising under tax funding agreements are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

**f) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a GST inclusive basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**g) Fair Value Hierarchy**

Included in level 2 and level 3 of the hierarchy are unlisted investment companies. The fair value of an investment has been based on its net asset backing, being the underlying fair value of its cash, cash equivalents and investment portfolio values at the end of the reporting period.

**h) New and amended accounting policies adopted**

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the Company.

**i) New accounting standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**j) Rounding of amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar unless otherwise stated.

**Sandon Capital Investments Limited**  
ABN 31 107 772 467

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**3. Income**

Interest income is recognised in the Statement of Profit and Loss for all financial instruments on an accrual basis. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

	June 2022 \$	June 2021 \$
Dividend income	2,599,353	1,709,787
Interest income	22,232	1,900
Other income	1,373	27,914
	<b><u>2,622,958</u></b>	<b><u>1,739,601</u></b>

**4. Income tax**

The income tax expense or benefit for the period represents the tax payable on the current period's taxable income based on the Australian corporate income tax rate (2022:25%, 2021:26%) adjusted for changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

<b>Tax expense/(benefit) composition</b>	<b>June 2022 \$</b>	<b>June 2021 \$</b>
Tax expense comprises:		
Decrease/(increase) in deferred tax assets	828,297	88,817
Increase/(decrease) in deferred tax liabilities	(8,296,661)	7,677,762
Current tax movement	687,637	191,304
Over/(under) provision in prior year	(206,609)	-
	<b><u>(6,987,336)</u></b>	<b><u>7,957,883</u></b>

**a) Reconciliation of loss to income tax expense/(benefit) prima facie**

	June 2022 \$	June 2021 \$
Profit/(loss) from continuing operations before income tax expense	<b>(30,685,715)</b>	<b>45,294,975</b>
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities at 25% (2021:26%)	(7,671,429)	11,776,694
Imputation credit gross up	274,086	187,297
Franking credit offset	(283,874)	(720,374)
Other deductible items	1,712,962	(3,474,379)
Other non-assessable income	-	(2,600)
Withholding tax claimed	-	-
Over provision in prior year	(206,610)	191,245
Deferred tax asset on unused franking credits	(812,471)	-
	<b><u>(6,987,336)</u></b>	<b><u>7,957,883</u></b>
Effective tax rate	<b>22.8%</b>	<b>17.6%</b>

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**4. Income Tax (Continued)**

<b>b) Deferred tax asset</b>	<b>Opening Balance July 2021</b>	<b>Under/(Over) Provision*</b>	<b>Charged to Profit or Loss</b>	<b>Closing Balance June 2022</b>
	\$	\$	\$	\$
Accrued expense movements	29,654	(5,798)	16,330	40,186
Tax losses recognised	636,666	(631,846)	812,471	817,291
Capitalised costs	14,902	(3,074)	(2,649)	9,180
Unrealised forex loss	-	-	2,145	2,145
Investee entity member tax losses	101,728	(101,728)	-	-
<b>Balance</b>	<b>782,950</b>	<b>(742,445)</b>	<b>828,297</b>	<b>868,802</b>

<b>c) Deferred tax liability</b>	<b>Opening Balance July 2021</b>	<b>Under/(Over) Provision*</b>	<b>Charged to Profit or Loss</b>	<b>Closing Balance June 2022</b>
	\$	\$	\$	\$
Accrued income movements	78,876	(3,032)	(62,492)	13,352
Fair value adjustments	7,603,482	627,262	(8,230,744)	-
Prepayments	-	22,553	(3,425)	19,128
<b>Balance</b>	<b>7,682,358</b>	<b>646,783</b>	<b>(8,296,661)</b>	<b>32,480</b>

\*In finalising the Income Tax Return for the period ended 30 June 2021 certain tax elections were made. These have resulted in the crystallisation of certain deferred tax liabilities and the utilisation of deferred tax assets within the tax consolidated group. These elections are at the discretion of the entity under the ITAA and as such have been presented as a change in estimate and have been included in the movement of deferred tax assets and liabilities in the 2022 financial year.

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or settled. Deferred tax is credited in the Statement of Profit and Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Current tax assets and liabilities are offset when there is a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax asset and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**5. Remuneration of auditors**

During the year the following fees were paid or payable for services provided by the auditor and its related practices:

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Agreed fees for audit and review of financial reports (Grant Thornton)	87,945	80,850
Other assurance services (Pitcher Partners)	5,500	-
	<b>93,445</b>	<b>80,850</b>

Amounts are inclusive of GST.

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**6. Dividends**

The Company's dividend policy is to pay a regular and growing stream of fully franked dividends to shareholders, provided that the company has sufficient profit reserves, franking credits and it is within prudent business practice. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

Dividends are paid on a six-monthly basis.

The Company has a Dividend Reinvestment Plan. The Dividend Reinvestment Plan will apply to the final dividend for the year ended 30 June 2022.

<b>a) Dividends paid during the year</b>	<b>Amount per security (cents)</b>	<b>Franked amount per security (cents)</b>
The following dividends were paid or provided for during the year:		
Final fully franked dividend for the year ended 30 June 2021 paid on 5 November 2021.	2.75	2.75
Special fully franked dividend for the year ended 30 June 2021 paid on 20 December 2021.	1.00	1.00
Interim fully franked dividend for the period ended 31 December 2021 paid on 01 June 2022.	2.75	2.75
	<b>June 2022</b>	<b>June 2021</b>
	<b>\$</b>	<b>\$</b>
Final fully franked dividend of 2.75 cents per share paid 5 November 2021 (2020: Final fully franked dividend of 2.5 cents per share paid on 12 November 2020).	3,659,280	2,715,613
Special fully franked dividend of 1.00 cent per share for the year ended 30 June 2021 paid on 20 December 2021 (2020: Nil).	1,341,079	-
Interim fully franked dividend of 2.75 cents per share paid 01 June 2022 (2021: Interim fully franked dividend of 2.5 cents per share for the period ended 31 December 2020 paid on 3 June 2021).	3,699,103	2,748,500
	<b>8,699,462</b>	<b>5,464,113</b>
	<b>June 2022</b>	<b>June 2021</b>
	<b>\$</b>	<b>\$</b>
<b>b) Dividend franking account</b>		
Balance at the beginning of the year	10,671,633	11,576,627
Franking credits on dividends received	1,096,345	720,372
Franking credits on dividends received by investee entity	314,132	296,540
Other tax payments	-	(2,082)
Other tax payments by investee entity	(389,928)	-
Franked dividends paid	(2,899,821)	(1,919,824)
Balance available for subsequent reporting periods	<b>8,792,361</b>	<b>10,671,633</b>
Franking credits (cents per share)*	6.48	9.62

\*excludes any franking credits that will arise from tax payable.

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**6. Dividends (continued)**

**(b) Dividend franking account (continued)**

The franking balance of 6.48 cents per share supports the payment of a fully franked dividends of 19.43 cents per share at the 25% corporate tax rate, should there be sufficient profit reserves available.

Total number of fully paid shares issued as at 30 June 2022 is 135,764,627.

**7. Earnings per share**

Basic earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
(Loss)/ Profit ( after income tax used in the calculation of basic and diluted earnings per share)	(23,698,379)	37,337,092
	<b>No. shares</b>	<b>No. shares</b>
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	128,082,438	109,534,274
Basic and diluted (loss)/ earnings/( per share (cents per share)	(18.50)	34.09

There are no outstanding securities that are potentially dilutive in nature for the Company.

**8. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Cash at bank	520,517	2,182,981
	<b>520,517</b>	<b>2,182,981</b>

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**9. Trade and other receivables**

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. Outstanding settlements are unsettled sales with brokers which are generally received within two business days. All other receivables are due within 12 months after reporting period. Management have considered the recoverability of trade and other receivables under the provisioning methodology of expected credit losses (ECL). Given the nature of trade and other receivables management have determined the ECL should be nil.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Dividend and withholding tax receivable	-	3,874
GST receivable	34,980	676,237
Amount receivable from the Manager	273,615	-
	<b>324,199</b>	<b>680,111</b>

\* As part of the capital raising by the Company in October 2021, the Manager agreed to pay for all costs associated with the Offer. The Company entered into an interest free loan agreement with the Manager, and it was agreed by the board that the Manager would pay the costs of the Offer over a 30-month term with equal monthly instalments.

**10. Financial assets**

The fair value of the Company's portfolio composition has been disclosed on page 2 of the annual report which include listed and unlisted investments. Details of the investment performance have also been outlined in the Chairman's Letter on pages 3 to 7 of the annual report.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
<b>Financial assets at fair value through profit or loss comprise of:</b>		
Listed investments	83,686,239	91,426,711
Unlisted investments	57,664,256	64,726,803
	<b>141,350,494</b>	<b>156,153,514</b>

**11. Contributed equity and movements in total equity**

**Capital management**

The Company's objectives with respect to managing its capital are to provide shareholders with capital growth over the medium term, balanced with the payment of a growing stream of fully franked dividends. There have been no changes in the strategy adopted by the Board in managing the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

	<b>June 2022</b>		<b>June 2021</b>	
	\$	No.	\$	No.
<b>Share Capital</b>				
Fully paid ordinary shares	130,013,405	135,764,627	105,111,400	110,888,889
<b>Movements in shares on issue:</b>				
Opening balance	105,111,400	110,888,889	102,720,132	108,624,261
Shares issued – Entitlement Offer	22,397,604	22,175,846	1,819,463	2,264,628
Shares issued – as consideration for acquisition of options in MVT	-	-	571,805	-
Shares issued – dividend reinvested	2,504,401	2,699,891	-	-
Share buy-back	-	-	-	-
Closing balance	<b>130,013,405</b>	<b>135,764,627</b>	<b>105,111,400</b>	<b>110,888,889</b>

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**11. Contributed equity and movements in total equity (continued)**

**Terms and conditions of contributed equity:**

Ordinary shares have the right to receive dividends as declared. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**12. Profit reserve**

The profit reserve is made up of amounts transferred from current period earnings and prior period retained earnings carried forward that are preserved for future dividend payments.

Movement in profit reserve	June 2022 \$	June 2021 \$
Balance as at beginning of the period	31,136,296	1,229,224
Transfer from retained earnings	13,502,402	35,371,185
Dividends paid	(8,699,462)	(5,464,113)
	<u>35,939,237</u>	<u>31,136,296</u>
Profit reserve (cents per share)	26.47	28.08

**13. Trade and other payables**

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost. Purchases of securities and investments that are unsettled at the reporting date are included in payables and are normally settled within two business days of trade date. Trade and payables are due within 12 months of reporting date.

	June 2022 \$	June 2021 \$
Management fee payable	728,668	182,456
Performance fee payable	-	9,349,596
Outstanding settlements payable	717,578	606,171
Other payables	203,470	129,589
Intercompany tax payable under tax funding agreement	929,598	181,204
Amounts payable to investee entity	31,033,637	24,767,467
<b>Total trade and other payables</b>	<u>33,612,951</u>	<u>35,216,483</u>

**14. Accumulated losses**

	June 2022 \$	June 2021 \$
Balance as at beginning of the period	(19,256,770)	(21,222,677)
Profit/(loss) for the year	(23,698,379)	37,337,092
Transfer to profit reserve	(13,502,402)	(35,371,185)
	<u>(56,457,551)</u>	<u>(19,256,770)</u>

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**15. Financial risk management**

The Company's financial instruments consist of cash and cash equivalents, listed and unlisted investments, financial guarantee contract, trade receivables and trade payables. The risks to which the Company is exposed through these financial instruments are discussed below and include liquidity risk, counter party risk and market risk consisting of other price risk, foreign exchange risk, and interest rate risk.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks on a regular basis.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
<b>Financial Assets at Amortised Cost</b>		
Cash and cash equivalents	520,517	2,182,981
Trade and other receivables	324,199	680,111
	844,716	2,863,092
<i>Financial assets at fair value through profit or loss:</i>		
Listed investments	83,686,238	91,426,711
Unlisted investments	57,664,256	64,726,803
	141,350,494	156,153,514
	<b>142,195,210</b>	<b>159,016,606</b>
<b>Financial liabilities at Amortised Cost</b>		
Trade and other payables	33,612,951	35,216,483
Financial guarantee contract	-	-
	33,612,951	35,216,483
<i>Financial liabilities at fair value through profit or loss:</i>		
Financial liabilities	-	-
	-	-
	<b>33,596,674</b>	<b>35,216,483</b>

**a) Fair value hierarchy**

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Included in Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted last prices at the end of the year, excluding transaction costs.

Included in level 2 of the hierarchy are unlisted investment companies. The fair value of an investment has been based on its net asset backing, being the underlying fair value of its cash, cash equivalents and investment portfolio values at the end of the reporting period.

As at 30 June 2022, the Company has one unlisted investment classified as level 2. This investment is MVT.

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**15. Financial risk management (continued)**  
**a) Fair value hierarchy (continued)**

The acquisition of MVT was successfully completed on 17 October 2019. The investment in MVT, which is now an unlisted wholly owned subsidiary, has been valued at its underlying post-tax net asset backing at the end of the reporting period. Although MVT itself is unlisted, and hence is reported as a level 2 asset, 78% of MVT's investment portfolio comprises level 1 assets. The balance of the fair value hierarchy comprises level 2 assets (2% of MVT's portfolio) and level 3 assets (20% of MVT's portfolio). The portion of MVT's assets that are reported as investments was valued at \$47,618,725 as at 30 June 2022.

Other assets, such as the investments in ASK Funding Ltd and Richfield Maritime Agency (S) Pte Ltd are reported as loans and cash.

The following table presents the composition of MVT's investment portfolio as at 30 June 2022.

<b>MVT's Australian Securities Exchange Listed Investments</b>	<b>Total Value</b>
<b>Listed Domestic Investments</b>	<b>\$</b>
Yellow Brick Road Ltd	5,688,271
Fleetwood Corporation Ltd	3,304,740
Joyce Corporation Ltd	2,533,078
Australian Silica Quartz Group Ltd	2,174,033
Coventry Group Ltd	1,967,018
Dawney & Co Ltd	1,838,276
BCI Minerals Ltd	1,608,489
COG Financial Services Ltd	1,557,578
Fitzroy River Corporation Ltd	1,420,405
Kingsgate Consolidated Ltd	1,225,156
Sietel Ltd	890,418
MMA Offshore Ltd	232,842
Desane Group Holdings Ltd	187,658
Earlypay Ltd	166,905
Smart Parking Ltd	90,000
Quattro Plus Real Estate Ltd	29,239
<b>Total Listed Domestic Investments</b>	<b>24,914,106</b>
<b>Listed International Investments</b>	
Spectra Systems Corporation PLC (UK)	9,466,218
Worsley Investors Limited (UK)	1,481,700
Hydro Hotel Eastbourne PLC (UK)	1,031,875
Smart (J.) & Co. (Contractors) PLC (UK)	552,045
Northamber PLC (UK)	227,100
Enteq Upstream PLC (UK)	216,918
<b>Total Listed International Investments</b>	<b>12,975,856</b>
<b>Unlisted Investments</b>	
Foundation Life (NZ) Investment	6,081,500
CM Capital Venture Trust No 4	3,558,993
Scantech Ltd	83,470
DMX Corporation Ltd	4,800
<b>Total Unlisted Domestic Investments</b>	<b>3,647,263</b>
<b>Total MVT's Portfolio Composition</b>	<b>47,618,725</b>

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**15. Financial risk management (continued)**  
**a) Fair value hierarchy (continued)**

Included with level 3 of the hierarchy are unlisted securities such as shares in private companies, trusts and unlisted foreign notes. In order to determine the fair value of these investments, valuation techniques such as comparisons to similar investments for which market observable inputs are available, latest available net tangible assets per share, the adjusted last sale price or the fair value of the expected redemption value in the notes have been adopted.

As at 30 June 2022, the Company had four unlisted investments classified as level 3.

The Company's investment in Monash Absolute Investment Company Ltd (**MA1**) was valued at \$165,031 at the end of the reporting period (2021: \$476,871). MA1 was transferred from level 1 to level 3 in the fair value hierarchy after delisting from the ASX on 1 June 2021. The value of the investment in MA1 is based on the reported post tax NTA as at 31 March 2022.

The Company's investment in Carbon Conscious Investment Ltd (**CCIL**) valued at \$373,440 (2021: \$354,245), is based on its share of CCIL's shareholder equity. This valuation was supported by discounted cashflow calculations and earnings capitalisation calculations performed by the Company on readily available information.

The Company's investment in Foundation Life valued at \$304,497 (2021: \$280,719) is based on its share of Foundation Life's shareholder equity and ownership of Foundation Life's notes. These figures are reported in Foundation Life's reviewed half yearly and audited full year accounts (in March and September respectively). The value noted does not include MVT's investment in Foundation Life.

The Company's investment in OneMarket Ltd (**OneMarket**) was valued at \$101,244 at the end of the reporting period (2020: \$101,244). Subsequent to the delisting from the ASX on 02 December 2019, the investment was transferred from level 1 to level 3 in the fair value hierarchy. The value of OneMarket is based on the liquidator's report that forecasts that a final distribution is now likely to be paid. The midpoint of the liquidator's range for the final distribution has been adopted as the valuation.

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2022.

**Financial assets and liabilities at fair value through profit or loss:**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>June 2022</b>				
Listed investments	83,686,238	-	-	83,686,238
Unlisted investments	-	56,720,045	944,211	57,664,256
	<b>83,686,238</b>	<b>56,720,045</b>	<b>944,211</b>	<b>141,350,494</b>

**Financial assets and liabilities at fair value through profit or loss:**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>June 2021</b>				
Listed investments	91,426,711	-	-	91,426,711
Unlisted investments	-	63,513,724	1,213,079	64,726,803
Financial liabilities	-	-	-	-
	<b>91,426,711</b>	<b>63,513,724</b>	<b>1,213,079</b>	<b>156,153,514</b>

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**15. Financial risk management (continued)**  
**a) Fair value hierarchy (continued)**

There were no financial assets transferred between levels in the fair value hierarchy during the period (June 2021: the investment in MA1 was transferred from level 1 to level 3 in the fair value hierarchy)

The following table presents the movement in level 3 instruments for the period ended 30 June 2022

<b>Unlisted Investments</b>	<b>June 2022</b>	<b>June 2021</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	1,213,079	626,869
Transfer into from level 3	-	476,871
Purchases	32,357	496
Unrealised (loss)/gain	(291,886)	109,969
Foreign exchange gain/(loss)	(9,339)	(1,126)
Closing Balance	<u>944,211</u>	<u>1,213,079</u>

**b) Objectives, strategies, policies and processes**

This note presents information about the Company's exposure to each of the risks identified below and the Company's policies and processes for measuring and managing risks.

The Manager, Sandon Capital Pty Ltd, invests the Company's capital in accordance with the Company's investment objectives and terms and conditions as set out in the Investment Management Agreement.

**c) Market risk**

Market risk is the risk of changes in market environment, such as changes in inflation expectations (drives a change in interest rates) or the return of an asset class (Australian/International equities measured by an appropriate index).

By its nature, as a listed investment company that invests in Australian and International securities, the Company will always be subject to market risk. The market risk is inherent and can be partially managed by the skill of the manager. Further, the Manager tends to invest in a concentrated portfolio of securities, this offers some diversification benefits but may not be as diverse as a broad market exposure.

**d) Other price risk**

The Company is exposed to share price risk through its investments in securities on the Australian Stock Exchange.

Price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company's investments are recorded at fair value, any fair value changes are recognised in the Statement of Profit and Loss, any change in market conditions will likely directly affect net investment income.

The Manager mitigates this price risk through its disciplined stock selection and portfolio construction process and adherence to the Company's investment guidelines.

The Company's investments are monitored on a regular basis by the Manager.

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**15. Financial risk management (continued)**  
**d) Other price risk (continued)**

The Company's exposure to price risk on classes of financial assets and liabilities is as follows:

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
<b>Financial assets and liabilities – at fair value through profit or loss</b>		
Listed investments	83,686,238	91,426,711
Unlisted investments	57,664,256	64,726,803
Financial liabilities	-	-
	<u><b>141,350,494</b></u>	<u><b>156,153,514</b></u>
 Price risk sensitivity analysis		
Change in Profit before tax		
– Increase in portfolio prices by 5%	7,077,525	7,807,676
– Decrease in portfolio prices by 5%	(7,077,525)	(7,807,676)

Financial assets at fair value through profit or loss are actively managed on a short term basis and are fair valued through the Statement of Profit and Loss. Any movement in the portfolio price will be recorded in the Statement of Profit and Loss.

**(i) Foreign exchange risk**

The majority of the Company's investments are listed on the Australian Securities Exchange and are quoted in Australian dollars.

The Company has one investment in New Zealand with a total direct translation exposure at 30 June 2022 of \$304,497

The Company has the ability to hedge foreign exchange exposure. During the financial year the foreign exchange exposure was not hedged.

Whilst the New Zealand dollar depreciated against the Australian dollar in the financial year, the overall exposure made a small negative contribution to the portfolio's return.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company, however, is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. The following sensitivity analysis only comprises the Company's direct exposure to changes in interest rate risk.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Changes in Profit/Equity		
Increase in interest rates by 1.5%	7,808	10,915
Decrease in interest rates by 1.5%	(7,808)	(10,915)

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**15. Financial risk management (continued)**  
**d) Other price risk (continued)**

The Company's direct exposure to interest rate risk and the effective weighted interest rates on classes of financial assets and liabilities are as follows:

	Weighted average effective interest	Floating interest rate	Total
<b>2022</b>		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	0.02%	520,517	520,517
		<b>520,517</b>	<b>520,517</b>
<b>2021</b>		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	0.08%	2,182,981	2,182,981
		<b>2,182,981</b>	<b>2,182,981</b>

**e) Counter party risk**

Counter party risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to counterparty risk on financial assets, is the carrying amount net of any expected credit loss of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that our counterparties are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diverse to mitigate the general counterparty risk.

The majority of the Company's receivables arise from the loan to the Manager relating to the cost of raising capital. To date, the Manager has paid all of its contractual repayments and is expected to continue to do so as set out in the loan agreement.

Counter party risk is not considered to be a material risk to the Company as the majority of cash and term deposits held by the Company are invested with major Australian financial institutions.

None of the assets exposed to counter party risk are overdue or considered to be impaired.

For the financial guarantee contract with MVT's noteholders, the Company's maximum exposure is the amount that the Company's would have to pay if the guarantee is called on. At 30 June 2022, there has been no significant increase in the credit risk associated with the financial guarantee contract associated with the restructure of the MVT notes. Consequently, there is no loss allowance on financial guarantee contracts at the reporting date.

**f) Concentrations of risk**

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

As the Manager tends to invest in a concentrated portfolio of securities, this offers some diversification benefits but may not be as diverse as a broad market exposure.

The concentrations of risk are monitored by the Manager to ensure they are within acceptable limits by reducing the exposures to ensure appropriate diversification or by other means as deemed appropriate.

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**15. Financial risk management (continued)**

**g) Liquidity risk**

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In normal market conditions, the Company has a high level of liquidity. The high liquidity is a function of the level of cash or cash equivalents held and that its other financial assets are listed on recognised security exchange and there is a quoted market for those assets.

The liquidity of the investment portfolio is monitored and managed by the investment manager. The manager takes into account the size of the investment position and the average daily turnover of the investee company on the exchange.

The Manager monitors the Company's cash-flow requirements regularly by reference to known sales and purchases of securities, dividends and interest to be paid or received. The Company typically holds a portion of its portfolio in cash sufficient to ensure that it has cash readily available to meet all payments and to take advantage of the price of investment opportunities.

All the trade payables and financial liabilities are deemed current.

The maximum amount that the Company could be forced to settle under the financial guarantee contract with MVT noteholders of the listed notes issued by MVT if that amount were claimed by the counterparties would be \$34,850,651.55. This comprises the interest amounts of \$719,180.55 at 30 June and 31 December each year, and the face value of the instruments of \$29,057,800 on the settlement date of 10 July 2026. As noted above, the expected credit loss allowance at 30 June 2022 is nil (2021: nil).

**16. Directors remuneration and holdings**

**a) Names and positions held of key management personnel in office as at the end of the financial year are:**

**Key Management Person**

Gabriel Radzyminski	Non-executive Chairman
Peter Velez	Independent Non-Executive Director
Jacqueline Sullivan	Independent Non-Executive Director

**b) Aggregate compensation made to Key Management Personnel**

	Short term benefits	Post- Employment Benefit Superannuation	Total
	\$	\$	\$
<b>Year Ended 30 June 2022**</b>	62,710	4,413	67,123
<b>Year Ended 30 June 2021**</b>	56,376	3,037	59,412

\*\* Amount paid to Melinda Snowden excludes GST invoiced to the Company

The remuneration of the Directors is not linked to the performance of the Company. The Manager is a director-related entity which received a management fee of \$2,335,183 (2021: \$1,775,673), performance fee received by the company of \$1,473 (2021: Paid \$9,349,596) and fees for accounting and administration totalling \$48,091 (2021: \$48,034).

**c) Other transactions with key management personnel or entities related to them**

No Director has entered into a material contract with the Company since the last reporting date and there were no material contracts involving Directors' interests subsisting at the reporting date other than as disclosed in this section.

**Sandon Capital Investments Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**16. Directors remuneration and holdings (continued)**

**d) Loan transactions and balances**

As part of the capital raising by the Company in October 2021, the Manager agreed to pay for all costs associated with the Offer. The total cost was \$377,111. The Company entered into an interest free loan agreement with the Manager, and it was agreed by the Board that the Manager would pay the costs of the Offer over a 30-month term with equal monthly instalments. As at 30 June 2022, the balance of the loan is \$273,615 (2021: \$Nil).

**e) Shareholdings**

From time to time directors of the Company, or their director related entities, could purchase or sell the Company's securities through the Australian Securities Exchange in accordance with the Company's security trading policy.

Number of Shares held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related, were:

	Balance 1 July 2021 No.	Net Acquisition No.	Retiring Director Holdings No.	Balance 30 June 2022 No.	
<b>2022</b>					
<b>Shares</b>					
Gabriel Radzynski	1,429,670	479,195	-	1,908,865	^
Peter Velez	75,187	25,523	-	100,710	
Melinda Snowden	5,610	16,669	(22,279)	-	
Jacqueline Sullivan	-	-	-	-	
	<b>1,510,467</b>	<b>521,387</b>	<b>(22,279)</b>	<b>2,009,575</b>	

^includes indirect holdings

	Balance 1 July 2020 No.	Net Acquisition No.	Retiring Director Holdings No.	Balance 30 June 2021 No.	
<b>2021</b>					
<b>Shares</b>					
Gabriel Radzynski	1,345,228	84,442	-	1,429,670	^
Peter Velez	70,737	4,450	-	75,187	
Melinda Snowden	5,278	332	-	5,610	
	<b>1,421,243</b>	<b>89,224</b>	<b>-</b>	<b>1,510,467</b>	

^includes indirect holdings

**17. Related Party Transactions**

**a) Investment management agreement**

The Company and the Manager entered into a management agreement dated 11 November 2013. A Director of the Company, Gabriel Radzynski, is also a Director of the Manager. The Manager is permitted to undertake investments that fall within the Company's investment strategy on behalf of the Company and without the approval of the Company's Directors. Investments that are outside the Company's investment strategy will require Board approval. In circumstances where Board approval is required, the Manager will provide the Board with details of the relevant investment opportunity. The Board will review the information and will either give or withhold the approval required for the Company to make that investment. Assuming that the Board approves the investment, the Manager will then execute the investment on behalf of the Company.

The term of the management agreement is 10 years and neither the Company, nor the Manager, may terminate the Management Agreement upon the occurrence of a change of control event in respect of either party.

**Sandon Capital Investments Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**16. Related Party Transactions (continued)**

**b) Management and performance fees**

The Manager is entitled to be paid a monthly management fee equal to 0.1042% (exclusive of GST) of the gross value of the Portfolio calculated on the last business day of each month. The Management fee is 1.25% per annum (exclusive of GST).

The Manager is also entitled to receive a performance fee calculated as a percentage of the increase in the value of the Portfolio for each performance period. The performance fee is equal to 20% (exclusive of GST) of the amount (if any) of portfolio over-performance (amount by which the increase in the value of the portfolio exceeds the benchmark performance) during the performance calculation period, subject to a high water mark adjusted for dividends.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Management fees (inclusive of GST) *	2,334,945	1,775,673
Performance fees (inclusive of GST) *	-	9,349,596
	<b>2,334,945</b>	<b>11,125,269</b>

\* The difference between the amount disclosed above and the Statement of Profit and Loss are the reduced input tax credits claimable.

At 30 June 2022, \$728,668 inclusive of GST remains payable by the Company to the Manager (2021: \$9,532,052 inclusive of GST).

**c) Accounting fee**

Sandon Capital Pty Ltd also receives a monthly fee in return for providing accounting and administration services to the Company.

	<b>June 2022</b>	<b>June 2021</b>
	\$	\$
Accounting fees *	48,091	48,034
	<b>48,091</b>	<b>48,034</b>

\* The difference between the amount disclosed above and the Statement of Profit and Loss is any services rendered by accounting firms other than Sandon Capital Pty Ltd

**d) Intercompany payables and related party receivable.**

Intercompany balances outstanding at the end of the financial year have been disclosed in Note 13.

Amount Receivable from the Manager at the end of the financial year has been disclosed in Note 9.

**18. Cash flow information**

**Reconciliation of Cash Flow from operating activities with profit/(loss) after income tax**

	<b>30 June 2022</b>	<b>30 June 2021</b>
	\$	\$
Profit/(loss) from operations after income tax	(23,698,379)	37,337,092
Net movement in financial assets held for trading	14,803,019	(60,918,490)
<b>Changes in assets and liabilities:</b>		
Decrease in receivables	355,912	(633,911)
(Increase)/decrease in prepayments	13,700	(57,063)
(Increase)/decrease in deferred tax assets	(85,852)	1,420,570
Increase/(decrease) in payables	(7,869,701)	9,461,554
Decrease in deferred tax liabilities	(7,649,878)	7,677,762
<b>Net cash used in operating activities</b>	<b>(24,131,179)</b>	<b>(5,712,486)</b>

**Sandon Capital Investments Limited**  
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**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**20. Investment transactions**

The total number of contract notes that were issued for transactions in securities during the financial year was 193. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$107,589 (2021: \$177,334).

**21. Events occurring after the reporting period**

On 25 August 2022, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The DRP will apply to this dividend with no discount.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**22. Contingencies and commitments**

There are no contingent assets or liabilities as at 30 June 2022 (2021: Nil). As at 30 June 2022, the Company had nil commitments (2021: Nil).

**23. Segment information**

The Company currently engages in investing activities, including cash, term deposits, equity and debt instruments. It has no other reportable business or geographic segments.

**Sandon Capital Investments Limited**  
ABN 31 107 772 467

**Directors' Declaration**  
**For the year ended 30 June 2022**

Directors' Declaration

In accordance with a resolution of the Directors of Sandon Capital Investments Limited, the Directors of the Company declare that:

- a) the financial statements and notes, as set out on pages 16 to 39 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards which is stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b) in the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, Sandon Capital Pty Ltd declaring that:
- (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (iii) the financial statements and notes for the year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors,



Gabriel Radzyminski  
Chairman

Sydney  
25 August 2022

## Independent Auditor's Report

### To the Members of Sandon Capital Investments Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Sandon Capital Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<h3 style="color: #00A651;">Valuation of financial assets (Note 10)</h3>	
<p>The investment portfolio consists of listed securities and unlisted securities. The fair value of financial assets traded in active markets is based on their quoted market prices. The fair values of financial assets not traded in an active market are determined using significant valuation techniques.</p> <p>Investments that involved significant judgement included those with unobservable inputs. 41% of the investment portfolio of the Company consists of unlisted investments. Where observable data is unavailable, estimates must be developed based on the most appropriate data source.</p> <p>We determined this to be a key audit matter given the size of the balance and the inherent judgement involved in determining the fair value of financial instruments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and evaluating the investment management processes and controls;</li> <li>• Reviewing and evaluating ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i> reports and bridging letters for third-party asset custodians;</li> <li>• Obtaining confirmation on investment holdings directly from third-party asset custodians;</li> <li>• Where readily observable data was available, performing independent price checks, recalculating the valuation and comparing to the Company's valuation;</li> <li>• For investments where there were limited or no observable inputs, obtaining confirmations of the cost and assessing other relevant information supporting the associated net tangible asset value;</li> <li>• Reviewing significant investment additions and sales in the period back to contract notes, evaluating the accuracy of the initial cost and sale;</li> <li>• Reviewing the last day traded on the level 1 investments to assess whether the investments were actively traded; and</li> <li>• Assessing the adequacy of the financial statement disclosures.</li> </ul>
<h3 style="color: #00A651;">Management and performance fees (Note 17)</h3>	
<p>Management and performance fees are related party transactions, given their calculation, and payment is made in accordance with the Management Agreement between the Company and the Investment Manager.</p> <p>We determined management and performance fees to be a key audit matter, given the significant inputs in their calculation and the risk that these transactions might not be conducted at arm's length.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and evaluating the process and controls around management and performance fee calculation;</li> <li>• Reviewing approval of calculations from key personnel at the appropriate level;</li> <li>• Obtaining the management agreement and recalculating the management and performance fees by validating key inputs, tracing to third-party asset custodian statements, and evaluating interest rate benchmarks for reasonableness; and</li> <li>• Assessing the adequacy of financial statement disclosures.</li> </ul>

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 12 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Sandon Capital Investments Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



A J Sheridan  
Partner – Audit & Assurance

Sydney, 25 August 2022

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**ASX Additional Information**  
**For the year ended 30 June 2022**

**ASX Additional Information**

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

**Substantial ordinary shareholders shareholding (as at 15 August 2022)**

The following have advised that they are a substantial shareholder of the Company. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

<b>Substantial ordinary shareholders</b>	<b>No. of shares</b>	<b>% of total</b>
1. Siblow Pty Limited	29,540,355	21.96
2. Geoff Wilson	7,022,264	6.58

1. Notice received on 12 April 2022
2. Notice received on 19 December 2019

**Distribution of shareholders (as at 15 August 2022)**

<b>Category</b>	<b>No. of shareholders</b>
1-1,000	521
1,001- 5,000	697
5,001-,10,000	348
10,001-100,000	1,127
100,001 and over	176
	<hr/> <b>2,869</b> <hr/>

The number of shareholdings held in less than marketable parcels is 344.

**Twenty largest shareholders - Ordinary shares (as at 15 August 2022)**

	<b>Number of ordinary shares held</b>	<b>Percentage of issued capital held</b>
Siblow Pty Limited	26,563,740	19.57
J P Morgan Nominees Australia Pty Limited	4,122,587	3.04
McNeil Nominees Pty Limited	3,809,477	2.81
G W Holdings Pty Ltd	3,537,799	2.61
Gold Tiger Equities Pty Ltd	3,250,000	2.39
National Nominees Limited	2,556,244	1.88
Treasure Island Hire Boat Company Pty Ltd	2,090,752	1.54
GW Holdings Pty Limited	1,940,850	1.43
Heathers Super Pty Ltd	1,933,794	1.42
Boutique Investment Management Pty Ltd	1,510,000	1.11
Perpetual Corporate Trust Ltd	1,401,402	1.03
Donwood Pty Ltd	1,200,000	0.88
Gefare Pty Ltd	1,099,124	0.81
Dynasty Peak Pty Ltd	1,000,000	0.74
Mr Peter Michael Antaw & Mrs Victoria Mary Antaw	975,000	0.72
Great D Pty Ltd	800,000	0.59
Jarhamche Pty Ltd	750,294	0.55
Selwyn John Cushing & Bevan David Cushing	750,000	0.55
Anchorfield Pty Ltd	700,000	0.52
Glen Brae Capital Pty Ltd	687,108	0.51
	<hr/> <b>60,678,171</b> <hr/>	<hr/> <b>44.69</b> <hr/>

**Sandon Capital Investments Limited**  
**ABN 31 107 772 467**

**ASX Additional Information**  
**For the year ended 30 June 2022**

**Voting Rights**

Shareholders are entitled to one vote for each share held. On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

**Stock Exchange Listing**

Quotation has been granted for all of the ordinary shares and option (ASX code: SNC) of the Company on all Member Exchanges of the ASX Limited.

**Corporate Governance Statement**

The Board of Directors of the Company is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a Company's website.

Accordingly, a copy of the Company's CGS is available on the Company's website at [www.sandoncapital.com.au](http://www.sandoncapital.com.au) under the Listed Investment Company/Corporate Governance section.

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