

SANDON CAPITAL

Sandon Capital Investments Limited

ABN 31 107 772 467

Appendix 4E – PRELIMINARY FINAL REPORT For the full year ended 30 June 2018

Results For Announcement to the Market All comparisons to the full year ended 30 June 2017

	\$	Movement Down	Movement Down %
Revenue from ordinary activities	6,052,710	Down	11%
Profit from operating activities before tax attributable to members	3,972,585	Down	14%
Profit from operating activities after tax attributable to members	3,356,443	-	-
Net profit for the period attributable to members	3,356,443	-	-
	Cents per share	Franked amount per share	Tax rate of franking
Final Dividend			
2018 Final dividend	3.5	3.5	27.5%
Ex-dividend date			23 October 2018
Record date			24 October 2018
Payment date			2 November 2018

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will not apply to this fully franked dividend.

	Cents per share	Franked amount per share	Tax rate for franking
Dividends paid during the period			
2017 Final dividend cents per share paid 2 November 2017	3.5	3.5	27.5%
2018 Interim dividend cents per share paid 16 May 2018	3.5	3.5	27.5%

Net tangible Assets Per Share	30 June 2018 Cents	30 June 2017 Cents
Net tangible assets per share (before tax)	99.66	98.65
Net tangible assets per share (after tax)	95.72	95.90

Dividends of 7.0 cents per share were paid during the period.

Sandon Capital Investments Limited advises that its Annual General Meeting will be held on Friday 23 November 2018. 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) 5 October 2018.

This report is based on the Annual Financial Report which has been audited by Pitcher Partners. 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.

Sandon Capital Investments Limited
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Annual Report
For the year ended 30 June 2018

Sandon Capital Investments Limited
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Annual Report
For the year ended 30 June 2018

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Sandon Capital Investments Limited
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Portfolio Composition
As at 30 June 2018

Australian Securities Exchange/New Zealand's Exchange Listed Investments	Total Value \$
Alterra Ltd	521,799
Acorn Capital Investment Fund Limited	1,214,794
Alliance Resources Ltd	348,634
AIMS Property Securities Fund	2,256,140
BCI Minerals Ltd	663,188
Centrepoint Alliance Ltd	1,867,609
Clarius Group Ltd	387,184
Consolidated Operations Group Ltd	7,132,721
Coventry Group Ltd	2,252,764
Fleetwood Corporation Ltd	4,711,689
Godfreys Group Ltd	29,663
Gateway Lifestyle Group	852,780
Heron Resources Ltd	855,738
IDT Australia Ltd	1,007,295
Iluka Resources Ltd	5,560,429
Karoo Gas Ltd	215,937
Mach7 Technologies Ltd	156,891
Monash Absolute Investment Company	688,801
Mineral Deposits Ltd	5,679,798
NGE Capital Ltd	374,543
RXP Services Ltd	123,574
Smiths City Group Ltd (NZX)	1,878,337
Speciality Fashion Group Ltd	3,452,510
Spicers Ltd	1,767,613
Total Face Group Ltd	113,549
Tower Ltd (NZX)	385,147
Universal Coal PLC	911,156
Vmoto Ltd	5,912
Watpac Ltd	2,133,447
Short trades	374,445
Total	47,924,087
 Australian Unlisted Investment Positions	
Foundation Life (NZ) Limited	202,196
Cash and cash equivalents	1,807,315
Total	49,933,598

Sandon Capital Investments Limited
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Chairman's Letter
For the year ended 30 June 2018

Chairman's Letter

Dear Fellow Shareholders,

The Directors of Sandon Capital Investments Ltd (ASX:SNC) ("SNC" or "the Company") are pleased to present the Company's Annual Report for the year ended 30 June 2018.

Financial Highlights

The Company reported a net profit after tax of \$3,356,443 (2017: \$3,348,908) for the financial year ended 30 June 2018. Revenues decreased by 11% to \$6,052,710 (2017: \$6,822,684) over the same period.

Dividend Announcement – fully franked final dividend of 3.5 cents per share

On 28 August 2018, the Directors announced a final fully franked ordinary dividend of 3.5 cents per share. The Directors have decided that the dividend reinvestment plan will not apply to this dividend.

The key dates for the final dividend are:

Announcement date	28 August 2018
Ex-date	23 October 2018
Record date	24 October 2018
Date payable	2 November 2018

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.

Investment performance

The SNC investment portfolio achieved a gross return, before all fees, expenses and taxes of 12.7%, for the financial year ended 30 June 2018. The All Ordinaries Accumulation Index returned 13.7% over the same period.

Returns net of investment management expenses but before corporate expenses were 9.3%.

SNC's returns were achieved largely as a result of the application of the Investment Manager's activist investment approach. Some of the strongest contributors to this result were Mineral Deposits Ltd (up 150% during the period), Specialty Fashion Group Ltd (up 150%) and Iluka Resources Ltd (up 29%). The main detractor for the year was Consolidated Operations Group Ltd (COG) whose share price was down 23%. Its effect on the overall result was significant given its 19% portfolio weight at the beginning of the year.

We discuss some of our activist campaigns below.

Target: **Iluka Resources Ltd (ILU)**

Thesis: Share price discount to value – "*do oil & water mix?*"

Action: ILU earns a royalty over iron ore produced within Mining Area C (MAC), located in Western Australia's Pilbara region. We believe the value of the MAC royalty would be better reflected if it were spun out and listed as a standalone business. When we first acquired ILU shares, MAC was producing ~50 million tonnes per annum (Mtpa) of iron ore, earning approximately \$50 million per annum from existing mines. At the time, BHP was expected to expand production by developing a project known as South Flank to replace the depleting Yandi project. Full production from South Flank was estimated at that time to be 55 Mtpa.

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Chairman's Letter
For the year ended 30 June 2018

Chairman's Letter (continued)

Investment performance (continued)

Target: Iluka Resources Ltd (ILU) (continued)

Action: This year, when the project received full approval from BHP, annual production was revised to 85 Mtpa. This increase in production reinforces the significant value we believe exists in the MAC royalty. ILU has also been a beneficiary of significant increases in prices for its mineral sands products, which has generated strong cash flows and allowed the company to become almost debt free. We consider the company remains very well positioned to fund its capex requirements at Cataby and Sierra Rutile.

Result: Work in progress. ILU's share price response following the release of its 1H2018 results highlights the problem of having a world class royalty buried in a mining company. Cost and capex blow-outs from its Sierra Leone operations reinforce our view that ILU needs to stop relying on the MAC royalty as a crutch to smooth over the risks inherent in mineral sands. We maintain that ILU shareholders would do better in the long term if the royalty was spun off into a separately listed entity, where we believe it would be more appropriately valued by the market. We do not believe the full value of the MAC royalty will be reflected in the share price while it remains buried within a cyclical mining company.

Target: Fleetwood Corporation Ltd (FWD)

Thesis: Share price discount to value, need for improved governance and strategic focus

Action: On 16 June 2016 Sandon Capital released a presentation detailing its investment thesis for FWD. Since then, FWD has undergone a complete overhaul in board and it has now sold two of the four business units we suggested they sell.

Result: Last year I wrote that "*we believe the new Directors are well placed to decide the company's future direction.*" In hindsight this comment was made prematurely and has regrettably proven ill-founded. We have been sorely disappointed by this new board. A significant amount of value has been destroyed as poorly performing business units continued to be funded in futile attempts to turn them around. Although the company is enacting the changes we have sought, these are too late to salvage value, as was highlighted by the sale of the RV manufacturing division.

The recent capital raising, in which we participated fully, has done nothing to change our opinion of the board. FWD has made a significant contribution to SNC's results. This dissatisfaction may seem counter-intuitive to most, but we believe the company will do better with a change of board and management, all other things being equal.

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Chairman's Letter
For the year ended 30 June 2018

Chairman's Letter (continued)

Investment performance (continued)

Target: Specialty Fashion Group Ltd (SFH)

Thesis: Share price discount to value – *'don't believe all you read'*

Action: We began accumulating SFH in early 2017. We considered SFH's multibrand, lower price-point speciality fashion retailing portfolio positioned it well to withstand retailing challenges. The company was working on store rationalisation and rent reductions, improved procurement and efficiencies. A plunging share price led to the company being the subject of speculation of corporate activity.

Press reports almost always described SFH as *"failing"* or *"struggling"*, yet the financial results painted a different picture. We were initially planning to campaign for management and board changes. We changed tack once we concluded there was pressure on the board to *"do something."* Seeking to ensure the company had all options available to it, Sandon Capital proposed an underwritten entitlement offer to ensure good assets were not sold at a sub-optimal price.

Result: SFH announced the sale of a number of its more "challenged" brands to competitor, Noni B Ltd. SFH is now focused on its high growth, high margin City Chic omni channel brand without the distraction of the underperforming brands. We commend the board for its handling of a potentially difficult situation (including with us).

Target: Watpac Ltd (WTP)

Thesis: Share price discount to value, need for strategic focus and change of management

Action: WTP shares were first bought for SNC in February 2017. WTP had been identified as an undervalued investment opportunity, with significant scope for improved performance, if only for some changes at board and management. We quietly bought shares intermittently throughout 2017 and early 2018. Our stalking ended on 26 February 2018, when WTP's largest shareholder BESIX, a Belgian company, launched a proportional takeover at 92 cents per share. Our effort then changed to focus on preventing BESIX from gaining control of WTP at a price below what we considered reasonable.

Result: The BESIX proposal was a scheme of arrangement, which required a 75% majority vote to pass. Such votes provide minority shareholders with a disproportionate influence, something we sought to exploit. We led a public campaign against the BESIX proposal, and despite the company securing an exceptionally high voting turnout of nearly 90%, one-third of the shares were voted against the proposal. We succeed in preventing control passing to BESIX. WTP is winning new contracts, in time, we will see if they can be completed profitably. The 2018 results will provide more insights and set the scene for the next phase of our engagement with WTP.

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Chairman's Letter
For the year ended 30 June 2018

Outlook

Financial year 2019 is off to a promising start, with some good results from some current portfolio companies. There are also numerous investment opportunities we have encountered that merit investment, though we cannot invest in them all. Cash levels at 31 July were \$5.3 million (approximately 11%) and we have already earmarked those cash proceeds for other potential new investment opportunities.

The profit appropriation reserve stands at 6.6 cents per share (unaudited) at 31 July 2018. This will be reduced by 3.5 cents per share upon payment of the final dividend, all other things being equal.

On behalf of the Board, I would like to thank our fellow shareholders for their continued support throughout 2018 and we look forward to reporting to you on our progress in 2019.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G Radzyski', with a long horizontal flourish extending to the right.

Gabriel Radzyski
Chairman

28 August 2018

Sandon Capital Investments Limited
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Directors' Report
For the year ended 30 June 2018

The Directors of Sandon Capital Investments Limited ("the Company") present their report together with the financial statements of the Company for the year ended 30 June 2018.

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 – Chairman
Matthew Kidman – Independent Non-Executive Director
Peter Velez – Independent Non-Executive Director
Melinda Snowden - Independent Non-Executive Director (appointed 14 May 2018)

Company secretary

Mark Licciardo and Adam Sutherland were joint Company Secretaries during the reporting period and up to the date of this report. Adam Sutherland was appointed on 19th December 2017.

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 the intrinsic value of those investments. 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. As at 30 June 2018, approximately 96% of the portfolio was invested in listed securities, with the remainder invested in unlisted securities, cash and term deposits.

Operating Results and Financial Position

Net profit before tax was \$3,972,585 (2017: \$4,599,245). The company's total income was \$6,052,710. This income was the result of realised and unrealised gain in the value of the investment portfolio and the receipt of fully franked dividends and other distributions.

The Company's net profit after tax for the year \$3,356,443 (2017: \$3,348,908).

The Company paid fully franked dividends totalling 7.0 cents per share during the year.

Subsequent to 30 June 2018, the Company declared an ordinary fully franked dividend of 3.5 cents per share.

Cash and cash equivalents holdings decreased from \$2.6m last year to \$1.8m at year end and there was an increase in financial assets from \$46.1m last year to \$47.8m at year end.

The return to shareholders (the change in the Net Tangible Assets before tax per share plus dividends paid) was 8.3% for the year.

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Directors' Report
For the year ended 30 June 2018

Director's Report (continued)

Dividends

A fully franked interim dividend of 3.5 cents per share was paid on 18 May 2018. A fully franked final dividend of 3.5 cents per share was paid on 2 November 2017.

Options issue

During the 2017 financial year, the Company made a 1-for-1 bonus option issue to shareholders. These options, listed on the ASX under the code SNCOA give the option holder the right to acquire new ordinary shares at a price of \$1.05 per share.

During financial year, 434,252 (2017: 3,740,969) options were exercised raising \$455,965 (2017: \$3,928,017). This raised a total of \$4,383,982 in capital for the company. All options expired on 30 April 2018 and the total number of options that expired was 40,084,985.

Events occurring after the reporting period

The Board has declared a fully franked dividend of 3.5 cents per share, payable on 2 November 2018.

Apart from the above, no other events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

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)

Experience and special responsibilities

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. Gabriel is an Executive Director of Mercantile Investment Company Limited. Gabriel also holds directorships in ASK Funding Ltd, Future Generation Investment Fund Limited and IPE Ltd.

Matthew Kidman LLB, BEC, GradDip App Fin (Independent Non-Executive director)

Experience and special responsibilities

Matthew Kidman is currently Chairman of Watermark Market Neutral Fund. He is a Director of Incubator Capital Limited and Centennial Asset Management Pty Ltd. He is also a Director of the investment management company Boutique Asset Management Pty Limited. Matthew worked as a portfolio manager at Wilson Asset Management (International) Pty Limited for 14 years and prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald where he was made business editor of the paper and was charged with the responsibility of company coverage.

Matthew retired as a Director of WAM Capital Limited in April 2018, WAM Research Limited and WAM Active Limited in June 2018.

Matthew was appointed the Chair of the Sandon Capital Investments Limited Audit and Risk Committee on 10 May 2017.

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Directors' Report
For the year ended 30 June 2018

Director's Report (continued)

Information on Directors (continued)

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

Experience and special responsibilities

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 and Sydney boutique corporate firm Watson Mangioni from 1995 to 2016. He played a key role in the development of externally-managed listed investment companies having been involved in the IPO of over 25 LICs.

Peter is a member of the Sandon Capital Investments Limited Audit and Risk Committee.

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

Experience and special responsibilities

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 Mercer Investments (Australia) Limited, WAM Leaders Limited, and Newington College. She is a former director of, Kennards Self Storage Pty Ltd, MLC Limited, the wealth management division of NAB, 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.

Company Secretary

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

Experience and special responsibilities

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark Licciardo is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, Ensogo Limited and Mobilicom Limited as well as several other public and private companies.

Adam Sutherland AdvDipBus (Legal Practice), GIA (Cert)

Experience and special responsibilities

Adam is an experienced corporate governance professional and is Company Secretary for a number of ASX listed entities. He has expertise in corporate compliance obligations, including ASX and ASIC requirements. Currently a Corporate Governance Advisor at Mertons Corporate Services, Adam has also held legal support and corporate compliance roles with Crown Resorts Limited and Crown Melbourne Limited.

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Directors' Report
For the year ended 30 June 2018

Director's Report (continued)

	Directors' Meeting		Audit & Risk Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Gabriel Radzyninski	5	5	2	2*
Matthew Kidman	5	5	2	2
Peter Velez	5	5	2	2
Melinda Snowden	1	1	0	0
Total Meetings Held	5	5	2	2

**In attendance ex-officio*

Remuneration report

The Company has no employees or key management personnel (KMP), other than the four Non-executive Directors. The Company Secretary is remunerated under a service agreement with Mertons Corporate Services Pty Ltd.

Nature and amounts of remuneration

On 10 November 2015, Shareholders approved a reduction in the maximum total remuneration of the Directors from \$300,000 per annum to \$85,000 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 ("Sandon Capital Pty Limited") is a director related entity which received a management fee of \$678,998 (2017: \$651,027), performance fee of \$1,049,553 (2017: \$1,158,041) and fees for accounting and administration totalling \$51,308 (2017: \$49,656).

During the last financial year, the company conducted a 1-for-1 bonus options issue with a record date of 6 April 2017 which entitled shareholders to an option to purchase shares in the company at an exercise price of \$1.05 and expiring 30 April 2018. These options were also made available to the Directors based on their existing shareholding on 6 April 2017. The options expired on 30 April 2018.

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. The company has not made, guaranteed or secured directly or indirectly any loans to key management personnel or their related entities during the year.

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Directors' Report
For the year ended 30 June 2018

Remuneration report (continued)

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 Director & Chairman
Matthew Kidman	Non-executive Director
Peter Velez	Non-executive Director
Melinda Snowden	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:

	Short Term Employee Benefits Cash salary and fees \$	Post- Employment Benefit Superannuation \$	Total \$
30 June 2018			
Gabriel Radzyminski	9,132	868	10,000
Matthew Kidman	22,831	2,169	25,000
Peter Velez	22,831	2,169	25,000
Melinda Snowden^	3,357	-	3,357
	58,151	5,206	63,357
30 June 2017			
Gabriel Radzyminski	9,132	868	10,000
Matthew Kidman	22,831	2,169	25,000
Peter Velez	3,309	314	3,623
Paul Jensen*	33,015	-	33,015
	68,287	3,351	71,638

^ Amount paid to Melinda Snowden excludes GST invoiced to the Company

**Amount paid to Paul Jensen 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.

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Directors' Report
For the year ended 30 June 2018

Remuneration report (continued)

Directors' Interests

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:

	Balance 1 July 2017	Net Acquisition/ (Disposal)	Balance 30 June 2018
	\$	\$	\$
2018			
Shares			
Gabriel Radzyninski	434,859	-	434,859 [^]
Matthew Kidman	123,333	-	123,333
Peter Velez	42,000	-	42,000
Melinda Snowden	-	-	-
	600,192	-	600,192
	Balance 1 July 2017	Expiration of Options	Balance 30 June 2018
	\$	\$	\$
2018			
Options			
Gabriel Radzyninski	317,813	(317,813)	-
Matthew Kidman	123,333	(123,333)	-
Peter Velez	-	-	-
Melinda Snowden	-	-	-
	441,146	(441,146)	-

[^]includes indirect holdings

Other transactions with KMP

(a) Investment management agreement

The Company and Sandon Capital Pty Limited ("the Manager") entered into a management agreement dated 11 November 2013. A Director of the Company, Gabriel Radzyninski, 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.

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Directors' Report
For the year ended 30 June 2018

Other transactions with KMP (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. 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.

In accordance with the IPO Prospectus, the Manager will only be entitled to a performance fee if and when the NTA per share of the Company is equal to or greater than \$1 per share adjusted for dividends.

In the financial year 2018, the NTA per share adjusted for dividends paid, was above \$1.00 and accordingly the Manager was entitled to receive a performance fee.

	30 June 2018	30 June 2017
	\$	\$
Management fees (GST inclusive)*	678,998	651,027
Performance fees (GST inclusive)*	1,049,553	1,158,041
	1,728,551	1,809,068

(c) Accounting fee

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

	30 June 2018	30 June 2017
	\$	\$
Accounting fees (GST inclusive)*	51,308	49,656
	51,308	49,656

At 30 June 2018, \$1,110,670 remains payable by the Company to Sandon Capital Pty Ltd (2017: \$1,214,031 GST inclusive).

** The difference between the amount disclosed above and the Statement of Financial Performance are the reduced input tax credits claimable.*

This is the end of the Remuneration Report

Sandon Capital Investments Limited
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Directors' Report
For the year ended 30 June 2018

Indemnification and insurance of officers and auditors

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 14.

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

On behalf of the Directors,



Gabriel Radzyski
Chairman

Sydney
28 August 2018

**Auditor's Independence Declaration
To the Directors of Sandon Capital Investments Limited
ABN 31 107 772 467**

In relation to the independent audit of Sandon Capital Investments for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and
- (ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Sandon Capital Investments Limited.



S M Whiddett
Partner

Pitcher Partners
Sydney

28 August 2018

Sandon Capital Investments Limited
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Statement of Financial Performance
For the year ended 30 June 2018

	Notes	30 June 2018	30 June 2017
		\$	\$
Net realised and unrealised gains on financial assets		4,375,864	6,094,424
Other Income from operating activities	3	<u>1,676,846</u>	<u>728,260</u>
Total Income		<u>6,052,710</u>	<u>6,822,684</u>
Management fees	18	(632,703)	(606,639)
Performance fees	18	(977,993)	(1,079,084)
Directors' fees	17	(63,357)	(71,638)
Company secretarial fees		(44,226)	(40,015)
Brokerage expense		(40,744)	(84,899)
Custody fees		(20,850)	(20,989)
ASX listing and chess fees		(46,182)	(42,041)
Share registry fees		(41,798)	(46,751)
Accounting fees	18	(47,810)	(46,270)
Audit fees	5	(37,000)	(45,618)
Taxation fees		(61,578)	(80,567)
Legal fees		(10,281)	(18,604)
Other operating expenses		<u>(55,603)</u>	<u>(40,324)</u>
Total expenses		<u>(2,080,125)</u>	<u>(2,223,439)</u>
Profit before Income Tax		3,972,585	4,599,245
Income tax expense	4	(616,142)	(1,250,337)
Profit attributable to members of the Company		<u>3,356,443</u>	<u>3,348,908</u>
Basic Earnings per share (cents per share)	7	<u>6.97</u>	<u>7.48</u>
Diluted Earnings per share (cents per share)	7	<u>6.97</u>	<u>7.48</u>

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
ABN 31 107 772 467

Statement of Financial Position
As at 30 June 2018

	Notes	30 June 2018	30 June 2017
		\$	\$
Assets			
Cash and cash equivalents	8	1,807,315	2,374,356
Trade and other receivables	9	391,956	151,973
Prepayments		8,527	8,527
Financial assets	10	47,751,838	46,147,267
Deferred tax assets	4	60,435	148,489
Total assets		<u>50,020,071</u>	<u>48,830,612</u>
Liabilities			
Financial liabilities	11	374,445	-
Trade and other payables	14	1,214,938	1,327,374
Deferred tax liabilities	4	1,967,151	1,472,189
Total liabilities		<u>3,556,534</u>	<u>2,799,563</u>
Net assets		46,463,537	46,031,049
Equity			
Issued capital	12	46,744,460	46,288,495
Profit reserve	13	2,817,614	2,841,091
Accumulated losses	15	(3,098,537)	(3,098,537)
Total equity		<u>46,463,537</u>	<u>46,031,049</u>

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
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Statement of Changes in Equity
As at 30 June 2018

	Notes	Issued Capital	Retained profits/ accumulated losses	Profit Reserve	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2016		42,426,953	(1,071,506)	473,001	41,828,448
Profit for the year attributable to the owners of the Company		-	3,348,908	-	3,348,908
Transfer to profits reserve		-	(5,375,939)	5,375,939	-
Shares issued via exercise of options		3,928,017	-	-	3,928,017
Dividends provided or paid		-	-	(3,007,849)	(3,007,849)
Cost of raising capital, net of tax		(66,475)	-	-	(66,475)
Balance at 30 June 2017	12	46,288,495	(3,098,537)	2,841,091	46,031,049
Profit for the year attributable to the owners of the Company		-	3,356,443	-	3,356,443
Transfer to profit reserve	13	-	(3,356,443)	3,356,443	-
Shares issued via exercise of options		455,965	-	-	455,965
Dividends provided or paid	6	-	-	(3,379,920)	(3,379,920)
Cost of raising capital, net of tax		-	-	-	-
Balance at 30 June 2018	12	46,744,460	(3,098,537)	2,817,614	46,463,537

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 2018

	Notes	30 June 2018	30 June 2017
		\$	\$
Cash flows from operating activities			
Proceeds from sale of investments		12,640,301	28,414,293
Payments for investments		(9,855,136)	(28,032,695)
Dividends and capital return received		1,563,458	661,549
Interest received		6,429	40,556
Other income received		84,552	45,000
Management fees (GST inclusive)		(631,564)	(599,497)
Performance fees (GST inclusive)		(1,158,041)	(699,415)
Brokerage expense (GST inclusive)		(40,744)	(84,899)
Payment of other operating expenses		(252,341)	(392,229)
Net cash used in operating activities	19	(2,356,914)	(647,337)
Cash flows from financing activities			
Proceeds from issue of new shares – share purchase plan & placement		-	-
Proceeds from issue of new shares - options exercised		455,965	3,833,053
Cost of raising capital		-	(94,964)
Dividends paid net of re-investment		(3,379,920)	(3,007,849)
Net cash provided by financing activities		(2,923,955)	730,240
Net increase/(decrease) in cash and cash equivalents		(567,041)	82,903
Cash and cash equivalents at the beginning of the year		2,374,356	2,291,453
Cash and cash equivalents at end of the year	8	1,807,315	2,374,356
Non-cash transactions			
Shares issued via dividend reinvestment plan		-	-

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

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*.

Sandon Capital Investments Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Sandon Capital Investments Limited ("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 28 August 2018.

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

Key judgements and accounting estimates

There are no estimates or judgements that have a material impact on the Company's financial results for the year ended 30 June 2018. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

2. Statement of Significant Accounting Policies

a) Financial instruments

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.

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 Financial Performance when incurred.

Financial assets at fair value through profit or loss

Financial assets 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 Financial performance in the period in which they arise.

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

2. Statement of Significant Accounting Policies (continued)

a) Financial instruments (continued)

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

Impairment charges are non-cash expenses and are recognised when the carrying value of an asset or group of assets is no longer recoverable either through the use or sale of the asset. Recoverable value assessment for each asset class is discussed within the notes for each asset.

Impairment losses are expensed to the income statement unless the asset has been previously revalued. Where the asset has been previously revalued, the reduction in value is recognised as a reversal to the extent of the previous revaluation, and any residual is recognised as an impairment expense.

For all other assets, an assessment is made at each reporting date as to whether an impairment loss recognised in a prior period no longer exists or has decreased. If it is determined that the impairment is no longer required, the carrying value of the asset is increased and the previously recognised impairment expense is reversed in the income statement.

b) Expenses

All expenses are recognised in the Statement of Financial Performance on an accrual basis.

c) 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.

d) Issued Capital

Ordinary shares are classified as equity. Issued capital is recognised at value of the consideration received by the Company. Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

e) 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 Australian Taxation Office (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.

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

2. Statement of Significant Accounting Policies (continued)

f) New and amended accounting policies adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to adopt any of the new and amended pronouncements. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments* and its associated amending standards.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - Financial Instruments: Recognition and Measurement. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial assets continues to be measured in accordance with AASB 139. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not elect any investments as not held for trading.

g) Comparative figures

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current period.

h) 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.

3. Revenue and Other Income

Interest income is recognised in the Statement of Financial Performance 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.

Other income	30 June 2018	30 June 2017
	\$	\$
Dividend income	1,575,034	628,412
Trust distributions	84,552	37,850
Interest income	17,260	54,848
Other income	-	7,150
	<u>1,676,846</u>	<u>728,260</u>

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Notes to the Financial Statements
For the year ended 30 June 2018

4. Income tax

This note provides analysis of Sandon's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. The note also details the deferred tax assets and liability balances and their movements.

Tax expense composition	30 June 2018	30 June 2017
	\$	\$
Deferred income tax expense comprises:		
Decrease in deferred tax assets	88,054	141,933
Increase in deferred tax liabilities	494,962	1,088,643
Current tax movement	33,126	19,761
	<u>616,142</u>	<u>1,250,337</u>

a. Reconciliation of Income Tax Expense to prima facie tax payable

	30 June 2018	30 June 2017
	\$	\$
Profit from continuing operations before income tax expense	3,972,585	4,599,245
Prima facie tax expense on profit from ordinary activities at 27.5%	1,092,461	1,379,774
Imputation credit gross up	155,341	59,579
Franking credit offset	(564,876)	(198,597)
Other deductible items	27,921	11,755
Withholding tax claimed	1,789	3,941
Over provision in prior year	(96,494)	(6,114)
	<u>616,142</u>	<u>1,250,338</u>
Effective tax rate	15.5%	27.2%

b. Deferred tax asset

	Opening Balance	Under/(Over) Provision	Charged to Profit or Loss	Charged to Equity	Closing Balance 30 June 2018
	1 July 2017				
	\$	\$	\$	\$	\$
Accrued expense movements	25,165	(7,596)	7,001	-	24,570
Capitalised costs	123,324	(11,388)	(76,071)	-	35,865
Balance	<u>148,489</u>	<u>(18,984)</u>	<u>(69,070)</u>	<u>-</u>	<u>60,435</u>

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Notes to the Financial Statements
For the year ended 30 June 2018

4. Income Tax (continued)

c. Deferred tax liability

	Opening Balance 1 July 2017 \$	Under/(Over) Provision \$	Charged to Profit or Loss \$	Closing Balance 30 June 2018 \$
Accrued income movements	-	3,665	(3,054)	611
Fair value adjustments	1,472,189	(119,143)	613,494	1,966,540
Balance	1,472,189	(115,478)	610,440	1,967,151

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income and the utilisation of carried forward losses.

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 Financial Performance 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:

	30 June 2018 \$	30 June 2017 \$
Pitcher Partners		
Agreed fees for audit and review of financial reports	37,000	45,618
Other assurance services	-	-
	37,000	45,618

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Notes to the Financial Statements
For the year ended 30 June 2018

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 not operate for the 3.5 cents final ordinary dividend declared on 28 August 2018.

a) Dividends paid during the year

	Amount per security (cents)	Franked amount per security (cents)
The following dividends were paid or provided for during the year:		
Final and special fully franked dividend for the year ended 30 June 2017 paid on 2 November 2017.	3.5	3.5
Interim fully franked dividend of 3.5 cents per share for the period ended 31 December 2017 paid on 18 May 2018.	3.5	3.5
	30 June 2018	30 June 2017
	\$	\$
Final fully franked dividend of 3.5 per share paid 2 November 2017 (2017: Final and fully franked dividends of 3.0 cents per share paid on 2 November 2016).	1,684,678	1,327,806
Interim fully franked dividend of 3.5 cents per share paid 18 May 2018 (2017: Interim fully franked dividend of 3.5 cents per share for the year ended 30 June 2017 paid on 31 May 2017).	1,695,242	1,680,043
	3,379,920	3,007,847

b) Dividends declared but not recognised at year end

In addition to the above dividends, since the end of the year, the Directors have declared 3.5 cents per share fully franked dividend, which has not been recognised as a liability at the end of the financial year:

	\$	\$
Final fully franked dividend for 2018 of 3.5 cents per share (2017: Final fully franked dividend of 3.5 cents per share)	1,695,240	1,680,041

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Notes to the Financial Statements
For the year ended 30 June 2018

6. Dividends (continued)

(c) Dividend franking account

	30 June 2018	30 June 2017
	\$	\$
Balance at the beginning of the year	1,519,152	2,609,633
Franking credits on dividends received	562,694	198,597
Other tax payments	198,762	-
Franked dividends paid	<u>(1,282,039)</u>	<u>(1,289,078)</u>
Balance available for subsequent reporting periods	998,569	1,519,152
Franked dividend declared but not recognised as liability at 30 June	<u>(643,022)</u>	<u>(720,018)</u>
Balance available for subsequent reporting periods	<u>355,547</u>	<u>799,134</u>
Franking credits (cents per share)*	0.73	1.66

**excludes any franking credits that will arise on tax paid during the year.*

The franking balance of 0.73 cents per share supports the payment of a fully franked dividend of 1.94 cents per share, should there be sufficient profit reserves available.

Total number of fully paid shares issued as at 30 June 2018 is 48,435,427.

7. Earnings per share

Basic earnings per share are 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.

	30 June 2018	30 June 2017
	\$	\$
Profit after income tax used in the calculation of basic and diluted earnings per share	<u>3,356,443</u>	<u>3,348,908</u>
	No. shares	No. shares
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	<u>48,149,076</u>	<u>44,766,089</u>
Basic and diluted earnings per share (cents per share)	6.97	7.48

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

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Notes to the Financial Statements
For the year ended 30 June 2018

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.

	30 June 2018	30 June 2017
	\$	\$
Cash at bank	1,807,315	2,374,356
Term deposits	-	-
	1,807,315	2,374,356

9. Trade and other receivables

Interest income is recognised in the Statement of Financial Performance 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.

	30 June 2018	30 June 2017
	\$	\$
Outstanding settlements	-	10,524
Distribution receivable	25,337	14,506
Dividend and withholding tax receivable	29,960	18,384
GST receivable	171,414	108,559
Current tax receivable	165,245	-
	391,956	151,973

Outstanding settlements are unsettled sales with brokers which are generally received within two business days.

10. Financial assets

	30 June 2018	30 June 2017
	\$	\$
Financial assets held-for-trading comprise of:		
Listed investments	47,549,642	45,943,225
Unlisted investments	202,196	204,042
	47,751,838	46,147,267

11. Financial liabilities

Borrowed stock is carried at fair value. The Company is required to provide collateral backing of 110% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the net asset value of the Company.

	30 June 2018	30 June 2017
	\$	\$
Borrowed stock	374,445	-
	374,445	-

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Notes to the Financial Statements
For the year ended 30 June 2018

12. 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.

The Board manages the Company's capital through share and options issuance (including the Dividend Reinvestment Plan), share buy-backs and the distribution of dividends to shareholders. These capital management initiatives will be used when deemed appropriate by the Board.

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.

	30 June 2018		30 June 2017	
	\$	No.	\$	No.
Share Capital				
Fully paid ordinary shares	46,744,460	48,435,427	46,288,495	48,001,175
Movements in shares on issue:				
Opening balance	46,288,495	48,001,175	42,426,953	44,260,206
Shares issued – dividend reinvested	-	-	-	-
Shares issued – options exercised	455,965	434,252	3,928,017	3,740,969
Shares issued – share placement plan	-	-	-	-
Cost of raising capital net of tax	-	-	(66,475)	-
Closing balance	46,744,460	48,435,427	46,288,495	48,001,175

Options exercised

The company conducted a 1-for-1 bonus options issue in 2017 which entitled shareholders to an option to purchase new shares in the company at an exercise price of \$1.05 and expiring 30 April 2018. For the financial year ending 30 June 2018, a total of 434,252 options were exercised and raised \$455,964. The total number of expired options was 40,084,985.

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.

13. 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.

	30 June 2018	30 June 2017
	\$	\$
Movement in profit reserve		
Balance as at beginning of the period	2,841,091	473,001
Transfer from retained earnings	3,356,443	5,375,939
Dividend paid	(3,379,920)	(3,007,849)
	2,817,614	2,841,091
Profit reserve (cents per share)	5.82	5.92

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Notes to the Financial Statements
For the year ended 30 June 2018

14. 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.

	30 June 2018	30 June 2017
	\$	\$
Management fee payable	57,111	55,972
Performance fee payable	1,049,619	1,158,041
Outstanding settlements	9,312	-
Other payables	98,896	113,361
Total trade and other payables	1,214,938	1,327,374

15. Accumulated losses

	30 June 2018	30 June 2017
	\$	\$
Balance as at beginning of the period	(3,098,537)	(1,071,506)
Profit for the year	3,356,443	3,348,908
Transfer to profit reserve	(3,356,443)	(5,375,939)
	(3,098,537)	(3,098,537)

16. Financial risk management

The Company's financial instruments consist of cash and cash equivalents, listed and unlisted investments, 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.

	30 June 2018	30 June 2017
	\$	\$
Financial Assets at Amortised Cost		
Cash and cash equivalents	1,807,315	2,374,356
Trade and other receivables	391,956	151,973
<i>Financial assets at fair value through profit or loss:</i>		
Listed investments	47,549,642	45,943,225
Unlisted investments	202,196	204,042
	49,951,109	48,673,596
Financial liabilities at Amortised Cost		
Trade and other payables	1,214,938	1,327,374
<i>Financial liabilities at fair value through profit or loss:</i>		
Financial liabilities	374,445	-
	1,589,383	1,327,374

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Notes to the Financial Statements
For the year ended 30 June 2018

16. Financial risk management (continued)

(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 have been based on the closing quoted last prices at the end of the year, excluding transaction costs.

As at 30 June 2018, the Company has one unlisted investment classified at level 3. Its fair value has been determined at the Net Asset Value/unit based on the best available information as at 30 June 2018.

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2017.

2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities held for trading:				
Listed investments	47,549,642	-	-	47,549,642
Unlisted investments	-	-	202,196	202,196
Financial liabilities	(374,445)	-	-	(374,445)
	47,175,197	-	202,196	47,377,393

There were no transfers between levels for recurring fair value measurements during the period.

2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets and liabilities held for trading:				
Listed investments	45,943,225	-	-	45,943,225
Unlisted investments	-	-	204,042	204,042
Financial liabilities	-	-	-	-
	45,943,225	-	204,042	46,147,267

(a) 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 Limited, 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.

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Financial Statements
For the year ended 30 June 2018

16. Financial risk management (continued)

(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 New Zealand 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.

(i) Other price risk

The Company is exposed to share price risk through its investments in securities on the Australian and New Zealand 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 Financial Performance, 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.

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

	30 June 2018	30 June 2017
	\$	\$
Financial assets and liabilities –held for trading		
Listed investments	47,549,642	45,943,225
Unlisted investments	202,196	204,042
Financial liabilities	(374,445)	-
	<u>47,377,393</u>	<u>46,147,267</u>
Price risk sensitivity analysis		
Change in Profit before tax		
– Increase in portfolio prices by 5%	2,368,870	2,307,363
– Decrease in portfolio prices by 5%	(2,368,870)	(2,307,363)

Held-for-trading financial assets are actively managed on a short term basis and are fair valued through the Statement of Financial Performance. Any movement in the portfolio price will be recorded in the Statement of Financial Performance.

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Financial Statements
For the year ended 30 June 2018

16. Financial risk management (continued)

(ii) Foreign exchange risk

(c) Market risk (continued)

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

The Company's two investments in New Zealand have a total direct translation exposure at 30 June 2018 of \$2,080,533.

The Company has the ability to hedge foreign exchange exposure. During the financial year 2018 AUD/NZD exposure was not hedged.

The New Zealand dollar depreciated against the Australian dollar exchange rate in financial year 2018 and the exposure made a negligible negative contribution to the portfolio's return.

(iii) 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.

	30 June 2018	30 June 2017
	\$	\$
Changes in Profit/Equity		
Increase in interest rates by 0.5%	9,037	11,872
Decrease in interest rates by 0.5%	(9,037)	(11,872)

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	Fixed interest rate	Non- interest bearing	Total
		\$	\$	\$	\$
2018					
Financial assets					
Cash and cash equivalents	1.5%	1,807,315	-	-	1,807,315
Investment in bonds		-	-	-	-
Total financial assets exposure		1,807,315	-	-	1,807,315
2017					
Financial assets					
Cash and cash equivalents	0.60%	2,374,356	-	-	2,374,356
Investment in bonds		-	1,293,188	-	1,293,188
Total financial assets exposure		2,374,356	1,293,188	-	3,667,544

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Financial Statements
For the year ended 30 June 2018

16. Financial risk management (continued)

(d) 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 provision for impairment 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 unsettled trades at year end which are settled two days after trade date. The Manager engages with brokers and purchases securities that are listed on the Australian and New Zealand Securities Exchanges.

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. Any term deposit typically matures within three months.

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

(e) 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 were monitored by the Manager to ensure they were within acceptable limits by reducing the exposures ensuring appropriate diversification or by other means as deemed appropriate.

(f) 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 typically settled within 30 days.

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

17. 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 Director & Chairman
Matthew Kidman	Non-executive Director
Peter Velez	Non-executive Director
Melinda Snowden	Non-executive Director

(b) Aggregate compensation made to Key Management Personnel

	Short term benefits \$	Post- Employment Benefit Superannuation \$	Total \$
Year Ended 30 June 2018	58,151	5,206	63,357
Year Ended 30 June 2017	68,287	3,351	71,638

(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.

(i) Loan transactions and balances

The Company has not made, guaranteed or secured, directly or indirectly any loans to key management personnel or their related entities during the year (2017: \$Nil).

(ii) Shareholdings

From time to time directors of Sandon Capital Investments Limited, 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 2017 \$	Net Acquisition \$	Balance 30 June 2018 \$
2018			
Shares			
Gabriel Radzyminski	434,859	-	434,859 [^]
Matthew Kidman	123,333	-	123,333
Peter Velez	42,000	-	42,000
Melinda Snowden	-	-	-
	600,192	-	600,192
Options (expired 30 April 2018)			
	Balance 1 July 2017	Expiration of Options	Balance 30 June 2018
Gabriel Radzyminski	317,813	(317,813)	- [^]
Matthew Kidman	123,333	(123,333)	-
Peter Velez	-	-	-
Melinda Snowden	-	-	-
	441,146	(441,146)	-

[^]includes indirect holdings

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

17. Directors remuneration and holdings (continued)

(c) Other transactions with key management personnel or entities related to them (continued)
(ii) Shareholdings (continued)

	Balance 1 July 2016 \$	Net Acquisition \$	Balance 30 June 2017 \$	
2017				
Shares				
Gabriel Radzyninski	376,336	58,523	434,859	^
Matthew Kidman	123,333	-	123,333	
Paul Jensen	242,440	-	242,440	*
Peter Velez	-	42,000	42,000	
	742,109	100,523	842,632	
Options (expired 30 April 2018)				
Gabriel Radzyninski	-	317,813	317,813	^
Matthew Kidman	-	123,333	123,333	
Paul Jensen	-	242,440	242,440	*
Peter Velez	-	-	-	
	-	683,586	683,586	

^includes indirect holdings

*holdings as at the date of resignation on 9 May 2017

18. Related Party Transactions

(c) Investment management agreement

The Company and Sandon Capital Pty Limited ("the Manager") entered into a management agreement dated 11 November 2013. A Director of the Company, Gabriel Radzyninski, 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.

(d) 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. 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.

In accordance with the IPO Prospectus, the Manager will only be entitled to a performance fee if and when the NTA per share of the Company is equal to or greater than \$1 per share adjusted for dividends.

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

18. Related Party Transactions (continued)
(b) Management and performance fees (continued)

In the financial year 2018, the NTA per share adjusted for dividends paid, was above \$1.00 and accordingly the Manager was entitled to receive a performance fee.

	30 June 2018	30 June 2017
	\$	\$
Management fees (GST inclusive)*	678,998	651,027
Performance fees (GST inclusive)*	1,049,553	1,158,041
	1,728,551	1,809,068

(c) Accounting fee

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

	30 June 2018	30 June 2017
	\$	\$
Accounting fees (GST inclusive)*	51,308	49,656
	51,308	49,656

At 30 June 2018, \$1,110,670 GST inclusive remains payable by the Company to Sandon Capital Pty Ltd (2017: \$1,214,031 GST inclusive).

** The difference between the amount disclosed above and the Statement of Financial Performance are the reduced input tax credits claimable.*

19. Cash flow information

	30 June 2018	30 June 2017
	\$	\$
(a) Reconciliation of Cash Flow from operating activities with profit after income tax		
Cash Flow from operations after income tax	3,356,443	3,348,908
Net movement in financial assets held for trading	(1,230,126)	(3,532,354)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(239,983)	1,959
Decrease in prepayments	-	799
Decrease in deferred tax assets	88,054	113,445
(Decrease)/increase in payables	(112,436)	505,642
Increase/(decrease) in deferred tax liabilities	494,962	(1,085,735)
Net cash used in operating activities	2,356,914	(647,337)

Sandon Capital Investments Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

20. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 333. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$40,744 (2017: \$84,899).

21. Events occurring after the reporting period

The Board has declared a fully franked final dividend of 3.5 cents per share, payable on 2 November 2018.

Apart from the above, no events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report.

22. Contingencies and commitments

There are no contingent assets or liabilities as at 30 June 2018 (2017: Nil). As at 30 June 2018, the Company had nil commitments (2017: 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
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Directors' Declaration
For the year ended 30 June 2018

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 15 to 36 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 2018 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 Limited 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 Radzynski
Chairman

Sydney
28 August 2018

**Independent Auditor's Report
To the Members of Sandon Capital Investments Limited
ABN 31 107 772 467**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Sandon Capital Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of financial performance, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the financial report of Sandon Capital Investments Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with 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* ("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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

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. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit and Risk Committee. 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 matter
<p><i>Existence, Valuation, and Classification of Financial Assets</i> <i>Refer to Note 10: Financial Assets and Note 15 a): Financial risk management – Fair value hierarchy</i></p>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and profits.</p> <p>Investments mostly consist of listed Australian securities and some unlisted Australian securities. Investments are valued by multiplying the quantity held by the respective market price, cost or estimated value per security for unlisted investments.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Understanding and evaluating the investment management process and controls; ▪ Reviewing and understanding the latest available independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Custodian; ▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate and where necessary performing additional procedures; ▪ Obtaining a confirmation of the investment holdings directly from the Custodian; ▪ Assessing the Company's valuation of individual investment holdings to independent sources; ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; ▪ Assessing the adequacy of disclosures in the financial statements.

**Independent Auditor’s Report
To the Members of Sandon Capital Investments Limited
ABN 31 107 772 467**

<i>Accuracy of Management and Performance Fees</i> <i>Refer to Note 13: Trade and other payables, Note 17 b): Related party transactions and Remuneration Report</i>	
<p>We focused our audit effort on the accuracy of management and performance fees as they are significant expenses of the Company and their calculation may require adjustments for events in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and the Directors with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements; ▪ Testing key inputs used in the calculation of management and performance fees and performing a recalculation in accordance with our understanding of the Investment Management Agreement; ▪ Assessing the adequacy of disclosures made in the financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company’s annual report for the year ended 30 June 2018, but does not include the financial report and the 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 consistent 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.

**Independent Auditor's Report
To the Members of Sandon Capital Investments Limited
ABN 31 107 772 467**

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 controls 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report
To the Members of Sandon Capital Investments Limited
ABN 31 107 772 467

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the Directors' Report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Sandon Capital Investments Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Sandon Capital Investments Limited 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.



S M Whiddett
Partner



Pitcher Partners
Sydney

28 August 2018

Sandon Capital Investments Limited
ABN 31 107 772 467

ASX Additional Information
For the year ended 30 June 2018

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 24 August 2018)

The following have advised that they are a substantial shareholder of Sandon Capital Investments Limited (ASX: SNC). 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.

Substantial ordinary shareholders	No. of shares	% of total
Victor John Plummer ¹	4,400,000	9.08
Dynasty Peak Pty Ltd ²	2,494,285	5.15

1. Notice received on 20 July 2015
2. Notice received on 28 April 2014

Distribution of shareholders (as at 24 August 2018)

Category	No. of shareholders
1-1,000	197
1,001- 5,000	171
5,001- 10,000	188
10,001-100,000	645
100,001 and over	59
	1,260

The number of shareholdings held in less than marketable parcels is 155.

Twenty largest shareholders - Ordinary shares (as at 24 August 2018)

	Number of ordinary shares held	Percentage of issued capital held
Victor John Plummer	4,400,000	9.08
HSBC Custody Nominees (Australia) Ltd	2,568,156	5.30
Dynasty Peak Pty Ltd	2,494,285	5.15
Navigator Australia Ltd	1,884,582	3.89
Heathers Super Pty Ltd	1,374,090	2.84
Donwood Pty Ltd	1,034,091	2.13
English Family Super Fund Pty Ltd	694,109	1.43
Robert Nairn Pty Ltd	500,000	1.03
Robyn Robinson Holdings Pty Ltd	397,045	0.82
Investment Custodial Services Limited	395,070	0.82
Mr John Stephen Michael Heathers & Ms Margaret Jean Heathers	392,345	0.81
Mr William Blomfield	384,110	0.79
Great D Pty Ltd	350,000	0.72
Mrs Robyn Robinson	327,045	0.68
Guys Investments Pty Ltd	305,853	0.63
Australian Executor Trustees Limited	290,000	0.60
Henggeler Super Pty Ltd	260,000	0.54
Hidiga Pty Limited	257,364	0.53
GNR Holdings Pty Ltd	253,731	0.52
Mr Donald Gordon MacKenzie & Mrs Gwenneth Edna MacKenzie	251,972	0.52
	18,813,848	38.84

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.

Sandon Capital Investments Limited
ABN 31 107 772 467

ASX Additional Information
For the year ended 30 June 2018

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 Sandon Capital Investments Limited ("Sandon" or "the Company") is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the third 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 Sandon website at www.sandoncapital.com.au under the Listed Investment Company/Corporate Governance section.

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

Stock exchange listing

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

Directors

Gabriel Radzynski – Chairman
Peter Velez – Independent Non-Executive Director
Matthew Kidman – Independent Non-Executive Director
Melinda Snowden - Independent Non-Executive Director

Notice of Annual General Meeting

The details of the annual general meeting of Sandon Capital Investments Limited are:
History House Auditorium
133 Macquarie Street
Sydney NSW 2000
2pm on Friday 23 November 2018

Company Secretary

Mark Licciardo and Adam Sutherland
Mertons
Level 7, 330 Collins Street
Melbourne, Victoria 3000

Auditor

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

Share Register

Link Market Services Limited
Level 12, 680 George Street, Sydney, NSW 2000
Telephone 1300 554 474
www.linkmarketservices.com.au

Tax Advisors

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