

# SANDON CAPITAL

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

## **Appendix 4D – HALF YEAR REPORT** **For the half year ended 31 December 2018**

### **Results For Announcement to the Market** *All comparisons to the half year ended 31 December 2017*

	\$	Movement Up/(down)	Movement Up/(down) %
Revenue from ordinary activities	(1,068,525)	Down	(126%)
Loss from operating activities before tax attributable to members	(1,695,876)	Down	(159%)
Loss from operating activities after tax attributable to members	(1,172,765)	Down	(147%)
Total comprehensive income attributable to members	(1,172,765)	Down	(147%)

<b>Interim Dividend</b>	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate of franking</b>
2019 Interim dividend	3.5	3.5	27.5%
Ex-dividend date			16 May 2019
Record date			17 May 2019
Payment date			28 May 2019

#### **Dividend Reinvestment Plan**

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

	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
<b>Dividends paid during the period</b>			

2018 Final dividend paid 2 November 2018	3.5	3.5	27.5%
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<b>Net tangible Assets Per Share</b>	<b>31 December 2018 Cents</b>	<b>31 December 2017 Cents</b>
Net tangible assets per share (before tax)	90.15	101.22
Net tangible assets per share (after tax)	89.82	97.66

Dividends of 3.5 cents per share were paid during the period

This report is based on the Half Year Financial Report attached which has been subjected to independent review by the auditors, Pitcher Partners. All documents comprise the information required by Listing Rule 4.2A.  
This information should be read in conjunction with the 30 June 2018 Annual Financial Report.

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

**Interim Financial Report**  
**For the half year ended 31 December 2018**

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

Interim Financial Report  
For the half year ended 31 December 2018

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**Company Particulars**

**Registered Office**

Level 5, 139 Macquarie Street  
Sydney NSW 2000  
Telephone 02 8014 1188

**Stock exchange listing**

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

**Directors**

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

**Company Secretary**

Mark Licciardo and Elizabeth McGregor  
Mertons Corporate Services Pty Ltd  
Level 7, 330 Collins Street  
Melbourne VIC 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](http://www.linkmarketservices.com.au)

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

**Directors' Report to shareholders**  
**For the half year ended 31 December 2018**

The Directors of Sandon Capital Investments Limited ("the Company") present their report together with the condensed interim financial statements of the Company for the half year ended 31 December 2018.

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

**Directors**

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

Gabriel Radzynski – Chairman

Peter Velez – Independent Non-Executive Director

Melinda Snowden – Independent Non-Executive Director (appointed 14 May 2018)

Matthew Kidman – Independent Non-Executive Director (resigned 04 September 2018)

**Company secretary**

Mark Licciardo and Elizabeth McGregor were joint Company Secretaries up to the date of this report.

Elizabeth McGregor was appointed joint Company Secretary as at 01 September 2018.

Adam Sutherland retired as joint Company Secretary as at 01 September 2018.

**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 or improving 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 31 December 2018, approximately 91% (June 2018: 96%) of the portfolio was invested in listed securities, with the remainder invested in unlisted securities, cash and term deposits.

**Operating Results**

The company recorded a net loss before tax of \$1,695,876 (2017 profit: \$2,898,666) which was largely the result of a decrease in the market value of investments as at 31 December 2018.

The Company's net loss after tax was \$1,172,765 (2017 profit: \$2,521,349). This result was 147% lower than the prior comparable period.

During the current financial year, the Company increased its cash holdings from \$1.8m in June to \$3.1m at half year end. This increase in cash is a reflection of net sales of stock, offset partly by the company paying a dividend of 3.5 cents per share.

The return to shareholders for the 6 months period (measured as the change in the Net Tangible Assets/share plus dividends paid and imputation credits) was negative 4.70%.

During the period Sandon Capital Investments Ltd made a merger proposal to Monash Absolute Investment Company Ltd (ASX:MA1), in which the Fund owns shares. The MA1 board rejected the proposal. The company also made a merger proposal to Alterra Limited (ASX:1AG), in which the company owns shares. The 1AG board rejected the proposal.

**Dividends**

Subsequent to 31 December 2018, the Company declared an ordinary fully franked dividend of 3.5 cents per share. This dividend will be paid to shareholders on 28 May 2019.

A fully franked final dividend of 3.5 cents per share for the financial year ending 30 June 2018 was paid on 02 November 2018. Total dividends paid to shareholders during the 6-month period were \$1,695,242. The dividend re-investment plan was not open for this dividend.

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

**Directors' Report to shareholders**  
**For the half year ended 31 December 2018**

**Director's Report (continued)**

**Rounding of amounts to the nearest dollar**

In accordance with the *ASIC (rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the financial report has been rounded to the nearest dollar (where indicated).

**Events occurring after the reporting period**

The Board has declared an interim fully franked dividend of 3.5 cents per share, payable on 28 May 2019.

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.

**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 3.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors,



Gabriel Radzynski  
Chairman

Sydney  
26 February 2019

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

In relation to the independent auditor's review for the half-year ended 31 December 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 in relation to the review.

This declaration is in respect of Sandon Capital Investments Limited during the period.



**Sylvia Wallace**  
Partner

**Pitcher Partners**  
Sydney

26 February 2019

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

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the half year ended 31 December 2018**

	Notes	31 December 2018 \$	31 December 2017 \$
Net realised and unrealised gains on financial assets		(1,301,469)	2,961,363
Other revenue from operating activities	2	232,944	1,131,391
<b>Total Revenue</b>		<b>(1,068,525)</b>	<b>4,092,754</b>
Management fees		(314,501)	(317,498)
Performance fees		-	(663,987)
Directors' fees		(35,198)	(30,000)
Brokerage expense		(29,043)	(11,590)
Company secretarial fees		(24,234)	(20,169)
Custody fees		(11,192)	(10,345)
ASX listing and CHESS fees		(30,338)	(23,649)
Share registry fees		(21,475)	(23,408)
Legal fees		(9,490)	(898)
Accounting fees		(31,886)	(23,928)
Audit fees		(43,748)	(29,500)
Taxation fees		(32,309)	(20,909)
Other operating expenses		(43,937)	(18,207)
<b>Total expenses</b>		<b>(627,351)</b>	<b>(1,194,088)</b>
<b>(Loss) / Profit before Income Tax</b>		<b>(1,695,876)</b>	<b>2,898,666</b>
Income tax benefit / (expense)		523,111	(377,317)
<b>(Loss) / Profit attributable to members of the Company</b>	6	<b>(1,172,765)</b>	<b>2,521,349</b>
<b>Total comprehensive income for the year</b>		<b>(1,172,765)</b>	<b>2,521,349</b>
<b>Basic Weighted Average (Loss) / Earnings per share (cents per share)</b>		<b>(2.42)</b>	<b>5.25</b>
<b>Diluted Weighted Average (Loss) / Earnings per share (cents per share)</b>		<b>(2.42)</b>	<b>5.25</b>

The accompanying notes form part of these financial statements.

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

**Statement of Financial Position**  
**As at 31 December 2018**

	Notes	31 December 2018 \$	30 June 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,134,762	1,807,315
Trade and other receivables		196,398	391,956
Prepayments		20,479	8,527
Current tax asset		-	-
Financial assets	7	41,596,383	47,751,838
<b>Total Current Assets</b>		<u>44,948,022</u>	<u>49,959,636</u>
<b>Non-Current Assets</b>			
Deferred tax assets		50,417	60,435
<b>Total Non-Current assets</b>		<u>50,417</u>	<u>60,435</u>
<b>Total Assets</b>		<u><b>44,998,439</b></u>	<u><b>50,020,071</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial liabilities	7	-	374,445
Trade and other payables		136,262	1,214,938
Current Tax Liabilities		1,059,710	-
<b>Total Current Liabilities</b>		<u>1,195,972</u>	<u>1,589,383</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		206,937	1,967,151
<b>Total Non- Current Liabilities</b>		<u>206,937</u>	<u>1,967,151</u>
<b>Total Liabilities</b>		<u><b>1,402,909</b></u>	<u><b>3,556,534</b></u>
<b>Net Assets</b>		<u><b>43,595,530</b></u>	<u><b>46,463,537</b></u>
<b>Equity</b>			
Issued capital	4	46,744,460	46,744,460
Profit appropriation reserve	5	3,015,393	2,817,614
Accumulated losses	6	(6,164,323)	(3,098,537)
<b>Total equity</b>		<u><b>43,595,530</b></u>	<u><b>46,463,537</b></u>

The accompanying notes form part of these financial statements.



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

**Statement of Changes in Equity**  
**For the half year ended 31 December 2018**

	Notes	Issued Capital \$	Retained accumulated losses \$	Profit Reserve \$	Total Equity \$
<b>Balance at 1 July 2017</b>		46,288,495	(3,098,537)	2,841,091	46,031,049
Profit for the year		-	2,521,349	-	2,521,349
Transfer to profits reserve		-	(2,521,349)	2,521,349	-
Shares issued via exercise of options		139,063	-	-	139,063
Dividends provided or paid	<b>3</b>	-	-	(1,684,677)	(1,684,677)
<b>Balance at 31 December 2017</b>		<b>46,427,558</b>	<b>(3,098,537)</b>	<b>3,677,763</b>	<b>47,006,784</b>
<b>Balance at 1 July 2018</b>		46,744,460	(3,098,537)	2,817,614	46,463,537
Loss for the year attributable to the owners of the Company		-	(1,172,765)	-	(1,172,765)
Transfer to profits reserve	<b>6</b>	-	(1,893,021)	1,893,021	-
Shares issued via exercise of options		-	-	-	-
Dividends provided or paid	<b>3</b>	-	-	(1,695,242)	(1,695,242)
<b>Balance at 31 December 2018</b>		<b>46,744,460</b>	<b>(6,164,323)</b>	<b>3,015,393</b>	<b>43,595,530</b>

The accompanying notes form part of these financial statements.

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

**Statement of Cash Flows**  
**For the half year ended 31 December 2018**

	<b>31 December 2018 \$</b>	<b>31 December 2017 \$</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	13,576,316	2,472,951
Payments for investments	(9,096,775)	(1,411,648)
Dividends and capital return received	111,260	1,063,589
Interest received	19,780	16,799
Other income received	45,456	36,222
Management fees (GST inclusive)	(319,957)	(316,555)
Performance fee (GST inclusive)	(1,049,619)	(1,158,041)
Brokerage expense (GST inclusive)	(29,043)	(11,590)
Payment of other operating expenses	(234,729)	(378,845)
<b>Net cash inflow from operating activities</b>	<b><u>3,022,689</u></b>	<b><u>312,882</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new shares - options exercised	-	139,063
Dividends paid	(1,695,242)	(1,684,677)
<b>Net cash (outflow) by financing activities</b>	<b><u>(1,695,242)</u></b>	<b><u>(1,545,614)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>1,327,447</u></b>	<b><u>(1,232,732)</u></b>
Cash and cash equivalents at 1 July	1,807,315	2,374,356
<b>Cash and cash equivalents at end of the year</b>	<b><u>3,134,762</u></b>	<b><u>1,141,624</u></b>

The accompanying notes form part of these financial statements.

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

**Notes to the Interim Financial Report**  
**For the half year ended 31 December 2018**

**1. Summary of significant accounting policies**

These financial statements and notes for the half year represents those of Sandon Capital Investments Limited ("the Company").

The condensed interim financial report was authorised for issue on 26 February 2019 by the Board of Directors.

**Basis of preparation**

The half year financial statements are condensed interim financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical cost with the exception of financial assets and certain other financial assets and liabilities which have been measured at fair value.

The Company adopted AASB 9 Financial Instruments from 1 July 2018 in accordance with the transition requirements in AASB 9, which permit entities to transition to AASB 9 by applying the Standard:

- retrospectively to each prior reporting period presented; or
- retrospectively with the cumulative effect of initially applying the Standard recognised as at the date of initial application (i.e., at the beginning of the annual reporting period in which the entity first applies the Standard).

The Company adopted AASB 9 retrospectively to each prior reporting period presented, which resulted in no material impact in the classification or measurement of financial instruments held by the entity that fell within the scope of AASB 9.

**Rounding of amounts to the nearest dollar**

In accordance with the *ASIC (rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' report and in the financial report has been rounded to the nearest dollar (where indicated).

**2. Other revenue**

	<b>December 2018</b>	<b>December 2017</b>
	<b>\$</b>	<b>\$</b>
Dividend income	167,708	1,085,820
Trust distributions	45,456	36,222
Interest income	19,780	9,349
	<b>232,944</b>	<b>1,131,391</b>

**3. Dividends**

**a) Dividends paid during the year**

	<b>Amount per security (cents)</b>	<b>Franked amount per security (cents)</b>
The following dividends were paid or provided for during the half year:		
Final fully franked dividend for the year ended 30 June 2018 paid on 2 November 2018.	3.5	3.5

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

**3. Dividends (continued)**

	<b>December 2018 \$</b>	<b>December 2017 \$</b>
Final fully franked dividend of 3.5 cents per share paid on 2 November 2018 (2017: Final fully franked dividend of 3.5 cents per share paid on 2 November 2017).	1,695,242	1,684,677

**b) Dividends not recognised at half year end**

In addition to the dividends paid during the reporting period, since the end of the half year, the Directors have declared a 3.5 cents per share fully franked dividend, which has not been recognised as a liability at the end of the financial year.

	<b>December 2018 \$</b>	<b>December 2017 \$</b>
Interim fully franked dividend for 2018 of 3.5 cents (2017: Interim fully franked dividend of 3.5 cents)	1,695,242	1,684,677

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<b>(c) Dividend franking account</b>		
Balance at the beginning of the year	998,569	1,519,152
Franking credits on dividends received	67,138	562,694
Other Tax Payments	2,131	198,762
Franked dividends paid	<u>(643,022)</u>	<u>(1,282,039)</u>
	424,816	998,569
Franked dividend declared but not recognised as liability at 31 December 2018 franked at 27.5% (June 18: 27.5%)	<u>(643,022)</u>	<u>(643,022)</u>
Balance available for subsequent reporting periods	<u>(218,206)</u>	<u>355,547</u>
Franking credits (cents per share)	(0.45)	0.73

The Company intends to pay \$1,022,923 of income tax instalments in March 2019 which would bring the franking account balance back into a surplus position

Total number of fully paid shares issued as at 31 December 2018 is 48,435,427.

**4. Issued Capital**

	<b>31 December 2018 \$</b>	<b>31 December 2018 Number</b>	<b>30 June 2018 \$</b>	<b>30 June 2018 Number</b>
<b>(a) Share Capital</b>				
Fully paid ordinary shares	46,744,460	48,435,427	46,744,460	48,435,427
<b>(b) Movements in shares on issue:</b>				
Opening balance	46,744,460	48,435,427	46,288,495	48,001,175
Shares issued – options exercised	-	-	455,965	434,252
Cost of raising capital net of tax	-	-	-	-
Closing balance	<u>46,744,460</u>	<u>48,435,427</u>	<u>46,744,460</u>	<u>48,435,427</u>

**Sandon Capital Investments Limited**  
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**5. Profits reserve**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
<b>Movement in profit reserve</b>		
Balance as at beginning of the period	2,817,614	2,841,091
Transfer from retained earnings	1,893,021	3,356,443
Dividend paid	<u>(1,695,242)</u>	<u>(3,379,920)</u>
	<b><u>3,015,393</u></b>	<b><u>2,817,614</u></b>
 Profit reserve (cents per share)	 6.23	 5.82

**6. Accumulated losses**

Balance as at beginning of the period	(3,098,537)	(3,098,537)
Profit for the period	(1,172,765)	3,356,443
Transfer to profit reserve	<u>(1,893,021)</u>	<u>(3,356,443)</u>
	<b><u>(6,164,323)</u></b>	<b><u>(3,098,537)</u></b>

**7. Financial instruments measured at fair value**

**(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.

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

As at 31 December 2018, the Company has two unlisted investment classified as level 3.

The Company's investment in Carbon Conscious Investment Ltd (CCIL) valued at \$498,107 (June 18: Nil) is based on its share of CCIL's shareholder equity. This valuation was supported by discounted cashflow calculations and earnings capitalisation calculations performed by the Company on readily available information.

The Company's investment in Foundation Life valued at \$404,659 (June 18: \$202,196) is based on its share of Foundation Life's shareholder equity and ownership of Foundation Life's notes. These figures are reported in Foundation Life's reviewed half yearly and audited full year accounts (in March and September respectively).

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

**Notes to the Financial Statements**  
**For the half year ended 31 December 2018**

**7. Financial instruments measured at fair value (continued)**

**(a) Fair value hierarchy (continued)**

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2018.

<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets held for trading:</b>				
Listed investments	40,693,617	-	-	40,693,617
Unlisted investments	-	-	902,766	902,766
Financial Liabilities	-	-	-	-
	<b>40,693,617</b>	<b>-</b>	<b>902,766</b>	<b>41,596,383</b>

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

<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets held for trading:</b>				
Listed investments	47,549,642	-	-	47,549,642
Unlisted investments	-	-	202,196	202,196
Financial Liabilities	(374,445)	-	-	(374,445)
	<b>47,175,197</b>	<b>-</b>	<b>202,196</b>	<b>47,377,393</b>

**8. Contingencies and commitments**

There are no contingent assets or liabilities as at 31 December 2018 (June 2018: Nil). As at 31 December 2018, the Company had nil commitments (June 2018: Nil).

**9. Capital commitments**

There are no capital commitments entered into by the Company as at 31 December 2018 period end (June 2018: nil)

**10. Segment information**

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

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

The Board has declared a fully franked interim dividend of 3.5 cents per share, payable on 28 May 2019.

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.

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

**Directors' Declaration**  
**For the half year 31 December 2018**

The Directors of Sandon Capital Investments Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 11, are in accordance with the *Corporations Act 2001*, including:
  - a) Complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - b) Giving a true and fair view of the financial position of the Company as at 31 December 2018 and of its performance for the half year ended on that date.
2. In the Directors' 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.

Signed in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors,



Gabriel Radzynski  
Chairman

Sydney  
26 February 2019

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Sandon Capital Investments Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

**Directors' Responsibility for the Half-Year Financial Report**

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Sandon Capital Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

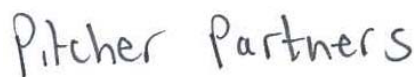
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sandon Capital Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



**Sylvia Wallace**  
Partner



**Pitcher Partners**  
Sydney

26 February 2019