

SANDON CAPITAL

Sandon Capital Investments Limited
ABN 31 107 772 467

Appendix 4D – HALF YEAR REPORT **For the half year ended 31 December 2023**

Results For Announcement to the Market
All comparisons to the half year ended 31 December 2022

	\$	Movement Up/(down)	Movement Up/(down) %
Revenue from ordinary activities	20,661,621	Up	2,440%
Profit from operating activities before tax attributable to members	18,141,990	Up	917%
Profit from operating activities after tax attributable to members	14,854,666	Up	1,912%
Total comprehensive income attributable to members	14,854,666	Up	1,912%

Interim Dividend	Cents per share	Franked amount per share	Tax rate of franking
2024 Interim dividend	2.75	2.75	25.0%
Ex-dividend date			15 May 2024
Record date			16 May 2024
Payment date			3 June 2024

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will apply to this fully franked dividend. No discount will be offered.

Dividends paid during the period	Cents per share	Franked amount per share	Tax rate for franking
2023 Final dividend paid 8 November 2023	2.75	2.75	25%

Net tangible Assets Per Share	31 December 2023 Cents	31 December 2022 Cents
Net tangible assets per share (before tax)	85.09	74.68
Net tangible assets per share (after tax)	83.74	76.98

A dividend of 2.75 cents per share was paid during the half year to 31 December 2023.

This report is based on the Half Year Financial Report attached which has been subjected to independent review by the auditors, Pitcher Partners, Sydney. All documents comprise the information required by Listing Rule 4.2A.
This information should be read in conjunction with the 30 June 2023 Annual Financial Report.

Sandon Capital Investments Limited
ABN 31 107 772 467

Interim Financial Report
For the half year ended 31 December 2023

Sandon Capital Investments Limited
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Interim Financial Report
For the half year ended 31 December 2023

Table of Contents

Company Particulars	1
Directors' Report to shareholders	2
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Interim Financial Report	10
Directors' Declaration	17
Independent Review Report to the Members of Sandon Capital Investments Limited	18

Company Particulars

Registered Office

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

Stock exchange listing

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

Directors

Gabriel Radzynski – Chairman
Peter Velez – Independent Non-Executive Director
Jacqueline Sullivan – Independent Non-Executive Director

Company Secretary

Mark Licciardo
Acclime Australia
Level 7, 330 Collins Street
Melbourne VIC 3000

Auditor

Pitcher Partners Sydney
Level 16, Tower 2, Darling Park
201 Sussex Street
Sydney NSW 2000

Share Registry

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

Sandon Capital Investments Limited
ABN 31 107 772 467

Directors' Report to shareholders
For the half year ended 31 December 2023

The Directors of Sandon Capital Investments Limited (“**SNC**” or “**the Company**”) present their report together with the interim financial statements of the Company for the half year ended 31 December 2023.

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 Radzysinski – Chairman

Peter Velez – Independent Non-Executive Director

Jacqueline Sullivan – Independent Non-Executive Director

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 (“**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.

Operating Results

The operating results reflect the corporate simplification undertaken by the Company, which involved various transactions between the Company and its subsidiaries (the “**Corporate Simplification**”). These included repayments of intercompany loans, returns of capital and dividends. The net effect of these transactions, and the impact on Net Tangible Asset, is immaterial. The section “Corporate Simplification” below provides an overview of the process. The accounting notes provide detail.

The Company recorded net investment income of \$20,661,621 (December 2022: loss \$882,798) comprising realised loss of \$22,775,520 (largely attributed to transactions involved in the Corporate Simplification) and unrealised gain of \$11,580,848 on financial assets, other revenue of \$31,856,293 (largely attributed to an intercompany dividend paid as part of the Corporate Simplification) and some interest. The transfers of securities totalling \$49,891,120 formed part of the Corporate Simplification. There is no tax payable on the intercompany transactions arising from the Corporate Simplification. For the period, the Company recorded a net profit before tax of \$18,141,990 (December 2022: loss \$2,220,353), largely attributable to the performance of the Investment Portfolio

The Company's net profit after tax was \$14,854,666 (December 2022: net loss \$819,593).

During the reporting period, the Company’s cash holdings increased from \$147,121 on 30 June 2023 to \$2,638,007 on 31 December 2023. This reflected the net effect of inflows from sales of investments, borrowings, receipt of dividends and interest and outflows from purchases of investments, payment of company expenses and the payment of a total of 2.75 cents per share dividends (net of dividends reinvested) during the period.

Sandon Capital Investments Limited
ABN 31 107 772 467

Directors' Report to shareholders
For the half year ended 31 December 2023

Director's Report (continued)

The return to shareholders for the 6-month period (measured as the change in the Net Tangible Assets/share plus dividends paid and imputation credits) was a positive return of 18.11%.

During the period, the Company issued 1,832,571 shares in respect of the Dividend Reinvestment Plan (DRP).

As at 31 December 2023 there were 140,967,091 SNC shares on issue.

Mercantile Investment Company Limited Notes Novation

On 13 July 2023 Mercantile Investment Company Limited (“MVT”) announced a proposed restructure of MVT’s 4.8% Unsecured Notes maturing on 10 July 2026 (“Notes”). As the Issuer, the Notes were unsecured liabilities of MVT and were guaranteed by SNC. MVT sought, and on 7 August 2023 obtained, Noteholders approval for a restructure that resulted in SNC replacing MVT as the Issuer of the Notes (becoming the “Novated Notes”). The restructure was implemented by novating all the rights and obligations held by MVT in its capacity as the Issuer to SNC, resulting in SNC assuming all obligations and all liabilities in respect of the Notes.

On 10 August 2023, MVT Noteholders received the Novated Notes in SNC and these commenced trading on 11 August 2023 under ASX Code SNCHA. 290,578 notes with a fair value of \$27,023,754 were novated to SNC. For the reporting period, an interest payment of \$703,119 was made to SNCHA Noteholders. In prior reporting periods, this interest cost was reflected in the carrying value of MVT. SNC recorded the Notes at fair value on recognition and subsequently accounted for the Notes at amortised cost.

Corporate Simplification

Since acquiring MVT in 2019, the Company has borne increasing costs associated with compliance, notably audit expenses. The Company’s financial reports were also perceived as complex. The restructuring of the MVT Notes, outlined above, allowed the Company to move to a more streamlined and simple corporate structure, with the aim to of reducing organisational complexity and compliance costs.

As part of the process, MVT sold its domestic and international listed and unlisted securities to SNC. Other wholly owned subsidiaries, Ask Funding Pty Ltd (“AKF”) and Richfield International Pty Ltd (“RIL”) were transferred from MVT to SNC.

The completion of the Corporate Simplification resulted in a return of capital of \$28,834,389 and a dividend of \$29,620,677 from MVT to SNC. This dividend was offset by a realised loss of \$26,257,406 and an unrealised loss of \$3,748,049 in the current period and an unrealised gain of \$392,196 in the prior periods, resulting in an immaterial economic effect to the Statement of Profit or Loss and Other Comprehensive Income and tax.

The following wholly owned subsidiaries have not yet been, deregistered but are in the process of, being deregistered:

- Mercantile Investment Company Limited
- Murchison Metals Ltd
- Mercantile OFM Pty Ltd
- Mercantile IAH Pty Ltd
- Mercantile NZ Limited
- Wellington Merchants Ltd

IPE Pty Limited was deregistered during the six months.

Sandon Capital Investments Limited
ABN 31 107 772 467

Directors' Report to shareholders
For the half year ended 31 December 2023

Director's Report (continued)

Dividends

Subsequent to 31 December 2023, the Board has determined to pay an interim fully franked dividend of 2.75 cents per share. This fully franked interim dividend will be paid to shareholders on 3 June 2024. The Dividend Reinvestment Plan (DRP) will apply to this dividend. There will be no discount for the DRP.

A fully franked final dividend of 2.75 cents per share for the financial year ending 30 June 2023 was paid on 8 November 2023. The total dividends paid to shareholders during the 6-month period was \$3,826,199.

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 have been rounded to the nearest dollar (where indicated).

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 5.

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
16 February 2024

Pitcher Partners Sydney

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**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 of Sandon Capital Investments Limited for the half year ended 31 December 2023, 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



Richard King
Partner

Pitcher Partners
Sydney

16 February 2024

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 2023

	Note	December 2023	December 2022
		\$	\$
Net realised (loss)/gains on financial assets	2(a)	(22,775,520)	8,151,411
Net unrealised gains/(loss) on financial assets	2(b)	11,580,848	(10,741,212)
Other revenue from operating activities	2(c)	31,856,293	1,707,003
Total income/(loss)		20,661,621	(882,798)
Management fees		(950,213)	(833,297)
Directors' fees		(30,411)	(30,274)
Brokerage expense		(48,045)	(43,434)
Company secretarial fees		(22,492)	(21,010)
Finance costs (SNCHA)	3	(799,195)	-
Custody fees		(58,057)	(13,938)
ASX listing and CHES fees		(72,294)	(41,528)
Share registry fees		(31,907)	(34,584)
Legal fees		(6,872)	(8,246)
Accounting fees		(81,671)	(62,933)
Audit fees		(85,499)	(62,798)
Taxation fees		(215,039)	(113,000)
Other operating expenses		(117,936)	(72,513)
Total expenses		(2,519,631)	(1,337,555)
Profit/ (loss) before income tax		18,141,990	(2,220,353)
Income (tax expense)/ benefit		(3,287,324)	1,400,760
Profit/ (loss) attributable to members of the Company		14,854,666	(819,593)
Other comprehensive income for the period		-	-
Total comprehensive income/ (loss) for the period		14,854,666	(819,593)
Basic Profit and Diluted Profit/ (Loss)per share (cents per share)		10.64	(0.60)

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 2023

	Notes	December 2023	June 2023
		\$	\$
Assets			
Cash and cash equivalents	6	2,638,007	147,121
Trade and other receivables		193,652	208,566
Prepayments		53,347	82,622
Financial assets at fair value through profit/loss	9	145,932,636	143,939,590
Deferred tax assets		158,286	1,254,019
Total assets		148,975,928	145,631,918
Liabilities			
Trade and other payables		567,692	2,102,782
Current tax liability		722,770	46,425
Unsecured notes	7	27,276,503	-
Financial liabilities at amortised cost	8	13,116	37,362,443
Deferred tax liabilities		2,055,024	-
Total liabilities		30,635,105	39,511,650
Net assets		118,340,823	106,120,268
Equity			
Issued capital	5	133,445,619	132,253,531
Profits reserve		36,552,849	33,371,637
Accumulated losses		(51,657,645)	(59,504,900)
Total equity		118,340,823	106,120,268

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 2023

	Notes	Issued Capital \$	Accumulated losses \$	Profits Reserve \$	Total Equity \$
Balance at 1 July 2022		130,013,405	(56,457,551)	35,939,237	109,495,091
Loss for the year attributable to the owners of the Company		-	(819,593)	-	(819,593)
Other comprehensive income for the year		-	-	-	-
Transfer to profits reserve		-	(4,943,864)	4,943,864	-
Shares issued via dividend reinvestment plan		1,095,861	-	-	1,095,861
Dividends provided or paid	4	-	-	(3,733,527)	(3,733,527)
Balance at 31 December 2022		131,109,266	(62,221,008)	37,149,574	106,037,832
Balance at 1 July 2023		132,253,531	(59,504,900)	33,371,637	106,120,268
Profit for the year attributable to the owners of the Company		-	14,854,666	-	14,854,666
Other comprehensive income for the year		-	-	-	-
Transfer to profits reserve		-	(7,007,411)	7,007,411	-
Shares issued via dividend reinvestment plan		1,192,088	-	-	1,192,088
Dividends provided or paid	4	-	-	(3,826,199)	(3,826,199)
Balance at 31 December 2023		133,445,619	(51,657,645)	36,552,849	118,340,823

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 2023

	December 2023	December 2022
	\$	\$
Cash flows from operating activities		
Proceeds from sale of investments	15,393,970	12,705,983
Payments for investments	(7,524,955)	(8,448,258)
Dividends and capital return received	2,198,155	1,831,991
Interest received	26,489	29,346
Income tax payments	(540)	-
Management fees (GST inclusive)	(1,011,184)	(1,469,231)
Brokerage expense (GST inclusive)	(51,560)	(46,612)
Payment of other operating expenses	(447,591)	(1,031,449)
Net cash provided by operating activities	<u>8,582,784</u>	<u>3,571,770</u>
Cash flows from financing activities		
Dividends paid net of re-investment	(2,634,111)	(2,637,666)
Repayment of prime broker loan	(2,547,296)	-
Interest payment on unsecured notes	(703,119)	-
Repayment of loan with subsidiary	(207,372)	(2,605,000)
Net cash used in financing activities	<u>(6,091,898)</u>	<u>(5,242,666)</u>
Net increase/ (decrease) in cash and cash equivalents	2,490,886	(1,670,896)
Cash and cash equivalents at 1 July 2023	147,121	520,517
Cash and cash equivalents at end of the period	6 <u><u>2,638,007</u></u>	<u><u>(1,150,379)</u></u>
Non-cash transactions (Corporate Simplification)	8(a)	
Proceeds from intragroup shares transfer	28,834,389	28,624,407
Payments for intragroup shares transfer	(49,891,120)	(29,906,095)
Dividend from subsidiary	29,620,677	-
MVT Novated notes	27,180,429	-

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 2023

1. Summary of material accounting policy information

These financial statements and notes for the half year represent those of Sandon Capital Investments Limited (“SNC” or “the Company”).

The condensed interim financial report was authorised for issue on 16 February 2024 by the Board of Directors.

Basis of preparation

The half year financial statements are 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 2023 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended Accounting Standards and Interpretations adopted.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

There were no new or amended Accounting Standards or Interpretations that were not yet mandatory and early adopted which are expected to have a significant impact on the Company’s financial statements.

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. Total income/(loss)	December 2023	December 2022
	\$	\$
(a) Net realised (loss)/gains on financial assets		
Net realised gains on other financial assets	3,481,886	8,151,411
Net realised (loss) on subsidiary (Corporate Simplification)	<u>(26,257,406)</u>	<u>-</u>
	<u>(22,775,520)</u>	<u>8,151,411</u>
(b) Net unrealised gains/(loss) on financial assets		
Net unrealised gains/(loss) on other financial assets	15,328,897	(10,741,212)
Net unrealised (loss) on subsidiaries (Corporate Simplification)	<u>(3,748,049)</u>	<u>-</u>
	<u>11,580,848</u>	<u>(10,741,212)</u>
(c) Other revenue from operating activities		
Dividend income	2,178,919	1,687,357
Dividend income from subsidiary (Corporate Simplification)	29,620,677	-
Interest income	<u>56,697</u>	<u>19,646</u>
	<u>31,856,293</u>	<u>1,707,003</u>

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Interim Financial Report
For the half year ended 31 December 2023

3. Finance costs	December 2023	December 2022
	\$	\$
Interest paid on unsecured notes at 4.8%	703,119	-
Interest accrued on unsecured notes at 4.8%	96,076	-
	<u>799,195</u>	<u>-</u>

Refer to Note 7 Unsecured notes for further information.

4. Dividends

(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 half year:		
Final fully franked dividend for the year ended 30 June 2023 paid on 8 November 2023.	2.75	2.75

	December 2023	December 2022
	\$	\$
Final dividend of 2.75 cents per share fully franked at 25% paid on 8 November 2023 (2022: Final dividend of 2.75 cents per share fully franked at 25% paid on 7 November 2022).	3,826,199	3,733,527

In addition to the dividends paid during the reporting period, since the end of the half year, the Board has determined to pay an interim dividend of 2.75 cents per share fully franked at 25%, which has not been recognised as a liability at half year end.

	December 2023	December 2022
	\$	\$
Interim fully franked dividend	3,876,595	3,777,937

5. Issued Capital

	December 2023	December 2023	December 2022	December 2022
	\$	Number	\$	Number
(a) Share Capital				
Fully paid ordinary shares	133,445,619	140,967,091	131,109,266	137,379,512
(b) Movements in shares on issue:				
Opening balance	132,253,531	139,134,520	130,013,405	135,764,627
Shares issued under a dividend reinvestment plan	1,192,088	1,832,571	1,095,861	1,614,885
Closing balance	<u>133,445,619</u>	<u>140,967,091</u>	<u>131,109,266</u>	<u>137,379,512</u>

6. Cash and cash equivalents	December 2023	December 2022
	\$	\$
Cash at bank	164,380	180,470
Cash held in Prime Broker facility	2,473,627	-
	<u>2,638,007</u>	<u>180,470</u>

(a) Reconciliation to the statement of cash flows

Cash at bank	164,380	180,470
Cash held in Prime Broker facility	2,473,627	-
Prime Broker loan	-	(1,330,849)
	<u>2,638,007</u>	<u>(1,150,379)</u>

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Interim Financial Report
For the half year ended 31 December 2023

7. Unsecured Notes

On 11 August 2023, the Company assumed all obligations and all liabilities in respect of MVT's 4.8% Unsecured Notes maturing on 10 July 2026 ("Notes"). Refer to ASX announcements on 4 July and 10 August 2023. The Notes form part of the leverage employed by the Company.

The unsecured notes carry an interest entitlement of 4.8% per annum, payable at the end of December and June each year and mature on 10 July 2026.

SNC recorded the Notes at fair value on recognition and subsequently accounted for the Notes at amortised cost. The Notes are included when calculating leverage. Refer to note 8(b) for more details on leverage.

	December 2023	June 2023
	\$	\$
Unsecured Notes at amortised cost	27,023,754	-
Interest on unsecured Notes at effective interest rate	252,749	-
Unsecured Notes at amortised cost	27,276,503	-

8. Financial liabilities at amortised costs

	December 2023	June 2023
	\$	\$
Amount payable to wholly owned subsidiary	13,116	34,815,147
Overdraft drawn under Prime Broker facility	-	2,547,296
	13,116	37,362,443

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Interim Financial Report
For the half year ended 31 December 2023

8. Financial liabilities at amortised costs (continued)

(a) Amounts payable to wholly owned subsidiary

During the period, SNC repaid the intercompany loan to MVT in full. This advance was satisfied by a combination of cash, the transfer of securities at market value through an off-market transfer, assuming all obligations and liabilities in respect of the MVT Notes and intercompany balance transfers.

MVT paid a final dividend and returned capital to the Company which was settled through the intercompany loan. This brought the MVT loan balance to nil as at 31 December 2023.

The remaining amount payable relates to Ask Funding Pty Ltd.

The following table summarises the movement in the intercompany loan for the period:

	December 2023	June 2023
	\$	\$
Opening balance	34,815,147	31,033,637
Repayment of loan with subsidiary/funding received (from)/ to subsidiary	(207,372)	2,499,822
Non-cash off-market transfer of shares from SNC to MVT at market value	-	(28,624,407)
Non-cash off-market transfer of shares from MVT to SNC at market value	49,891,120	29,906,095
Non-cash notes transfer at fair value	(27,180,427)	-
Non-cash other intercompany transfer	1,149,714	-
Non-cash dividend from subsidiary	(29,620,677)	-
Non-cash return of capital from subsidiary	(28,834,389)	-
	<u>13,116</u>	<u>34,815,147</u>

(b) Prime Broker facility

The Company can employ leverage, either by borrowing cash or shares, which can then be sold short. The Board has imposed a limit to such leverage of not more than 50% of total assets (that is 150% gross exposure). Leverage can not only magnify gains but also losses.

During the period, the Company used the services of a prime broker, a service through which the Company can borrow cash or shares, which are then secured against assets held in the prime broker's custody. The Company maintains a prime brokerage facility with Barrenjoey Markets Pty Ltd ("**Barrenjoey**", "**the Prime Broker**", "**the PB**", "**PB Custody**" and together "**the PB Facility**").

The PB Facility is secured by a first charge over the financial assets that the Company transfers, from time to time, to the PB Facility. This charge covers all of the Company's right, title and interest in the assets transferred to the PB Facility. This includes those that may be transferred to custodians and sub-custodians (by the Prime Broker) in accordance with the Prime Brokerage Agreement, and any right which arises after the date of the charges to receive cash or return of property from the parties under the Prime Brokerage Agreement, as security for payments and performance by the Company of all of its obligations to the Prime Broker under the Prime Brokerage Agreement.

Any amount drawn from the PB Facility count, along with the Notes as leverage. The PB Facility leverage rate is determined daily using the Bank Bill Swap Rate plus spread and Note interest is 4.8%.

The Company paid net interest of \$16,222 and other fees of \$48,273 to the Prime Broker during the reporting period.

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Interim Financial Report
For the half year ended 31 December 2023

9. 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 is the last traded price. Where the last traded price is higher than the bid and offer spread, the offer price is used at the end of the reporting period. Where the last traded price is lower than the bid and offer spread, the bid price is used at the end of reporting period. Both last traded and offer prices exclude transactions costs.

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

As at 31 December 2023, the Company has four investment classified as Level 2. Two of the investments are AKF and RIL which are unlisted wholly owned subsidiaries. These have been valued at its underlying post-tax net asset backing at the end of the reporting period. The other two investments are Dawney & Co Ltd and Sietel Limited. Their values have been based on observable market data; however, these are thinly traded securities (June 23: comprised of MVT and its wholly owned subsidiaries).

Included in Level 3 of the hierarchy are unlisted securities such as shares in private companies, trusts and unlisted foreign notes. 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 2023, the Company had seven unlisted investments classified as Level 3, representing a total of \$11,218,146.

The Company's investment in Carbon Conscious Investment Ltd (CCIL) valued at \$344,996 (June 2023: \$344,996) is based on its share of CCIL's shareholder equity.

The Company's investment in Yellow Brick Road Holdings Limited (formerly ASX code: YBR) was reclassified from a Level 1 investment to a Level 3 investment following its voluntary delisting from the ASX on 27 November 2023. YBR was valued at \$3,850,816 based on the last traded price on the ASX. The Company will review the carrying value of this investment when YBR's next financial report is released.

During the reporting period, the Company acquired MVT's holding in Foundation Life which brought the total investment to \$6,739,633 (June 2023: \$330,128). The investment is based on its share of Foundation Life's shareholder equity and ownership of Foundation Life's notes. The fair value of Foundation Life is calculated as the net tangible assets per share based on the figures 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 Interim Financial Report
For the half year ended 31 December 2023

9. Financial instruments measured at fair value (continued)

(a) Fair value hierarchy (continued)

The following table presents the Company's assets and liabilities measured recognised at fair value:

31 December 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets held for trading:				
Listed investments	125,968,073	2,828,134	-	128,796,207
Unlisted investments	-	5,918,283	11,218,146	17,136,429
	125,968,073	8,746,417	11,218,146	145,932,636
<hr/>				
30 June 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets held for trading:				
Listed investments	87,780,474	-	-	87,780,474
Unlisted investments	-	55,483,992	675,124	56,159,116
	87,780,474	55,483,992	675,124	143,939,590

The Company will review the classification of investments as Level 1, 2 or 3 at the end of each reporting period. During the year, two investments with a market value \$2,828,133 which were previously recognised as Level 1 by MVT were transferred to Level 2 in SNC. (June 2023: There were no transfers of assets).

The Company will transfer the classification of financial assets from a Level 1 to a Level 2 if the shares are thinly traded and lack liquidity. Investments classified as Level 2 will be valued on the basis of their net asset backing, being the underlying value of its cash, cash equivalents and investment portfolio values at the end of the reporting period.

The Company will transfer the classification of financial assets from Level 1 or 2 to Level 3 in the fair value hierarchy should those assets be privatised. The valuation techniques that might be used include 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. During the period the investment in YBR previously classified as Level 1 by MVT was transferred to Level 3 in SNC as noted above. (June 2023: There were no transfers of assets).

The following table presents the movement in Level 3 instruments for the period ended 31 December 2023:

Unlisted Investments	December 2023	June 2023
	\$	\$
Opening Balance	675,124	944,211
Purchases (Corporate Simplification)	11,059,834	21,709
Unrealised (loss) in profit and loss	(498,075)	(295,076)
Foreign exchange (loss)/gain in profit and loss	(18,737)	4,280
Closing Balance	11,218,146	675,124

Sandon Capital Investments Limited
ABN 31 107 772 467

Notes to the Interim Financial Report
For the half year ended 31 December 2023

9. Financial instruments measured at fair value (continued)

(b) Sensitivity analysis

The following table summarises the financial impacts of a hypothetical 5% increase and decrease in the market value of those investments (financial assets at fair value through profit or loss) that are carried at fair value as at reporting date.

	Impact to profit before tax	
	December 2023	June 2023
	\$	\$
Trading equities		
Increase in financial assets at fair value by 5%	7,296,632	7,196,980
Decrease in financial assets at fair value by 5%	(7,296,632)	(7,196,980)

10. Contingencies and commitments

There are no contingent assets or liabilities as at 31 December 2023 (June 2023: Nil). As at 31 December 2022, the Company had nil commitments (June 2023: Nil).

11. Related party transactions

During the period, SNC repaid the intercompany loan to MVT in full. This advance was satisfied by a combination of cash, the transfer of securities at market value through an off-market transfer and by assuming all obligations and liabilities in respect of the MVT Notes.

As part of the Corporate Simplification, MVT paid a final dividend of \$29,620,677 and returned capital of \$28,834,389 to the Company. This was offset against the intercompany loan payable to MVT by SNC. At the end of the period the balance payable to MVT by SNC was \$nil (June 2023: \$34,815,147).

The remaining \$13,116 relates to the amount payable to Ask Funding Pty Ltd (June 2023: Nil).

Refer to Note 8 Financial liabilities at amortised cost for additional information.

12. Segment information

The Company currently engages in investing activities, including cash, term deposits, unlisted and listed securities, and debt instruments. It has one segment being investing activities and owns investments domiciled in Australia and overseas. It has one geographic location being Australia.

13. Events occurring after the reporting period

The Board has determined to pay an interim fully franked dividend of 2.75 cents per share, payable on 3 June 2024. The DRP will apply to this dividend. There will be no discount.

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 2023

The Directors of Sandon Capital Investments Limited declare that:

1. The financial statements and notes, as set out on pages 6 to 16, 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 2023 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
16 February 2024

Pitcher Partners Sydney

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**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****Conclusion**

We have reviewed the half-year financial report of Sandon Capital Investments Limited ("the Company") which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual 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 in the same terms if given to the directors as at the time of this auditor's review report.

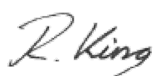
Responsibility of the Directors for the Financial Report

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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 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*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.



Richard King
Partner



Pitcher Partners
Sydney

16 February 2024