

**SANDON CAPITAL INVESTMENTS LIMITED**

ABN 31 107 772 467

**APPENDIX 4D - HALF YEAR REPORT  
for the half year ended 31 December 2015****RESULTS FOR ANNOUNCEMENT TO THE MARKET  
*All comparisons to the half year ended 31 December 2014***

	\$	up/down	% mvmt
Revenue from ordinary activities	3,379,738	Up	81.6%
Profit from ordinary activities before income tax expenses	2,431,226	Up	117.2%
Net profit from ordinary activities after income tax expense	1,775,024	Up	50.3%

	Cents per share	Franked Amount per Share	Tax rate for Franking
<b>Dividend Information</b>			
2016 Interim dividend cents per share	2.0c	2.0c	30%
2015 Final dividend cents per share	3.0c	3.0c	30%

**Interim dividend dates**

Ex dividend date	18 April 2016
Record date	19 April 2016
Payment date	26 April 2016

**Dividend Reinvestment Plan**

There will be no Dividend Reinvestment Plan ('DRP') in respect of the interim dividend declared.

	31-Dec-15	31-Dec-14
Net tangible asset backing (after tax) cents per share	<b>\$0.95</b>	<b>\$1.00</b>

*This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2015 Annual Financial Report.*

# SANDON CAPITAL

**Sandon Capital Investments Limited**

ABN 31 107 772 467

## **Financial Report**

for the half year ended 31 December 2015

## Company Particulars

Sandon Capital Investments Limited is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

<b>Directors:</b>	Gabriel Radzyninski – Chairman Paul Jensen – Independent Director Matthew Kidman – Independent Director
<b>Company Secretary:</b>	Mark Licciardo
<b>Investment Manager :</b>	Sandon Capital Pty Limited Level 11, 139 Macquarie Street Sydney NSW 2000
<b>Auditors:</b>	Pitcher Partners
<b>Country of Incorporation:</b>	Australia
<b>Registered Office:</b>	Level 11, 139 Macquarie Street Sydney NSW 2000
<b>Contact Details:</b>	Telephone: (02) 8014 1188 Fax: (02) 8084 9918 Email: <a href="mailto:info@sandoncapital.com.au">info@sandoncapital.com.au</a> Web: <a href="http://www.sandoncapital.com.au">www.sandoncapital.com.au</a>
<b>Share Registrar:</b>	Link Market Services Limited Level 12, 680 George Street, Sydney NSW 2000 Telephone: 1300 554 474 <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
<b>Tax Advisors:</b>	BDO Australia Level 11, 1 Margaret Street Sydney NSW 2000
<b>Australian Securities Exchange:</b>	Sandon Capital Investments Limited (SNC)

# **SANDON CAPITAL INVESTMENTS LIMITED**

ABN 31 107 772 467

## **DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

The Directors of Sandon Capital Investments Limited ("the Company") present their report together with the interim financial statements of the Company for the year ended 31 December 2015.

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 period and up to the date of this report:

- Gabriel Radzynski – Chairman
- Paul Jensen – Independent Director
- Matthew Kidman – Independent Director

### **Principal activities**

The Company invests in cash, term deposits, unlisted, listed securities. As at 31 December 2015 approximately 92% of the portfolio was invested in listed securities, with the remainder in unlisted securities, cash and term deposits.

The Company typically seeks out investment opportunities with high levels of tangible assets, marketable securities or cash, whose values are somewhat independent of market and economic conditions and which the Sandon Capital Pty Ltd ("Manager") considers have good prospects for change. It also seeks, from time to time, to take advantage of other opportunities where the Manager considers there are reasonable projects for a satisfactory return.

### **Operating Results**

The Company reported a 50.3% increase in net profit after tax for the half year ended 31 December 2015 of \$1,775,024 (2014: \$1,181,314).

During the year, the Net Tangible Assets (after tax) per share decreased from \$0.9626 at 30 June 2015 to \$0.9537 as at 31 December 2015.

### **Operating and Financial Review**

Investment operations over the half year ended resulted in an operating profit before tax of \$2,431,226 (2014: \$1,119,313) and an operating profit after tax of \$1,775,024 (2014: \$1,181,314). The change in the profit is a result of the increased capital base and change in value of investments which has led to a performance fee accrued as at 31 December 2015. The investment portfolio generated a gross return (before all fees and expenses) of 9.5% in the 6 months to 31 December 2015 compared to 5.1% in the previous corresponding period.

The NTA after tax as at 31 December 2015 was \$0.9537 per share (June 2015 \$ 0.9626).

The financial statements of the Company for the period were prepared on a 'fair value measurement' basis for accounting purposes (unless otherwise stated) which is the same basis that the Company has consistently applied for all reporting periods presented to date.

### **Dividends**

The Final dividend of 3 cents per share fully franked was paid in respect of the period ended 30 June 2015.

### **Events occurring after the reporting period**

The Directors declared a fully franked interim dividend of 2 cents per share, payable on 26 April 2016.

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.

# **SANDON CAPITAL INVESTMENTS LIMITED**

ABN 31 107 772 467

## **DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

### **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 the Board of Directors.



Gabriel Radzynski  
Chairman

Dated in Sydney, this 25th day of February 2016



**PITCHER PARTNERS**  
ACCOUNTANTS • AUDITORS • ADVISORS

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Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

### **Auditor's Independence Declaration to the Directors of Sandon Capital Investments Limited**

As lead auditor for the review of Sandon Capital Investments Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. 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.

### **Pitcher Partners**

**Scott Whiddett**  
Partner

Dated in Sydney, this 25<sup>th</sup> day of February 2016.

# 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 2015

	Note	31 December 2015 \$	31 December 2014 \$
Net realised and unrealised gains on financial assets		2,842,809	634,804
Other revenue from operating activities	2	536,929	1,226,687
Management fees		(247,700)	(226,676)
Performance fees		(411,737)	(227,263)
Directors fees		(31,250)	(31,250)
Company secretarial fees		(18,652)	(19,894)
Brokerage expense on share purchases		(44,470)	(42,043)
Custody fees		(10,508)	(18,137)
ASX listing and chess fees		(22,064)	(29,018)
Share registry fees		(29,217)	(56,020)
Accounting fees		(22,038)	(23,650)
Audit and taxation fee		(65,701)	(43,164)
Other expenses from ordinary activities		(45,175)	(25,063)
<b>Profit before income tax</b>		<b>2,431,226</b>	<b>1,119,313</b>
Income tax (expense)/benefit		(656,202)	62,001
<b>Profit attributable to members of the Company</b>	6	<b>1,775,024</b>	<b>1,181,314</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>1,775,024</b>	<b>1,181,314</b>
<b>Basic and Diluted Earnings per share (cents per share)</b>		<b>4.53</b>	<b>3.34</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 2015

	Note	31 December 2015 \$	30 June 2015 \$
<b>Assets</b>			
Cash and cash equivalents		5,103,635	6,680,152
Trade and other receivables		487,193	246,262
Prepayments		15,811	15,613
Financial assets	7	38,028,185	27,431,026
Deferred tax assets		1,592,615	1,326,450
<b>Total assets</b>		<b>45,227,439</b>	<b>35,699,503</b>
<b>Liabilities</b>			
Trade and other payables		1,345,984	133,395
Deferred tax liabilities		1,605,426	726,714
<b>Total liabilities</b>		<b>2,951,410</b>	<b>860,109</b>
<b>Net assets</b>		<b>42,276,029</b>	<b>34,839,394</b>
<b>Equity</b>			
Issued capital	4	42,426,953	35,443,889
Profit reserves	5	920,582	467,011
Accumulated losses	6	(1,071,506)	(1,071,506)
<b>Total equity</b>		<b>42,276,029</b>	<b>34,839,394</b>

The accompanying notes form part of these financial statements.



# SANDON CAPITAL INVESTMENTS LIMITED

ABN 31 107 772 467

## STATEMENT IN CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2014</b>		34,273,166	-	299,108	34,572,274
Profit for the year		-	1,181,314	-	1,181,314
Transfer to profits reserve		-	(1,181,314)	1,181,314	-
Shares Issued via DRP		89,367	-	-	89,367
Shares issued via exercising of option		10,000	-	-	10,000
Dividends paid	3(a)	-	-	(700,790)	(700,790)
<b>Balance at 31 December 2014</b>		<b>34,372,533</b>	<b>-</b>	<b>779,632</b>	<b>35,152,165</b>
<b>Balance at 1 July 2015</b>		<b>35,443,889</b>	<b>(1,071,506)</b>	<b>467,011</b>	<b>34,839,394</b>
Profit for the year		-	1,775,024	-	1,775,024
Transfer to profits reserve		-	(1,775,024)	1,775,024	-
Shares Issued via DRP	4(b)	186,359	-	-	186,359
Shares issued via exercising of option	4(b)	5,000	-	-	5,000
Shares issued via share purchase plan	4(b)	6,893,562	-	-	6,893,562
Dividends paid	3(a)	-	-	(1,321,453)	(1,321,453)
Cost of raising capital, net of tax		(101,857)	-	-	(101,857)
<b>Balance at 31 December 2015</b>		<b>42,426,953</b>	<b>(1,071,506)</b>	<b>920,582</b>	<b>42,276,029</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 2015

	31 December 2015	31 December 2014
	\$	\$
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	6,782,117	15,144,411
Payments for investments	(14,504,381)	(15,581,087)
Dividends received	889,325	964,218
Interest received	113,386	215,825
Other income received	1,778	50,190
Management fees paid (inclusive GST)	(260,140)	(261,310)
Payment of other expenses	(216,558)	(2,345,154)
<b>Net cash used in operating activities</b>	<b>(7,194,473)</b>	<b>(1,812,907)</b>
<b>Cash flows from financing activities</b>		
Dividend paid, net of reinvestment	(1,135,095)	(611,423)
Proceeds from issue of shares	6,893,562	-
Proceeds from exercise of options	5,000	10,000
Cost of raising capital	(145,511)	-
<b>Net cash provided by / (used in) financing activities</b>	<b>5,617,956</b>	<b>(601,423)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,576,517)</b>	<b>(2,414,330)</b>
Cash and cash equivalents at the beginning of the half year	6,680,152	15,948,866
<b>Cash and cash equivalents at end of half year</b>	<b>5,103,635</b>	<b>13,534,536</b>

The accompanying notes form part of these financial statements.

# SANDON CAPITAL INVESTMENTS LIMITED

ABN 31 107 772 467

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 25 February 2016 by the Board of Directors.

### Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001*, *Australian Accounting Standard AASB 134: Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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 2015 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.

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2015 Annual Financial Report.

### 2. Other Revenue

	December 2015	December 2014
	\$	\$
Australian sourced dividends	426,005	964,218
Interest	110,924	212,279
Trust distributions	-	33,135
Other revenue	-	17,055
	<u>536,929</u>	<u>1,226,687</u>

### 3. Dividends

#### a) Ordinary dividends paid during the period

Final dividend FY2015: 3 cents per share fully franked  
at 30% tax rate paid 30th October 2015 (Special dividend  
FY2014: 2.0 cents per share fully franked).

<u>1,321,453</u>	<u>700,790</u>
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#### b) Dividends not recognised during the period

Since the end of the half year, the Directors have  
declared an interim fully franked dividend of 2 cents per  
share payable on 26 April 2015 (Interim dividend  
FY2014: 3 cents per share fully franked).

<u>885,204</u>	<u>724,001</u>
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# SANDON CAPITAL INVESTMENTS LIMITED

ABN 31 107 772 467

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 3. Dividends (continued)

#### c) Franking account

The ability for Sandon Capital Investments Limited to pay franked dividends is dependent upon the Company's available franking account balance. The Company's franking credits balance at 30 June 2015 was \$3,372,775. The balance of the franking account at 31 December 2015, inclusive of franking credits received on dividends received and franking credits on dividends paid was \$2,924,857.

	December 2015 \$	June 2015 \$
Opening balance	3,372,775	3,516,398
Franking credits on dividends received	118,420	166,663
Franking credits on dividends paid	(566,337)	(310,286)
	<u>2,924,857</u>	<u>3,372,775</u>

### 4. Issued Capital

#### a) Paid-up capital

44,260,206 ordinary shares fully paid (June 2015: 36,210,048)	42,426,953	35,443,889
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#### b) Movement in issued capital

Balance at the beginning of the reporting period	35,443,889	34,273,166
Share issued - Options exercised	5,000	1,170,723
Share issued - Share purchase plan	6,893,562	-
Share issued - Dividend reinvested	186,359	-
Cost of raising capital, net of tax	(101,857)	-
	<u>42,426,953</u>	<u>35,443,889</u>

### 5. Reserve

Profits reserve	<u>920,582</u>	<u>467,011</u>
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#### Movement in profits reserve

Balance at the beginning of the reporting period	467,011	299,108
Transfer from retained earnings	1,775,024	1,592,694
Final dividend paid (refer note 3(a))	(1,321,453)	(700,790)
Interim dividend paid (refer note 3(b))	-	(724,001)
At reporting date	<u>920,582</u>	<u>467,011</u>

### 6. Accumulated Losses

Balance at the beginning of the reporting period	(1,071,506)	-
Profit for the period attributable to members of the Company	1,775,024	521,188
Transfer to profits reserve	(1,775,024)	(1,592,694)
At reporting date	<u>(1,071,506)</u>	<u>(1,071,506)</u>

# SANDON CAPITAL INVESTMENTS LIMITED

ABN 31 107 772 467

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 7. Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices 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 are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available or the last sale price have been adopted to determine the fair value of these investments.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2015:

#### Financial assets held for trading:

31 December 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Listed investments	37,825,995	-	-	37,825,995
Unlisted investments	-	202,190	-	202,190
<b>Total</b>	<b>37,825,995</b>	<b>202,190</b>	<b>-</b>	<b>38,028,185</b>

30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Listed investments	27,223,385	-	-	27,223,385
Unlisted investments	-	207,641	-	207,641
<b>Total</b>	<b>27,223,385</b>	<b>207,641</b>	<b>-</b>	<b>27,431,026</b>

### 8. Contingent liabilities

There are no contingent liabilities for the Company as at 31 December 2015 (June 2015: nil).

### 9. Capital commitments

There are no capital commitments entered into by the Company as at 31 December 2015 (2015: nil)

### 10. Segment reporting

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

### 11. Events subsequent to reporting date

Since the end of the half year, the Directors declared an interim dividend of 2 cents per share fully franked to be paid on 26 April 2016.

No other matters or circumstances have arisen since the end of the period which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

# **SANDON CAPITAL INVESTMENTS LIMITED**

ABN 31 107 772 467

## **DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

The Directors of Sandon Capital investments Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 10, 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 other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the financial position of the Company as at 31 December 2015 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 the Board of Directors.



Gabriel Radzynski  
Chairman

Dated in Sydney, this 25th day of February 2016

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**Independent Auditor's Review Report  
to the members of Sandon Capital Investments Limited  
A.B.N. 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 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

**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 *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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.

## Independence

In conducting our review, we have complied with the applicable 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 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**Pitcher Partners**



**Scott Whiddett**  
Partner

Dated in Sydney, this 25<sup>th</sup> day of February 2016