

SANDON CAPITAL

Sandon Capital Investments Limited

ABN 31 107 772 467

Appendix 4E - Preliminary Final Report For the year ended 30 June 2016

Results For Announcement to the Market All comparisons to the year ended 30 June 2015

	\$	Movement Up/(down)	Movement Up/(down) %
Revenue from ordinary activities	4,653,787	Up	367%
Profit from operating activities before tax attributable to members	2,980,557	Up	64,198%
Profit from operating activities after tax attributable to members	2,212,648	Up	325%
Net profit for the period attributable to members	2,212,648	Up	325%

	Cents per share	Franked amount per share	Tax rate for franking
Final Dividend			
2016 Final dividend cents per share	3.00	3.00	30%
Ex dividend date			21 October 2016
Record Date			24 October 2016
Payment date			2 November 2016

Dividend Reinvestment Plan

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

	Cents per share	Franked amount per share	Tax rate for franking
Dividends paid during the period			
2015 Final dividend cents per share paid 30 October 2015	2.00	2.00	30%
2015 Special dividend cents per share paid 30 October 2015	1.00	1.00	30%
2016 Interim dividend cents per share paid 26 April 2016	2.00	2.00	30%

	30 June 2016 Cents	30 June 2015 Cents
Net tangible Assets Per Share		
Net tangible assets per share (before tax)	94.98	94.40
Net tangible assets per share (after tax)	94.57	96.26

Dividends of 5 cents per share were paid during the period.

This report is based on the Annual Report which is in the process of being audited. All documents comprise the information required by Listing Rule 4.3A.

Sandon Capital Investments Limited
ABN 31 107 772 467
Statement of Comprehensive Income
For the year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Net realised and unrealised gains/(losses) on financial assets		3,719,972	(862,460)
Other revenue from operating activities	2	933,815	1,859,471
Total Revenue		4,653,787	997,011
Management fees		(515,961)	(450,017)
Performance fees		(651,728)	-
Directors' fees		(62,463)	(62,500)
Brokerage expense		(83,876)	(90,162)
Company secretarial fees		(33,991)	(40,270)
Custody fees		(20,893)	(28,616)
ASX listing and chess fees		(40,228)	(46,670)
Share registry fees		(50,094)	(65,691)
Legal fees		(6,336)	(11,156)
Accounting fees		(44,521)	(50,366)
Audit fees		(52,799)	(39,416)
Taxation fees		(55,120)	(71,982)
Other operating expenses		(55,220)	(44,815)
Total expenses		(1,673,230)	(1,001,661)
Profit/(loss) before income tax		2,980,557	(4,650)
Income tax (expense)/benefit	3	(767,909)	525,838
Profit after tax attributable to members of the Company		2,212,648	521,188
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		2,212,648	521,188
Basic Earnings per share (cents per share)	5	5.30	1.48
Diluted Earnings per share (cents per share)	5	5.30	1.48

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
ABN 31 107 772 467
Statement of Financial Position
As at 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Assets			
Cash and cash equivalents	6	2,291,453	6,680,152
Trade and other receivables	7	153,932	246,262
Prepayments		9,326	15,613
Financial assets	8	40,319,990	27,431,026
Deferred tax assets	9	261,934	1,326,450
Total assets		43,036,635	35,699,503
Liabilities			
Trade and other payables	11	821,733	133,395
Deferred tax liabilities	10	386,454	726,714
Total liabilities		1,208,187	860,109
Net assets		41,828,448	34,839,394
Equity			
Issued capital	12	42,426,953	35,443,889
Profits reserve	13	473,001	467,011
Accumulated losses	14	(1,071,506)	(1,071,506)
Total equity		41,828,448	34,839,394

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
ABN 31 107 772 467
Statement of Changes in Equity
As at 30 June 2016

	Notes	Issued Capital \$	Accumulated losses \$	Profits Reserve \$	Total Equity \$
Balance at 1 July 2014		34,273,166	-	299,108	34,572,274
Profit for the year attributable to the owners of the Company		-	521,188	-	521,188
Transfer to profits reserve		-	(1,592,694)	1,592,694	-
Shares issued via DRP		89,367	-	-	89,367
Shares issued via exercise of options		1,081,356	-	-	1,081,356
Dividends provided or paid		-	-	(1,424,791)	(1,424,791)
Balance at 30 June 2015	12	35,443,889	(1,071,506)	467,011	34,839,394
Profit for the year attributable to the owners of the Company		-	2,212,648	-	2,212,648
Transfer to profits reserve	15	-	(2,212,648)	2,212,648	-
Shares issued via DRP		186,334	-	-	186,334
Shares issued via exercise of options		5,000	-	-	5,000
Shares issued via share purchase plan & placement		6,893,588	-	-	6,893,588
Dividends provided or paid	6	-	-	(2,206,658)	(2,206,658)
Cost of raising capital, net of tax		(101,858)	-	-	(101,858)
Balance at 30 June 2016	12	42,426,953	(1,071,506)	473,001	41,828,448

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
ABN 31 107 772 467
Statement of Cash Flows
For the year ended 30 June 2016

	Notes	30 June 2016 \$	30 June 2015 \$
Cash flows from operating activities			
Proceeds from sale of investments		15,850,098	21,399,556
Payments for investments		(29,617,974)	(32,342,701)
Dividends and capital returns received		5,238,245	2,475,310
Interest received		194,617	430,660
Other income received		77,656	31,455
Management fees (GST inclusive)		(505,444)	(496,375)
Brokerage expense (GST inclusive)		(83,876)	(98,958)
Payment of other operating expenses		(274,784)	(413,593)
Net cash used in operating activities		<u>(9,121,462)</u>	<u>(9,014,646)</u>
Cash flows from financing activities			
Proceeds from issue of new shares - share purchase plan & placement		6,893,588	-
Proceeds from issue of new shares - options exercised		5,000	1,081,356
Cost of raising capital		(145,501)	-
Dividends paid net of re-investment		(2,020,324)	(1,335,424)
Net cash provided by/(used in) financing activities		<u>4,732,763</u>	<u>(254,068)</u>
Net decrease in cash and cash equivalents		(4,388,699)	(9,268,714)
Cash and cash equivalents at the beginning of the year		6,680,152	15,948,866
Cash and cash equivalents at end of the year	8	<u><u>2,291,453</u></u>	<u><u>6,680,152</u></u>
Non-cash transactions:			
Shares issued via dividend reinvestment plan		<u><u>186,334</u></u>	<u><u>89,367</u></u>

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 year ended 30 June 2016

1. Basis of preparation

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

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

Sandon Capital Investments Limited ("the Company") is a listed public company, incorporated and domiciled in Australia.

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

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

The accounting policies are consistent with those applied in 30 June 2015 Annual Report.

	30 June 2016	30 June 2015
	\$	\$
2. Other revenue		
Dividend income	661,327	1,405,580
Trust distributions	47,956	47,198
Interest income	194,832	378,110
Other income	29,700	28,583
	<u>933,815</u>	<u>1,859,471</u>
3. Income tax		
Deferred income tax expense/(benefit) comprises:		
Decrease/(Increase) in deferred tax assets	1,108,169	(1,068,601)
(Decrease)/Increase in deferred tax liabilities	(340,260)	542,763
	<u>767,909</u>	<u>(525,838)</u>
Current income tax expense		
Profit/(loss) from continuing operations before income tax expense	<u>2,980,557</u>	<u>(4,650)</u>
Prima facie tax expense on profit/(loss) from ordinary activities at 30%:	894,167	(1,395)
Imputation credit gross up	54,770	167,554
Franking credit offset	(182,568)	(558,513)
Other deductible items	(3,981)	5,381
Under/(over) provision in prior year	5,520	(138,865)
	<u>767,909</u>	<u>(525,838)</u>
Effective tax rate	25.8%	

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

Sandon Capital Investments Limited
ABN 31 107 772 467
Notes to the Financial Statements
For the year ended 30 June 2016

4. Dividends

The following dividends were paid or provided for during the year:

Final and special dividend for the year ended 30 June 2015 paid on 30 October 2015	3.0	3.0
Interim dividend for the year ended 30 June 2016 paid 26 April 2016	2.0	2.0

Dividends declared but not recognised at year end

	30 June 2016	30 June 2015
Final fully franked dividend for 2016 of 3 cents (2015: Final fully franked dividend of 2 cents).	1,327,806	880,969
Special fully franked dividend for 2016 of nil (2015: Special fully franked dividend of 1 cent).	-	440,484
	<u>1,327,806</u>	<u>1,321,453</u>

Dividend franking account

Balance at the beginning of the year	3,372,776	3,424,888
Franking credits on dividends received	182,568	558,512
Franking credits on dividends paid	(945,711)	(610,624)
Balance available for subsequent reporting periods	2,609,633	3,372,776
Franked dividend declared but not yet recognised as a liability at 30 June 2016	(569,060)	
Balance available for subsequent reporting periods	<u>2,040,574</u>	

Franking credits (cents per share) 4.61

The franking balance of 4.61 cents per share supports the payment of a fully franked dividend of 10.76 cents per share, should there be sufficient profit reserves available.

5. Earnings per share

Profit after income tax used in the calculation of basic and diluted earnings per share	<u>2,212,648</u>	<u>521,188</u>
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Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS

No. shares	No. shares
<u>41,709,744</u>	<u>35,188,480</u>

Basic earnings per share (cents per share)	5.30	1.48
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There are no outstanding securities that are potentially dilutive in nature for the Company.

6. Cash and cash equivalents

	30 June 2016	30 June 2015
Cash at bank	1,783,331	1,178,303
Term Deposits	508,122	5,501,849
	<u>2,291,453</u>	<u>6,680,152</u>

7. Trade and other receivables

Outstanding settlements	26,230	188,440
Interest receivable	215	6,104
Dividend and New Zealand withholding tax receivable	51,521	45,930
GST receivable	51,546	4,010
Other receivable	24,420	1,778
	<u>153,932</u>	<u>246,262</u>

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

8. Financial assets

Financial assets held-for-trading comprise of:

Listed investments	40,113,541	27,223,385
Unlisted investments	206,449	207,641
	<u>40,319,990</u>	<u>27,431,026</u>

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ABN 31 107 772 467
Notes to the Financial Statements
For the year ended 30 June 2016

9. Deferred tax asset

	Opening Balance 1 July 2015	Under/(Over) Provision	Charged to Profit or Loss	Charged directly to equity	Closing Balance 30 June 2016
	\$	\$	\$	\$	\$
Accrued expense movements	10,815	861	38,342	-	50,018
Tax losses recognised	1,099,640	7,665	(1,075,305)	-	32,000
Capitalised costs	215,995	(3,006)	(76,727)	43,654	179,916
Balance as at 2016	1,326,450	5,520	(1,113,690)	43,654	261,934

10. Deferred tax liability

	Opening Balance 1 July 2015	Charged to Profit or Loss	Closing Balance 30 June 2016
	\$	\$	\$
Accrued income movements	8,626	5,714	14,340
Fair value adjustments	718,088	(345,975)	372,114
Balance as at 2016	726,714	(340,260)	386,454

	30 June 2016	30 June 2015
	\$	\$
11. Trade and Other Payables		
Management fee payable	48,830	38,313
Performance fee payable	699,415	-
Outstanding settlements	9,855	42,141
GST payable	-	1,437
Other payables	63,633	51,504
Total trade and other payables	821,733	133,395

12. Contributed equity and movements in total equity

	30 June 2016 \$	30 June 2016 Number	30 June 2015 \$	30 June 2015 Number
Share capital				
Fully paid ordinary shares	42,426,953	44,260,206	35,443,889	36,210,048
Movements in shares on issue:				
Opening balance	35,443,889	36,210,048	34,273,166	35,029,468
Shares issued - dividend reinvested	186,334	211,743	-	99,224
Shares issued - options exercised	5,000	5,000	1,170,723	1,081,356
Shares issued - share purchase plan	6,893,588	7,833,415	-	-
Cost of raising capital net of tax	(101,858)	-	-	-
Closing balance	42,426,953	44,260,206	35,443,889	36,210,048

On 22 October 2015, 4,204,164 fully paid shares were allotted at \$0.88 per share under a share placement.

On 26 October 2015, 3,629,251 fully paid shares were allotted at \$0.88 per share under the share purchase plan.

On 27 October 2015, 211,743 fully paid shares were allotted at \$0.88 per share as part of the dividend reinvestment plan.

During the year, 5,000 options were exercised at \$1.00 per share. All remaining options expired on 24 July 2015.

	30 June 2016 \$	30 June 2015 \$
13. Profits reserve		
Movement in profits reserve		
Balance as at beginning of the period	467,011	299,108
Transfer of profits for the period	2,212,648	1,592,694
Dividend paid	(2,206,658)	(1,424,791)
	473,001	467,011

The profit reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments.

Sandon Capital Investments Limited
ABN 31 107 772 467
Notes to the Financial Statements
For the year ended 30 June 2016

	30 June 2016	30 June 2015
14. Accumulated losses	\$	\$
Balance as at beginning of the period	(1,071,506)	-
Profits for the year	2,212,648	521,188
Transfer of profits for the period	<u>(2,212,648)</u>	<u>(1,592,694)</u>
	<u>(1,071,506)</u>	<u>(1,071,506)</u>

15. Events occurring after the reporting period

The Board has declared a final dividend of 3 cents per share fully franked and will be paid on 2 November 2016.

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.

16. Contingencies and commitments

There are no material contingent assets or liabilities as at 30 June 2016 (2015: Nil).

As at 30 June 2016, the Company had nil commitments (2015: Nil).

17. Segment information

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