SANDON CAPITAL

Sandon Capital Investments Limited
ABN 31 107 772 467

Appendix 4E – PRELIMINARY FINAL REPORT
For the full year ended 30 June 2020

Results For Announcement to the Market
All comparisons to the full year ended 30 June 2019

	$	Movement Up/Down	Movement %
Revenue from ordinary activities	(7,667,281)	Down	667%
Loss from operating activities before tax attributable to members	(9,975,508)	Down	2150%
Loss from operating activities after tax attributable to members	(8,663,844)	Down	4195%
Net loss for the period attributable to members	(8,663,844)	Down	4195%

Final Dividend	Cents per share	Franked amount per share	Tax rate of franking
2020 Final dividend	2.5	2.5	27.5%
Ex-dividend date			21 October 2020
Record date			22 October 2020
Payment date			12 November 2020

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will apply to this fully franked dividend.

Dividends paid during the period	Cents per share	Franked amount per share	Tax rate for franking
2019 Final dividend cents per share paid 12 November 2019	3.5	3.5	27.5%
2020 Interim dividend cents per share paid 28 May 2020	3.5	3.5	27.5%

Net Tangible Assets Per Share	30 June 2020 Cents	30 June 2019 Cents
Net tangible assets per share (before tax)	73.95	90.27
Net tangible assets per share (after tax)	75.97	89.52

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

Sandon Capital Investments Limited advises that its Annual General Meeting will be held on Thursday 19 November 2020. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEDT) 30 September 2020.

This report is based on accounts which are in the process of being audited.

Review of Operations

As a result of the investment performance particularly in the later part of the year, revenue from ordinary activities for the financial year ended 30 June 2020 was negative $7,667,281 (2019: $1,352,606) and the Company reported a net loss after tax of $8,663,844 (2019 loss: $201,711).

On 17 October 2019, the Company successfully completed its takeover offer of Mercantile Investment Company Ltd (**MVT** or **Mercantile**). MVT is now an unlisted wholly owned subsidiary. SNC now has more than 2,400 shareholders, compared to approximately 1,300 in June 2019.

On 6 January 2020, the Company completed a buy-back of unmarketable parcels of ordinary shares.

Dividend Announcement

On 31 August 2020, the Directors resolved to pay a final fully franked ordinary dividend of 2.5 cents per share. The dividend reinvestment plan (DRP) will apply to this dividend.

The key dates for the final dividend are:

Ex-date	21 October 2020
Record date	22 October 2020
Date payable	12 November 2020

The Board believes that aiming to pay dividends at this new lower level, and at the same time aiming to rebuild the profits reserve, is prudent and appropriate. The lower dividend level and the use of the DRP will also allow more returns to be retained for future growth.

Chairman's Letter

Dear Fellow Shareholders,

SNC's investment performance for the 2020 financial year was poor. The gross investment return was a loss of 11.9% before all fees and expenses, most of which was unrealised. This result was disappointing and represented the worst annual result for SNC since it was established. The investment performance of the portfolio that led to this outcome is discussed in greater detail later in this letter.

Investment performance during the 2020 financial year was a tale of two halves. The first half performance (to 31 December 2020) was strong and more than double that of the market.

In contrast, the impact of the COVID-19 pandemic was particularly harsh on the share prices of the companies owned by SNC in the second half to 30 June 2020. The table below shows these two halves.

	SNC Gross Return	Small Ordinaries Accumulation Index	All Ords Accumulation Index
6 months to 31 December 2019	8.1%	3.9%	3.6%
6 months to 30 June 2020	-18.5%	-9.2%	-10.4%
12 months to 30 June 2020	-11.9%	-5.7%	-7.2%

On 25 March 2020 we provided an update to shareholders in the context of global financial market upheaval and uncertainty. We sought to communicate the facts we knew at the time and considered pertinent to the SNC investment portfolio. In those late days of March we wrote:

> *"It's only when we look back at some point in the future that we will be able to pinpoint when the nadir was reached in capital markets. No-one will ring a bell at the bottom, and when the collective market has confidence that the worst of the COVID-19 pandemic has passed, share prices are likely to be materially higher than they are today.'*

Little did we know then that a very quiet bell had been rung on 22 March and today market indices seem to indicate the worst has passed. As is often the case, once one looks beyond the superficial observation, the depths are far more complex and nuanced.

The recovery in share market indices has been driven less by broad based rallies across all companies and sectors, and more by a few companies and sectors. Generally, large companies have outperformed small companies, fast growing technology companies have seized investor imaginations; and in commodities, iron ore and gold have reached multi-year highs. Many of these companies have now exceeded their pre-pandemic share price highs. Existing fortunes have been enhanced and new ones created by the share price recoveries in these sectors.

Perhaps inspired by our governments, investors seem beguiled by companies that offer high revenue growth potential, with little regard for whether real profits will ever be generated. Momentum dominates all else.

While some companies offer growth in revenues and customers, we fear that the growth expectations baked into current share prices will disappoint over the medium term. In particular, many of these companies will require exceptionally high growth rates into perpetuity to justify current prices. We anticipate disappointment for many investors that are not looking beyond the hype.

In the 25 March update, we sought to make the case for staying the course with our investment portfolio. Around that time, there was great uncertainty about how much worse the pandemic might become and what the economic impact might be. By the end of March, the RBA had cut the cash rate and the Australian Government had announced the Job Keeper scheme. Since then State and Federal Governments have made clear they are prepared to do "whatever it takes" to re-boot the economy with significant stimulus measures announced. Despite this, the toll on businesses in travel, tourism and hospitality sectors remains enormous. These sectors may take several years to recover. This is certainly the view being espoused by senior management of the airlines.

We are very pleased that the assessments we made of our key portfolio holdings during those dark days of March have proven sound. The reporting season so far, has vindicated the decision to stick with almost all our investments.

Chairman's Letter (continued)

During the year there were some standout results from the SNC portfolio. Our investment thesis in technology company OneMarket Ltd (**OneMarket**) came to fruition when on 30 September 2019, the OneMarket Board announced its intention to proceed with an orderly wind-up of the company. SNC received its initial distribution from OneMarket in June 2020, which represented a substantial gain on the average price paid for the shares. Also in June, a long and profitable takeover contest began for Infigen Energy Ltd (**Infigen**). It began at $0.80 cents per share and was finally concluded at $0.92 cents per share. This too represented a substantial gain on the average price SNC paid for the shares. Both these exits helped replenish SNC's cash levels, which had been historically low.

In terms of continuing investments, City Chic Collective Ltd (**City Chic**) is building on its strong organic growth with acquisitions of e-commerce businesses in the US. Iluka Resources Ltd (**Iluka**) confirmed the timetable for the spin-off of its Mining Area C iron ore royalty in late 2020. Consolidated Operations Group Ltd (**COG**) has announced its intention pay dividends in October 2020, something we have sought for quite some time. BCI Minerals Ltd (**BCI**) reported the results of the definitive feasibility study for its Mardie salt project, the development of which we believe has the potential to create significant value for BCI shareholders over five years and beyond. In each case, we believe our patience is beginning to be rewarded, in some cases quite handsomely.

There remain however, laggards, notably Fleetwood Corporation Limited (**Fleetwood**), whose shares have been in steady decline since early 2018. Fleetwood is clearly a high priority in financial year 2021.

The investment in Smiths City Group Ltd (Smiths City) in New Zealand was wholly impaired. Smiths City was under pressure from its bank to recapitalise or sell itself following the near complete shutdown of the New Zealand economy at the outset of the COVID-19 pandemic. We had worked with the company on a recapitalisation proposal, but unfortunately, we decided it was prudent not to proceed with the proposal. This led to the company selling its assets to a third party to satisfy the bank, leaving no return for shareholders. This was a regrettable outcome.

We will take the opportunity in our shareholder presentations later in the year to talk in greater detail about the investment portfolio and the opportunities we expect for realising value.

Outlook
Financial year 2021 is off to a promising start, with some encouraging financial results and corporate actions from some of our current portfolio companies.

We have been building positions in three new core positions, one of which is Boral Limited. The other two are as yet undisclosed. We plan to update shareholders on these new investments at the opportune time.

We remain cautious about the pandemic and its continued economic impacts in Australia and around the world. Investing with caution, patience and discipline in investment approach remain critical. In spite of this, we continue to identify opportunities in sectors and companies currently overlooked by most investors.

We see equity markets providing opportunities that will prove exceptionally profitable in years to come.

On behalf of the Board, I would like to thank our fellow shareholders for their continued support throughout 2020. That support has certainly been tested so far this year. We look forward to reporting to you on our progress in 2021.

Yours sincerely,

Gabriel Radzyminski
Chairman

31 August 2020

Sandon Capital Investments Limited
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Preliminary Financial Report
For the year ended 30 June 2020

Sandon Capital Investments
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Preliminary Financial Report
For the year ended 30 June 2020

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Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	June 2020	June 2019
		$	$
Net realised and unrealised gains on financial assets		(8,056,960)	682,556
Other Income from operating activities	3	389,679	670,050
Total Income		**(7,667,281)**	**1,352,606**
Management fees	18	(1,218,992)	(625,726)
Performance fees	18	-	(395,300)
Directors' fees	17	(94,993)	(66,124)
Company secretarial fees		(55,511)	(47,282)
Brokerage expense		(48,183)	(64,408)
Custody fees		(23,870)	(22,200)
ASX listing and chess fees		(151,687)	(84,469)
Share registry fees		(123,852)	(36,018)
Accounting fees	18	(54,625)	(56,716)
Audit fees	5	(86,720)	(66,360)
Taxation fees		(173,107)	(85,619)
Legal fees		(181,944)	(152,667)
Other operating expenses		(94,743)	(93,140)
Total expenses		**(2,308,227)**	**(1,796,029)**
Loss before Income Tax		**(9,975,508)**	**(443,423)**
Income tax benefit	4	1,311,664	241,712
Loss attributable to members of the Company		**(8,663,844)**	**(201,711)**
Other comprehensive income for the year		-	-
Total Comprehensive Loss for the period		**(8,663,844)**	**(201,711)**
Basic Loss per share (cents per share)	7	**(8.95)**	**(0.41)**
Diluted Loss per share (cents per share)	7	**(8.95)**	**(0.41)**

The accompanying notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2020

	Notes	June 2020	June 2019
		$	$
Assets			
Cash and cash equivalents	8	2,102,650	701,885
Trade and other receivables	9	46,201	76,158
Prepayments		33,148	8,250
Financial assets at fair value through profit/loss	10	96,345,329	54,039,953
Deferred tax assets	4	2,203,520	57,734
Total assets		**100,730,848**	**54,883,980**
Liabilities			
Trade and other payables	14	16,889,268	700,751
Financial liabilities at fair value through profit/loss	11	1,110,305	519,494
Deferred tax liabilities	4	4,596	502,039
Total liabilities		**18,004,169**	**1,722,284**
Net assets		**82,726,679**	**53,161,696**
Equity			
Issued capital	12	102,720,132	57,034,812
Profit reserve	13	1,229,224	1,334,797
Accumulated losses	15	(21,222,677)	(5,207,913)
Total equity		**82,726,679**	**53,161,696**

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
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Statement of Changes in Equity
As at 30 June 2020

	Notes	Issued Capital $	Accumulated losses $	Profit Reserve $	Total Equity $
Balance at 1 July 2018		**46,744,460**	**(3,098,537)**	**2,817,614**	**46,463,537**
Loss for the year attributable to the owners of the Company		-	(201,711)	-	(201,711)
Transfer to profit reserve	13	-	(1,907,665)	1,907,665	-
Shares issued as consideration for acquisition of shares in Mercantile		10,290,352	-	-	10,290,352
Dividends provided or paid	6	-	-	(3,390,482)	(3,390,482)
Balance at 30 June 2019	12	**57,034,812**	**(5,207,913)**	**1,334,797**	**53,161,696**
Balance at 1 July 2019		**57,034,812**	**(5,207,913)**	**1,334,797**	**53,161,696**
Loss for the year attributable to the owners of the Company		-	(8,663,844)	-	(8,663,844)
Transfer to profit reserve	13	-	(7,350,920)	7,350,920	-
Shares issued as consideration for acquisition of shares in Mercantile		44,229,638	-	-	44,229,638
Shares issued via dividend reinvestment plan		1,550,714	-	-	1,550,714
Share buy-back		(95,032)	-	-	(95,032)
Dividends provided or paid	6	-	-	(7,456,493)	(7,456,493)
Balance at 30 June 2020	12	**102,720,132**	**(21,222,677)**	**1,229,224**	**82,726,679**

The accompanying notes form part of these financial statements.

Sandon Capital Investments Limited
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Statement of Cash Flows
For the year ending 30 June 2020

	Notes	June 2020 $	June 2019 $
Cash flows from operating activities			
Proceeds from sale of investments		11,277,775	20,712,556
Payments for investments		(16,819,663)	(15,871,174)
Dividends and capital return received		368,421	602,624
Interest received		6,951	28,909
Other income received		28,845	61,252
Income tax payments		(10,185)	(1,055,953)
Management fees (GST inclusive)		(1,169,290)	(619,849)
Performance fees (GST inclusive)		(424,224)	(1,049,619)
Brokerage expense (GST inclusive)		(48,183)	(64,408)
Payment of other operating expenses		(1,138,872)	(459,286)
Net cash (used in)/provided by operating activities	19	**(7,928,425)**	**2,285,052**
Cash flows from investing activities			
Funding from investee entity		15,330,000	-
Net cash used in investing activities		**15,330,000**	-
Cash flows from financing activities			
Dividends paid net of re-investment		(5,905,778)	(3,390,482)
Share buy-back		(95,032)	-
Net cash provided by/(used in) financing activities		**(6,000,810)**	**(3,390,482)**
Net increase/(decrease) in cash and cash equivalents		1,400,765	(1,105,430)
Cash and cash equivalents at the beginning of the year		701,885	1,807,315
Cash and cash equivalents at end of the year	8	**2,102,650**	**701,885**
Non-cash transactions			
Payment for investment *		(44,229,638)	(10,290,351)
Proceeds from issue of shares via scrip consideration for acquisition *	12	44,229,638	10,290,351

* The Company issued 46,523,233 new fully paid ordinary shares as consideration of its takeover of MVT.

The accompanying notes form part of these financial statements.

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*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Company is a listed public company, incorporated and domiciled in Australia.

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

The financial report was approved for release by the Board of Directors on 31 August 2020.

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

Key judgements and accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the notes below.

The directors have determined that the Company meets the definition of an investment entity under AASB 10 hence as an investment entity it shall not consolidate its subsidiary or apply AASB 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit and loss in accordance with AASB 9.

a) Financial instruments

The Company adopted AASB 9 Financial Instruments from 1 July 2018 and continue to account all its financial instruments at fair value through profit and loss.

Recognition, Classification and Measurement
Financial assets are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are measured at fair value. Fair value is the price the Company would receive to realise an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the Company uses closing quoted last prices as a basis of measuring the fair value of assets and liabilities that are listed. The fair values of assets and liabilities that are not traded in an active market are determined using valuation techniques that maximise the use of observable market data.

A range of valuation techniques are applied to determine the fair value for unlisted securities.

Transaction costs related to financial instruments are expensed in the Statement of Financial Performance when incurred.

2. Statement of Significant Accounting Policies (continued)
a) Financial instruments (continued)
Recognition, Classification and Measurement (continued)

The company classifies its financial instruments into the following categories:

(i) Financial assets or liabilities through profit or loss
Financial assets or liabilities are classified at 'fair value through profit or loss' when they are held for trading. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Financial performance in the period in which they arise.

(ii) Investment Entity
Following the completion of the MVT takeover offer, the Company owns 100% of the shares on issue in MVT. On assessing the impact of AASB 10 Consolidated Financial Statements, based on the criteria set out in the standard, the directors continued to apply the investment entity definition to SNC hence the exception to consolidation has been applied. Therefore, the wholly owned entity MVT has not been consolidated into the financial statements but has instead been accounted for as a financial asset at fair value through profit and loss.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment
AASB 9 requires the Company to record expected credit losses on all its financial assets measured at amortised cost and financial guarantees.

For all other financial assets subject to impairment testing, depending on the significance of the credit risk, the allowances may be recognised on the basis of the lifetime credit loss or 12-month credit loss.

The company considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. These include factors such as adverse changes in financial performance or financial position of the counterparty and changes in external market indicators of credit risk.

Financial assets are regarded as 'credit-impaired' when events such as significant financial difficulty of the issuer/borrower or breach of contract have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.

The gross carrying amount of a financial asset is written off when the counterparty is in severe financial difficulty and the company has no expectation of recovery of the financial asset

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

c) Income tax
The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2. Statement of Significant Accounting Policies (continued)

d) Tax Consolidation
On 3 December 2019, the company formed a tax consolidated group with MVT and all its subsidiaries under the tax consolidated regime. The tax agreement is effective from 3 December 2019 for the income year ending 30 June 2020 and future years. The Australian Taxation Office has been notified of this decision. As a result of tax consolidation, adjustments were required for the reset of tax bases of assets of the subsidiaries.

Controlled entities within the relevant tax consolidated group continue to be responsible under the Company's tax funding agreement for funding their share of tax payments that are required to be made by the Company. These tax amounts are measured as if each entity within the tax consolidated group continues to be a stand-alone tax payer in their own right.

e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a GST inclusive basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

f) Fair Value Hierarchy
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 fair value of its cash, cash equivalents and investment portfolio values at the end of the reporting period.

g) New and amended accounting policies 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.

AASB 16 replaces AASB 117 Leases and is applicable for annual reporting commencing 1 July 2019. The standard removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases and move all off-balance sheet operating leases onto the balance sheet. On assessing the impact of AASB 16 it was determined that this new and amended Accounting Standard had no material impact to the company as the company has no lease agreements.

The IFRS Interpretations Committee has issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income taxes are applied where there in uncertainty over income tax treatments. Management have applied AASB Interpretation 23 Uncertainty over Income Tax Treatments, which becomes effective from 1 July 2019. Based on our assessment, the Company does not have any treatments or positions which requirement adjustments or disclosure required by the interpretation.

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.

h) Rounding of amounts
In accordance with *ASIC Corporations* (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar unless otherwise stated.

3. Income

Interest income is recognised in the Statement of Financial Performance for all financial instruments on an accrual basis. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

	June 2020 $	June 2019 $
Dividend income	353,883	579,889
Trust distributions	18,845	45,652
Interest income	6,951	28,909
Other income	10,000	15,600
	389,679	**670,050**

4. Income tax

The income tax expense or benefit for the period represents the tax payable on the current period's taxable income based on the Australian corporate income tax rate (27.5%) adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Tax (benefit)/expense composition	**June 2020** **$**	**June 2019** **$**
Tax expense comprises:		
(Increase)/decrease in deferred tax assets	(814,221)	2,701
Decrease in deferred tax liabilities	(497,443)	(248,050)
Current tax movement	-	3,637
	(1,311,664)	**(241,712)**

a) Reconciliation of loss to Income Tax Benefit prima facie

	June 2020 **$**	**June 2019** **$**
Loss from continuing operations before income tax expense	**(9,975,508)**	**(443,423)**
Prima facie tax benefit on loss from ordinary activities at 27.5%	(2,743,265)	(121,941)
Imputation credit gross up	25,680	54,754
Franking credit offset	-	(199,106)
Other deductible items	959,997	55,193
Other non-assessable income	(2,750)	-
Withholding tax claimed	-	1,309
Over provision in prior year	542,057	(31,921)
Deferred tax asset on unused franking credits	(93,383)	-
	(1,311,664)	**(241,712)**
Effective tax rate	**13.2%**	**54.5%**

4. Income Tax (Continued)

b) Deferred tax asset	Opening Balance July 2019 $	Under/(Over) Provision $	Charged to Profit or Loss $	Closing Balance June 2020 $
Accrued expense movements	35,610	(5,500)	91,834	121,944
Tax losses recognised	-	-	737,717	737,717
Capitalised costs	22,124	13,167	(14,970)	20,321
Investee entity member tax losses	-	-	1,323,538	1,323,538
Balance	**57,734**	**7,667**	**2,138,119**	**2,203,520**

c) Deferred tax liability	Opening Balance July 2019 $	Under/(Over) Provision $	Charged to Profit or Loss $	Closing Balance June 2020 $
Accrued income movements	49,564	-	(44,968)	4,596
Fair value adjustments	452,475	541,697	(994,172)	-
Balance	**502,039**	**541,697**	**(1,039,140)**	**4,596**

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

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or settled. Deferred tax is credited in the Statement of Financial Performance except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Current tax assets and liabilities are offset when there is a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax asset and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

5. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor and its related practices:

	June 2020 $	June 2019 $
Agreed fees for audit and review of financial reports (Grant Thornton)	49,500	-
Agreed fees for audit and review of financial reports (Pitcher Partners)	31,720	58,912
Other assurance services (Pitcher Partners)	5,500	10,307
	86,750	**69,219**

Pitchers Partners were the auditors for the financial year ended 30 June 2019 and for half year ended December 2019.
Grant Thornton were the auditors for the financial year ended 30 June 2020.

6. Dividends

The Company's dividend policy is to pay a regular and growing stream of fully franked dividends to shareholders, provided that the company has sufficient profit reserves, franking credits and it is within prudent business practice. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax.

Dividends are paid on a six-monthly basis.

The Company has a Dividend Reinvestment Plan. The Dividend Reinvestment Plan will apply to the final dividend for the year ended 30 June 2020

a) Dividends paid during the year	**Amount per security (cents)**	**Franked amount per security (cents)**
The following dividends were paid or provided for during the year: Final fully franked dividend for the year ended 30 June 2019 paid on 12 November 2019.	3.5	3.5
Interim fully franked dividend of 3.5 cents per share for the period ended 31 December 2019 paid on 28 May 2020.	3.5	3.5
	June 2020 $	**June 2019 $**
Final fully franked dividend of 3.5 per share paid 12 November 2019 (2018: Final fully franked dividend of 3.5 cents per share paid on 2 November 2018).	3,723,452	1,695,241
Interim fully franked dividend of 3.5 cents per share paid 28 May 2020 (2019: Interim fully franked dividend of 3.5 cents per share for the period ended 31 December 2018 paid on 28 May 2019).	3,733,041	1,695,241
	7,456,493	**3,390,482**

b) Dividend franking account	**June 2020 $**	**June 2019 $**
Balance at the beginning of the year	939,267	998,569
Franking credits on dividends received	93,724	201,288
Franking credits on dividends received by investee entity	162,582	0
Other tax payments	8,301	1,025,454
Other tax payments by investee entity	(5,390)	0
Franked dividends paid	(2,828,325)	(1,286,045)
Franking credits transferred from investee entity on tax consolidation	13,206,468	0
Balance available for subsequent reporting periods	11,576,627	939,267
Franked dividend declared but not recognised as a liability at 30 June	-	-
Balance available for subsequent reporting periods	**11,576,627**	**939,267**
Franking credits (cents per share)*	10.66	1.59

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

The franking balance of 10.66 cents per share supports the payment of a fully franked dividends of 28.10 cents per share, should there be sufficient profit reserves available.

Total number of fully paid shares issued as at 30 June 2020 is 108,624,261.

7. Earnings per share

Basic earnings per share are determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are determined by dividing the operating profit after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

	June 2020 $	June 2019 $
(Loss) after income tax used in the calculation of basic and diluted earnings per share	(8,663,844)	(201,711)
	No. shares	**No. shares**
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	96,778,470	48,909,903
Basic and diluted (loss)/earnings per share (cents per share)	(8.95)	(0.41)

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

8. Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

	June 2020 $	June 2019 $
Cash at bank	801,916	110,227
Unsettled short trades	1,300,734	591,658
	2,102,650	**701,885**

9. Trade and other receivables

Interest income is recognised in the Statement of Financial Performance for all financial instruments on an accrual basis. Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. Outstanding settlements are unsettled sales with brokers which are generally received within two business days. All other receivables are due within 12 months after reporting period.
Management have considered the recoverability of trade and other receivables under the provisioning methodology of expected credit losses (ECL). Given the nature of trade and other receivables management have determined the ECL should be nil.

	June 2020 $	June 2019 $
Dividend and withholding tax receivable	18,600	32,562
GST receivable	25,519	43,096
Provision for income tax	2,082	500
	46,201	**76,158**

10. Financial assets

The fair value of the Company's portfolio composition has been disclosed on page 2 of the annual report which include listed and unlisted investments. Details of the investment performance have also been outlined in the Chairman's Letter on pages 3 to 5 of the annual report.

	June 2020 $	June 2019 $
Financial assets at fair value through profit or loss comprise of:		
Listed investments	46,227,818	53,245,247
Unlisted investments	50,117,511	794,706
	96,345,329	**54,039,953**

11. Financial liabilities

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

	June 2020 $	June 2019 $
Borrowed stock	1,110,305	519,494
	1,110,305	**519,494**

12. Contributed equity and movements in total equity

Capital management
The Company's objectives with respect to managing its capital are to provide shareholders with capital growth over the medium term, balanced with the payment of a growing stream of fully franked dividends.
There have been no changes in the strategy adopted by the Board in managing the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.
There have been no changes in the strategy adopted by the Board in managing the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

	June 2020		June 2019	
Share Capital	**$**	**No.**	**$**	**No.**
Fully paid ordinary shares	102,720,132	108,624,261	57,034,812	59,259,401
Movements in shares on issue:				
Opening balance	57,034,812	59,259,401	46,744,460	48,435,427
Shares issued – dividend reinvested	1,550,714	2,353,075	-	-
Shares issued – as consideration for acquisition of options in Mercantile	-	601,457	-	-
Shares issued – as consideration for acquisition of shares in Mercantile	44,229,638	46,523,233	10,290,352	10,823,974
Share buy-back	(95,032)	(112,905)	-	-
Closing balance	**102,720,132**	**108,624,261**	**57,034,812**	**59,259,401**

New Shares issue
On 17 October 2019, the Company completed the takeover of MVT. The offer consideration for the takeover bid was 0.2043 SNC shares for every 1 MVT share. As a result, the Company moved to a relevant interest in 100% of the shares in MVT. On 18 October 2019 MVT was removed from Official Quotation and recategorized as a Debt Listing on ASX.

During financial year, the company made no option issues to shareholders and no capital was raised through the exercise of options.

Terms and conditions of contributed equity:
Ordinary shares have the right to receive dividends as declared. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

13. Profit reserve

The profit reserve is made up of amounts transferred from current period earnings and prior period retained earnings carried forward that are preserved for future dividend payments.

Movement in profit reserve	**June 2020 $**	**June 2019 $**
Balance as at beginning of the period	1,334,797	2,817,614
Transfer from retained earnings	7,350,920	1,907,665
Dividends paid	(7,456,493)	(3,390,482)
	1,229,224	**1,334,797**
Profit reserve (cents per share)	1.13	2.25

14. Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost. Purchases of securities and investments that are unsettled at the reporting date are included in payables and are normally settled within two business days of trade date. Trade and payables are due within 12 months of reporting date.

	June 2020 $	**June 2019 $**
Management fee payable	112,690	62,988
Performance fee payable	-	424,224
Outstanding settlements	-	11,541
Other payables	123,040	201,998
Intercompany tax payable under tax funding agreement	1,323,538	-
Amounts payable to investee entity	15,330,000	-
Total trade and other payables	**16,889,268**	**700,751**

15. Accumulated losses

	June 2020 $	**June 2019 $**
Balance as at beginning of the period	(5,207,913)	(3,098,537)
(Loss)/Profit for the year	(8,663,844)	(201,711)
Transfer to profit reserve	(7,350,920)	(1,907,665)
	(21,222,677)	**(5,207,913)**

16. Financial risk management

The Company's financial instruments consist of cash and cash equivalents, listed and unlisted investments, trade receivables and trade payables. The risks to which the Company is exposed through these financial instruments are discussed below and include liquidity risk, counter party risk and market risk consisting of other price risk, foreign exchange risk, and interest rate risk.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks on a regular basis.

	June 2020 $	June 2019 $
Financial Assets at Amortised Cost		
Cash and cash equivalents	2,102,650	701,885
Trade and other receivables	46,201	76,158
	2,148,851	778,043
Financial assets at fair value through profit or loss:		
Listed investments	46,227,818	53,245,247
Unlisted investments	50,117,511	794,706
	96,345,329	54,039,953
	98,494,180	**54,817,996**
Financial liabilities at Amortised Cost		
Trade and other payables	16,889,268	700,751
Financial liabilities at fair value through profit or loss:		
Financial liabilities	1,110,305	519,494
	17,999,573	**1,220,245**

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 has been based on the closing quoted last prices at the end of the year, excluding transaction 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 fair value of its cash, cash equivalents and investment portfolio values at the end of the reporting period.

As at 30 June 2020, the Company has one unlisted investment classified as level 2. This investment is MVT.

16. Financial risk management (continued)
a) Fair value hierarchy (continued)

MVT was acquired as result of the takeover offer which was successfully completed on 17 October 2019. The investment in MVT, which is now an unlisted wholly owned subsidiary, has been valued at its underlying post-tax net asset backing at the end of the reporting period. Although MVT itself is unlisted, and hence is reported as a level 2 asset, 79% of MVT's investment portfolio comprises level 1 assets. The balance of the fair value hierarchy comprises level 2 assets (1% of MVT's portfolio) and level 3 assets (20% of MVT's portfolio). The portion of MVT's assets that are reported as investments was valued at $48,209,581 as at 30 June 2020.

Other assets, such as the investments in ASK Funding Ltd and Richfield Maritime Agencies are reported as loans and cash.

The following table presents the composition of MVT's investment portfolio as at 30 June 2020.

MVT's Australian Securities Exchange Listed Investments **Listed Domestic Investments**	**Total Value** $
MG Unit Trust	5,160,000
Fleetwood Corporation Ltd	4,070,317
Yellow Brick Road Ltd	3,975,673
Ingenia Communities Group	2,449,742
Australian Silica Quartz Group Ltd	1,614,721
Joyce Corporation Ltd	1,530,000
Fitzroy River Corporation Ltd	1,223,734
BCI Minerals Ltd	1,020,000
Coventry Group Ltd	874,022
Dawney & Co Ltd	751,746
Consolidated Operations Group Ltd	503,431
Cashwerkz Ltd	494,228
Kingsgate Consolidated Ltd	400,000
Sietel Ltd	334,892
Iluka Resources Ltd	274,305
Pental Ltd	243,310
Desane Group Holdings Ltd	230,307
Clearview Wealth Ltd	118,495
Ricegrowers Ltd	112,000
CML Group Ltd	77,657
MMA Offshore Ltd	65,000
American Patriot Oil & Gas Ltd	63,000
Reverse Corporation Ltd	48,136
Smart Parking Ltd	48,000
Quattro Plus Real Estate Ltd	36,074
Total Listed Domestic Investments	**25,293,792**
Listed International Investments	
Spectra Systems Corp PLC (UK)	8,668,987
Tower Ltd (NZ)	1,460,690
Worsely Investors Ltd	1,309,502
Hydro Hotel Eastbourne PLC (UK)	758,937
Enteq Upstream PLC (UK)	236,106
Smart (J.) & Co. (Contractors) PLC (UK)	402,668
Northamber PLC (UK)	291,789
Total Listed International Investments	**13,128,679**

16. Financial risk management (continued)
a) Fair value hierarchy (continued)

Unlisted Domestic Investments	
CM Capital Venture Trust No 4	4,018,148
Archer Capital Fund 4	281,365
Scantech Ltd	100,181
Multiplex Europe	19,445
Pacific Equity Partners Fund IV - Core	15,676
DMX Corporation Ltd	4,800
Pacific Equity Partners Fund IV - Supplemental	1,683
Total Unlisted Domestic Investments	**4,441,298**
Unlisted International Investments	
Foundation Life (NZ) Investment (NZ)	5,345,652
European Real Estate Investment Trust (UK)	160
Total Unlisted International Investments	**5,345,812**
Total MVT's Portfolio Composition	**48,209,581**

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 30 June 2020, the Company had three unlisted investments classified as level 3.

The Company's investment in Carbon Conscious Investment Ltd (**CCIL**) valued at $345,519 (June 2019: $445,755), 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 $281,350 (June 2019: $348,951) 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).

The Company's investment in OneMarket Ltd (**OneMarket**) was valued at nil at the end of the reporting period (June 2019: $2,169,505 reported under Level 1 fair value hierarchy). During the period OneMarket commenced a voluntary winding up and delisted from the ASX on 02 December 2019. Subsequently, the investment was transferred from level 1 to level 3 in the fair value hierarchy. Following the delisting of OneMarket the Company received a capital return of $3,124,188. Any further distributions are yet to be determined by OneMarket.

16. Financial risk management (continued)
a) Fair value hierarchy (continued)

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2020.

Financial assets and liabilities at fair value through profit or loss:

	Level 1 $	Level 2 $	Level 3 $	Total $
June 2020				
Listed investments	46,227,818	-	-	46,227,818
Unlisted investments	-	49,490,642	626,869	50,117,511
Financial liabilities	(1,110,305)	-	-	(1,110,305)
	45,117,513	**49,490,642**	**626,869**	**95,235,024**

There was one investment transferred from level 1 to level 3 in the fare value hierarchy during the period.

Financial assets and liabilities at fair value through profit or loss:

	Level 1 $	Level 2 $	Level 3 $	Total $
June 2019				
Listed investments	53,245,247	-	-	53,245,247
Unlisted investments	-	-	794,706	794,706
Financial liabilities	(519,494)	-	-	(519,494)
	52,725,753	**-**	**794,706**	**53,520,459**

b) Objectives, strategies, policies and processes
This note presents information about the Company's exposure to each of the risks identified below and the Company's policies and processes for measuring and managing risks.

The Manager, Sandon Capital Pty Limited, invests the Company's capital in accordance with the Company's investment objectives and terms and conditions as set out in the Investment Management Agreement.

c) Market risk
Market risk is the risk of changes in market environment, such as changes in inflation expectations (drives a change in interest rates) or the return of an asset class (Australian/International equities measured by an appropriate index).

By its nature, as a listed investment company that invests in Australian and New Zealand securities, the Company will always be subject to market risk. The market risk is inherent and can be partially managed by the skill of the manager. Further, the Manager tends to invest in a concentrated portfolio of securities, this offers some diversification benefits but may not be as diverse as a broad market exposure.

d) Other price risk
The Company is exposed to share price risk through its investments in securities on the Australian and New Zealand Stock Exchanges.

Price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Company's investments are recorded at fair value, any fair value changes are recognised in the Statement of Financial Performance, any change in market conditions will likely directly affect net investment income.

16. Financial risk management (continued)
d) Other price risk (continued)

The Manager mitigates this price risk through its disciplined stock selection and portfolio construction process and adherence to the Company's investment guidelines.

The Company's investments are monitored on a regular basis by the Manager.

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

	June 2020 $	June 2019 $
Financial assets and liabilities – at fair value through profit or loss		
Listed investments	46,227,818	53,245,247
Unlisted investments	50,117,511	794,706
Financial liabilities	(1,110,305)	(519,494)
	95,235,024	**53,520,459**
Price risk sensitivity analysis		
Change in Profit before tax		
– Increase in portfolio prices by 5%	4,761,751	2,676,023
– Decrease in portfolio prices by 5%	(4,761,751)	(2,676,023)

Financial assets at fair value through profit or loss are actively managed on a short term basis and are fair valued through the Statement of Financial Performance. Any movement in the portfolio price will be recorded in the Statement of Financial Performance.

(i) Foreign exchange risk
The majority of the Company's investments are listed on the Australian Securities Exchange and are quoted in Australian dollars.

The Company has two investment in New Zealand with a total direct translation exposure at 30 June 2020 of $682,948. The Company also has one investment in The United States with a total direct translation exposure at 30 June 2020 of $250,197

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

Whilst the New Zealand dollar depreciated and the American dollar appreciated against the Australian dollar in the financial year, the overall exposure made a small negative contribution to the portfolio's return.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company, however, is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. The following sensitivity analysis only comprises the Company's direct exposure to changes in interest rate risk.

	June 2020 $	June 2019 $
Changes in Profit/Equity		
Increase in interest rates by 0.5%	10,513	3,509
Decrease in interest rates by 0.5%	(10,513)	(3,509)

16. Financial risk management (continued)
d) Other price risk (continued)
iii) Interest rate risk (continued)

The Company's direct exposure to interest rate risk and the effective weighted interest rates on classes of financial assets and liabilities are as follows:

	Weighted average effective interest	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2020		**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	0.08%	2,102,650	-	-	2,102,650
		2,102,650			**2,102,650**
2019					
Financial assets					
Cash and cash equivalents	1.5%	701,885	-	-	701,885
Total financial assets exposure		**701,885**	**-**	**-**	**701,885**

e) Counter party risk
Counter party risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to counterparty risk on financial assets, is the carrying amount net of any expected credit loss of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that our counterparties are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diverse to mitigate the general counterparty risk.

The majority of the Company's receivables arise from unsettled trades at year end which are settled two days after trade date. The Manager engages with brokers and purchases securities that are listed on the Australian and New Zealand Securities Exchanges.

Counter party risk is not considered to be a material risk to the Company as the majority of cash and term deposits held by the Company are invested with major Australian financial institutions. Any term deposit typically matures within three months.

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

f) Concentrations of risk
Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

As the manager tends to invest in a concentrated portfolio of securities, this offers some diversification benefits but may not be as diverse as a broad market exposure.

The concentrations of risk were monitored by the Manager to ensure they were within acceptable limits by reducing the exposures ensuring appropriate diversification or by other means as deemed appropriate.

g) Liquidity risk
Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In normal market conditions, the company has a high level of liquidity. The high liquidity is a function of the level of cash or cash equivalents held and that its other financial assets are listed on recognised security exchange and there is a quoted market for those assets.

The liquidity of the investment portfolio is monitored and managed by the investment manager. The manager takes into account the size of the investment position and the average daily turnover of the investee company on the exchange.

The Manager monitors the Company's cash-flow requirements regularly by reference to known sales and purchases of securities, dividends and interest to be paid or received. The Company typically holds a portion of its portfolio in cash sufficient to ensure that it has cash readily available to meet all payments and to take advantage of the price of investment opportunities.

All the trade payables and financial liabilities are typically settled within 30 days.

17. Directors remuneration and holdings

a) Names and positions held of key management personnel in office as at the end of the financial year are:

Key Management Person	
Gabriel Radzyminski	Non-executive Director & Chairman
Peter Velez	Non-executive Director
Melinda Snowden	Non-executive Director

b) Aggregate compensation made to Key Management Personnel

	Short term benefits $	Post- Employment Benefit Superannuation $	Total $	
Year Ended 30 June 2020	87,647	3,904	91,551	*
Year Ended 30 June 2019	60,276	3,407	63,683	

* During the year, $20,000 was paid to the independent non-executive directors for services beyond the normal expectations of a non-executive director arising from the takeover of MVT. These payments are not subject to the maximum total remuneration cap of $85,000 per annum.

The remuneration of the Directors is not linked to the performance of the Company. The Manager is a director-related entity which received a management fee of $1,308,187 (2019: $671,511), nil performance fee (2019: $424,224) and fees for accounting and administration totalling $48,047 (2019: $60,866).

c) Other transactions with key management personnel or entities related to them
No Director has entered into a material contract with the Company since the last reporting date and there were no material contracts involving Directors' interests subsisting at the reporting date.

(i) Loan transactions and balances
The Company has not made, guaranteed or secured, directly or indirectly any loans to key management personnel or their related entities during the year (2019: $Nil).

17. Directors remuneration and holdings (continued)
c) Other transactions with key management personnel or entities related to them (continued)

(ii) Shareholdings
From time to time directors of the company, or their director related entities, could purchase or sell the Company's securities through the Australian Securities Exchange in accordance with the Company's security trading policy.

Number of Shares held directly, indirectly or beneficially by Key Management Personnel, or by entities to which they were related, were:

2020	Balance 1 July 2019 $	Net Acquisition $	Retiring Director Holdings $	Balance 30 June 2020 $	
Shares					
Gabriel Radzyminski	434,859	910,369	-	1,345,228	^
Peter Velez	42,000	28,737	-	70,737	
Melinda Snowden	5,000	287	-	5,287	
Sir Ron Brierley	10,823,974	14,184,618	(25,008,592)	-	^
	11,305,833	**15,124,011**	**(25,008,592)**	**1,421,252**	

^includes indirect holdings

2019	Balance 1 July 2018 $	Net Acquisition $	Retiring Director Holdings $	Balance 30 June 2019 $	
Shares					
Gabriel Radzyminski	434,859	-	-	434,859	^
Matthew Kidman	123,333	-	(123,333)	-	
Peter Velez	42,000	-	-	42,000	
Melinda Snowden	-	5,000	-	5,000	
Sir Ron Brierley	-	10,823,974	-	10,823,974	^
	11,305,833	**10,828,974**	**(123,333)**	**11,305,833**	

^includes indirect holdings

18. Related Party Transactions

a) Investment management agreement
The Company and the Manager entered into a management agreement dated 11 November 2013. A Director of the Company, Gabriel Radzyminski, is also a Director of the Manager. The Manager is permitted to undertake investments that fall within the Company's investment strategy on behalf of the Company and without the approval of the Company's Directors. Investments that are outside the Company's investment strategy will require Board approval. In circumstances where Board approval is required, the Manager will provide the Board with details of the relevant investment opportunity. The Board will review the information and will either give or withhold the approval required for the Company to make that investment. Assuming that the Board approves the investment, the Manager will then execute the investment on behalf of the Company.

The term of the management agreement is 10 years and neither the Company, nor the Manager, may terminate the Management Agreement upon the occurrence of a change of control event in respect of either party.

b) Management and performance fees
The Manager is entitled to be paid a monthly management fee equal to 0.1042% (exclusive of GST) of the gross value of the Portfolio calculated on the last business day of each month. The Management fee is 1.25% per annum (exclusive of GST).

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

The Manager is also entitled to receive a performance fee calculated as a percentage of the increase in the value of the Portfolio for each performance period. The performance fee is equal to 20% (exclusive of GST) of the amount (if any) of portfolio over-performance (amount by which the increase in the value of the portfolio exceeds the benchmark performance) during the performance calculation period**,** subject to a high water mark adjusted for dividends.

	June 2020 $	June 2019 $
Management fees (GST inclusive) *	1,308,187	671,511
Performance fees (GST inclusive) *	-	424,224
	1,308,187	**1,095,735**

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

At 30 June 2020, $112,690 GST inclusive remains payable by the Company to the Manager (2019: $487,212 GST inclusive).

c) Accounting fee

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

	June 2020 $	June 2019 $
Accounting fees (GST inclusive) *	48,047	60,866
	48,047	**60,866**

** The difference between the amount disclosed above and the Statement of Financial Performance are the reduced input tax credits claimable as well as any services rendered by accounting firms other than Sandon Capital Pty Limited*

d) Intercompany payables

Intercompany balances outstanding at the end of the financial year have disclosed at Note 14.

19. Cash flow information

Reconciliation of Cash Flow from operating activities with (loss)/ profit after income tax

	30 June 2020 $	30 June 2019 $
Loss from operations after income tax	(8,663,844)	(201,711)
Net movement in financial assets held for trading	2,515,072	4,158,826
Changes in assets and liabilities:		
Decrease in receivables	29,957	315,797
(Increase)/decrease in prepayments	(24,898)	277
(Increase)/decrease in deferred tax assets	(2,145,786)	2,701
Increase/(decrease) in payables	858,518	(525,727)
Decrease in deferred tax liabilities	(497,444)	(1,465,111)
Net cash used in operating activities	**(7,928,425)**	**2,285,052**

20. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 185. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was $48,183 (2019: $64,408).

21. Events occurring after the reporting period

On 31 August 2020, the Directors resolved to pay a final fully franked ordinary dividend of 2.5 cents per share. The dividend reinvestment plan (DRP) will apply to this dividend

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it did an impact on the group’s investment portfolio at 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

22. Contingencies and commitments

There are no contingent assets or liabilities as at 30 June 2020 (2019: Nil). As at 30 June 2020, the Company had nil commitments (2019: Nil).

23. Segment information

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