SANDON CAPITAL

Sandon Capital Investments Limited
ABN 31 107 772 467

Appendix 4E – PRELIMINARY FINAL REPORT
For the full year ended 30 June 2021

Results For Announcement to the Market
All comparisons to the full year ended 30 June 2020

	$	Movement Up/Down	Movement %
Revenue from ordinary activities	56,513,393	Up	837%
Profit from operating activities before tax attributable to members	45,294,975	Up	554%
Profit from operating activities after tax attributable to members	37,337,092	Up	531%
Net profit for the period attributable to members	37,337,092	Up	531%

	Final 2021 Dividend			Special Dividend		
	Cents per Share	Franked amount per share	Tax Rate of franking	Cents per Share	Franked amount per share	Tax Rate of franking
Dividend	2.75	2.75	25%	1.00	1.00	25%
Ex-dividend date			19 October 2021			30 November 2021
Record date			20 October 2021			1 December 2021
Payment date			5 November 2021			20 December 2021

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will apply to both these fully franked dividends.

Dividends paid during the period	Cents per share	Franked amount per share	Tax rate for franking
2020 Final dividend paid 12 November 2020	2.5	2.5	26%
2021 Interim dividend paid 03 June 2021	2.5	2.5	26%

Net Tangible Assets Per Share	30 June 2021 Cents	30 June 2020 Cents
Net tangible assets per share (before tax)	111.43	73.95
Net tangible assets per share (after tax)	105.21	75.97

Dividends of 5.0 cents per share were paid during the period.

Sandon Capital Investments Limited advises that its Annual General Meeting will be held on Thursday 25 November 2021. 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) 13 October 2021.

This report is based on the Annual Financial Report that has been audited by Grant Thornton. All documents comprise the information required by Listing Rule 4.3A. The audit report is included with the Company's Annual Report which accompanies this Appendix 4E.

Sandon Capital Investments Limited
ABN 31 107 772 467

Annual Report
For the year ended 30 June 2021

Sandon Capital Investments Limited
ABN 31 107 772 467

Annual Report
For the year ended 30 June 2021

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Sandon Capital Investments Limited
ABN 31 107 772 467

Company Particulars

Registered Office
Level 5, 139 Macquarie Street
Sydney NSW 2000
Telephone: 02 8014 1188
www.sandoncapital.com.au
info@sandoncapital.com.au

Stock exchange listing
Sandon Capital Investments Limited shares are listed on the Australian Securities Exchange (ASX code: SNC)

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

Company Secretary
Mark Licciardo
Mertons Corporate Services Pty Ltd
Level 7, 330 Collins Street
Melbourne VIC 3000

Auditor
Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

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

Sandon Capital Investments Limited
ABN 31 107 772 467

Portfolio Composition
As at 30 June 2021

Australian Securities Exchange/New Zealand's Exchange Listed Investments	**Total Value $**
COG Financial Services Limited	11,973,723
City Chic Collective Limited	10,964,200
BCI Minerals Ltd	9,895,974
Fleetwood Corporation Ltd	8,356,005
Coventry Group Ltd	6,110,056
IDT Australia Limited	5,993,438
Boral Limited	5,966,730
Iluka Resources Limited	5,107,118
A2B Australia Limited	4,882,697
Tabcorp Holdings Limited	4,254,552
Deterra Royalties Limited	2,511,698
Karoon Energy Ltd	2,376,173
Ardent Leisure Group Limited	2,004,264
Wellard Limited	1,782,561
Alterra Limited	1,664,769
Earlypay Ltd	1,642,515
Alliance Resources Limited	1,494,266
Ainsworth Game Technology Limited	1,188,274
Global Data Centre Group	571,482
Nuix Limited	520,000
Ignite Limited	440,326
Midway Limited	415,386
Willis Lease Fin Corp Com	391,264
Cashwerkz Limited	360,000
TerraCom Limited	279,013
Yellow Brick Road Holdings Limited	177,895
Dawney & Co Ltd	102,332
Total Listed Investments	**91,426,711**
Unlisted Investments	
Mercantile Investment Company Limited*	63,513,724
Monash Absolute Investment Company Ltd	476,871
Carbon Conscious Ltd	354,245
Foundation Life (NZ) Limited (New Zealand)	280,719
OneMarket Ltd	101,244
Total Unlisted	**64,726,803**
Total Cash and cash equivalents	**2,182,981**
Total Portfolio Composition	**158,336,495**

* The MVT Portfolio is disclosed in note 16(a) on page 29

Chairman's Letter

Dear Fellow Shareholders,

The Directors of Sandon Capital Investments Ltd (ASX:SNC) (**SNC** or **the Company**) present the Company's Annual Report for the year ended 30 June 2021.

SNC's gross investment return was 68.3% before all fees and expenses, most of which was unrealised. The investment performance of the portfolio is discussed in greater detail later in this letter.

Financial Highlights

As a result of the investment performance, revenue from ordinary activities for the financial year ended 30 June 2021 was $57,245,198 (2020: negative $7,667,281) and the Company reported a net profit after tax of $37,957,302 (2020: loss of $8,663,844).

Dividend Announcements

On 16 July 2021, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The dividend reinvestment plan (**DRP**) will apply to this dividend.

On 18 August 2021, the Directors announced their intention to pay a fully franked special dividend of 1.00 cent per share. The DRP will also apply to this dividend.

The key dates for these dividends are:

	Final Dividend	Special Dividend
Ex date	19 October 2021	30 November 2021
Record Date	20 October 2021	1 December 2021
DRP Election Date	21 October 2021	2 December 2021
Payment Date	5 November 2021	20 December 2021

As at 31 July 2021, SNC had profit reserves of 32.1 cents per share and 9.6 cents per share in franking credits.

Corporate Update

During the year, the Company's wholly owned subsidiary Mercantile Investment Company Ltd (**MVT** or **Mercantile**) successfully restructured its listed unsecured notes (MVTHA). A term of the restructure was the provision of a deed poll guarantee by SNC to meet MVT's payments obligations under the Note Terms. The Deed Poll Guarantee in favour of each Noteholder and MVT became effective 24 June 2021. MVTHA Noteholders also approved changes to the terms of the notes, including an extension of the maturity to 10 July 2026 and a reduction in the interest rate from 8.0% to 4.8%. Noteholders seeking to redeem their notes were able to do so as part of the restructure and new notes totalling $15.0 million were issued after balance date. There are now 290,578 MVTHA notes on issue, with a face value of $29.1 million. SNC had 2,540 shareholders at the end of period.

Investment Objectives

SNC's objectives are to preserve shareholder capital, deliver a positive absolute return over the medium term and to provide shareholders with a growing stream of fully franked dividends.

SNC is a value investor seeking to purchase investments below its assessment of their intrinsic value. As an activist investor, SNC takes value investing one step further by aiming to influence and encourage changes that can preserve or enhance the value of its investments.

Chairman's Letter (continued)

Investment Performance

The year to 30 June 2021 was one of exceptional investment returns, with a gross portfolio returns of 68.3%. Following the pandemic driven downturn in equity markets in the 2020 fiscal year, one could be forgiven for thinking that the 2021 fiscal year return simply reflects the rebound in equity markets. In fact, it is a result borne of the last three to four years of work on key investments. What we see in these portfolio positions are the fruits of several years' worth of effort by us (and in turn the companies themselves) to foster changes we believed would benefit the companies and their shareholders. Iluka Resources Ltd (**ILU**)/Deterra Royalties Ltd (**DRR**) and Fleetwood Ltd (**FWD**) are two prime examples where the patient application of our investment approach was rewarded, both with the changes we had sought, and ensuing share price appreciation.

If we look at the portfolio today compared to two years ago, our core holdings remain largely the same, albeit their share prices are generally higher. The portfolio today is more than 39% higher than its pre-pandemic high in October 2019. This has not been driven simply by a valuation rerating of the stocks, but also by an improvement in the earnings and cash flows that they generate.

Looking back, our portfolio activity could be described, in Warren Buffet's words, as "*lethargy bordering on sloth*". However, a lack of portfolio activity should not be confused with lack of work. In fact, we have been very busy. Our efforts have been focused on encouraging changes and improvements in some companies, sometimes in the face of clear and direct opposition from incumbent management teams and boards, while in others, we worked to elucidate the value proposition.

From a portfolio perspective before and during the pandemic, it meant that in most instances our work led us to conclude that changes to the portfolio were unnecessary. Perhaps another way of describing it is that we "*worked on*" rather than "worked in" the portfolio. The companies we "*worked on*" are those that have given us our best returns. The operant conditioning arising from these returns will certainly inform our future activities.

We've also continued to find new opportunities to invest in. Big market dislocations have a habit of throwing such opportunities in the path of the patient investor. Boral Ltd (BLD) was one such opportunity. You just have to be attuned and aware to seize them (and have enough spare cash).

While the quantum of our FY21 returns are unlikely to be repeated in FY22, we do still consider the portfolio to have significant latent value that we believe will accrue over coming years. And this is before any new opportunities that will undoubtedly present themselves.

Something that has become apparent to us is that in companies where we are able to bring about the changes we seek, the opportunities to reap rewards are sometimes larger than we may have initially anticipated. As a result, we can end up owning such companies for many years, provided we remain convinced of their capacity to deliver returns and they do not become over-valued (which can be a good problem).

Our portfolio has always been relatively concentrated in a handful of investments. We believe that diversification beyond a certain point becomes counterproductive. Below, we list the five largest investments in the portfolio and then provide some brief comments about them.

SNC Top 5 *(on a look through basis)*	**Market Value at 30 June 2021**
Fleetwood Corporation Ltd	$14,378,543
COG Financial Services Ltd	$13,232,744
BCI Minerals Ltd	$13,165,974
Spectra Systems plc	$12,077,476
City Chic Collective Ltd	$10,964,200
	$63,818,937
As % of total gross portfolio	40.3%

Chairman's Letter (continued)

Fleetwood Ltd (FWD)

After years of operational missteps and poor capital allocation, we believe Board and management changes made at Fleetwood over the past 10 months have set the company on a path to prosperity. There are numerous internal and external opportunities in the core manufactured accommodation business to drive profitable growth for many years. Furthermore, we expect significant construction activity in the Karratha region over the next 5+ years to drive strong occupancy demand for the company's Searipple accommodation village. The company already has excess cash on its balance sheet and this could be further bolstered by an eventual sale of the non-core RV parts and accessories business, opening up a plethora of capital management opportunities (on top of the existing 100% dividend payout ratio). As a sign of our confidence in the new Board and management team, the strong long-term outlook for the company's core businesses and our view that the shares remain extremely undervalued, we recently increased our holding in the company.

COG Financial Services Ltd (COG)

COG continues to deliver on the strategy it set out several years ago. COG owns the largest finance broker network in Australia, helping Australian small to medium enterprises (SME) access almost $7bn of finance to fund their businesses each year. Whilst the company is already an important part of the $40bn small business finance sector, we believe there is significant runway for the company to grow both organically and via acquisition, to become a "one-stop shop" for the finance needs of its customers. Critical to the success of the COG business model is the relationships that its brokers have with their SME clients. As the company increases its scale and the products it can supply its clients, we believe it can generate profits to easily support a share price north of $2. As an integral conduit between large pools of capital and a fragmented base of small businesses, the strategic importance of COG should not be underestimated. If the market does not recognise the value inherent in the company, we believe a strategic acquirer will.

BCI Minerals Ltd (BCI)

BCI is one of those rare companies where, after investing, we found the board and management were very much attuned to our way of thinking. As a result, our engagement with BCI has been supportive not adversarial. Our initial attraction to BCI lay in its royalty over the iron ore mine at Iron Valley. However, over time, we have come to realise that the value of this royalty pales in comparison to the company's undeveloped Mardi salt and potash project. Mardi is one of those rare resource projects that has an infinite resource (seawater) that requires little ongoing capital spend once the project has been built. We have confidence that the extremely well credentialed Board and management team will procure the requisite funding and successfully build what we believe to be the most attractive natural resource project in Australia. At steady state production, Mardi is expected to generate approximately $260m of earnings, year in, year out, for over 100 years. Longer term, we believe the company should be worth multiples of its current market capitalisation of ~$250m.

Spectra Systems plc (SPSY)

SPSY, a US technology company listed on the London Stock Exchange, specialises in authentication and cleaning technologies for bank notes, as well as having a burgeoning platform in gaming security software. The company turned profitable in 2016 and has been rapidly growing its earnings since. Importantly, this growth has required minimal capital expenditure, resulting in very strong cash flow generation. The company has consistently had net cash on its balance sheet and for the past 5 years has paid an attractive and growing dividend. The medium-term future looks bright, with SPSY expected to continue its revenue and earnings growth through 2027 at least. SPSY currently trades at an enterprise value to EBITDA multiple of ~10 times, which we believe is extremely cheap, considering the growth embedded into existing customer contracts and the potential to grow the customer base.

Chairman's Letter (continued)

City Chic Collective Ltd (CCX)

CCX epitomises our earlier comment about reaping rewards greater than initially anticipated. When we first purchased the CCX, under its former name Specialty Fashion Group Ltd, we were aware of the potential of the City Chic brand, but did not fully appreciate the opportunity the business had in front of it. As management began to hone its acquisition strategy and elaborate on the opportunity in the women's plus-size clothing market, it became apparent the growth potential was significantly larger than we had originally anticipated. As the adage goes, when the facts changed, we changed our minds. Management have demonstrated a disciplined and opportunistic approach to making acquisitions, which we think is uncommon. Recent bolt-on acquisitions in the US, the UK and Europe have provided CCX with a global platform with which to sell its highly sought-after fashion to an underserved consumer base. Today, the company has a small market share of a $100bn end market that is growing at 3-5% per annum, providing an opportunity for many years of organic growth. We expect the high quality management team at CCX to continue to deliver strong returns for shareholders for the foreseeable future.

Outside of the top five investments, there are many companies we like, though for any number of reasons, not the least being a finite amount of capital, we have smaller weightings. We hope to discuss these positions in future releases and expect that some of them will become a part of our "Top 5" in the future.

Outlook

Financial year 2022 is off to a promising start, with some encouraging financial results and corporate actions from some of our current portfolio companies.

Despite markets continuing to rise, there is no shortage of opportunities for us to consider. There are many opportunities we are keen to pursue in future, including owning more of some our existing holdings. As we've written ad nauseum, we are nothing if not patient when stalking our targets. In such cases, time is on our side.

We remain cautious about the pandemic and its continued economic impacts in Australia and around the world. Investing with caution, patience and discipline remains critical. In spite of this, 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 the 2021 financial year. Your faith in us was sorely tested during early 2020 and for all of you who stayed the course, I sincerely hope you feel vindicated. We look forward to reporting to you on our progress in 2022.

Yours sincerely,

Gabriel Radzyminski
Chairman

26 August 2021

Sandon Capital Investments Limited
ABN 31 107 772 467

Directors' Report
For the year ended 30 June 2021

The Directors of Sandon Capital Investments Limited present their report together with the financial statements of the Company for the year ended 30 June 2021.

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

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

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

Company secretary
Mark Licciardo

Auditors
Grant Thornton Audit Pty Ltd

Principal activities
The Company's principal activity is investing for profit. It is a listed investment company whose assets are managed by an external investment manager, Sandon Capital Pty Ltd (**Sandon Capital** or **the Manager**).

Sandon Capital is an activist value manager. It seeks to buy investments at prices the Manager considers are below their intrinsic value. It looks for investments with high levels of tangible assets, marketable securities or cash, although investments may not always have these characteristics. The Manager deploys a range of activist strategies aimed at realising the intrinsic value of those investments. The Manager may also take advantage of other market opportunities where it considers there are reasonable prospects for a satisfactory return.

The Company may invest in cash, term deposits, unlisted and listed securities and debt instruments.
During the period, the Company increased its investment portfolio from $95,235,024 at 30 June 2020 to $156,153,514 at 30 June 2021. The increase is largely reflective of the unrealised investment gains reported in the period.

Operating Results and Financial Position
Net profit before tax was $45,294,975 (2020 loss: $9,975,508). The Company had net realised and unrealised gains in the value of the investment portfolio of $54,773,792 (2020 loss: $8,056,960). Other revenue, including dividends and distribution, was $1,739,601 (2020: $389,679). The net profit for the year and increased income year on year is reflective of the performance of the investment portfolio.

The Company's net profit after tax for the year was $37,337,092 (2020 loss: $8,663,844).

The Company paid fully franked dividends totalling 5.0 cents per share during the year.

Cash and cash equivalent holdings increased from $2,102,650 last year to $2,182,981 at year end.

The NTA before tax as at 30 June 2021 was $1.1143 per share (2020: $0.7395). The NTA after tax was $1.0521 per share (2020: $0.7597). The figures are after the fully franked dividends of 5.0 cents per share paid to shareholders during the period.

The return to shareholders (the change in the Net Tangible Assets before tax per share plus dividends paid and imputation credits) was a return of 59.8% for the year.

Director's Report (continued)

Dividends
A fully franked final dividend for FY20 of 2.5 cents per share was paid on 12 November 2020. A fully franked interim dividend for FY21 of 2.5 cents per share was paid on 03 June 2021. The Dividend Reinvestment Plan applied to both dividends. The total dividends paid to shareholders during the period was $5,464,113.

New Shares issued
The Company issued 2,264,628 new shares pursuant to the DRP.

Events occurring after the reporting period
On 1 July 2021, MVT issued a total of 150,000 new notes (ASX:MVTHA) for a total of $15,000,000. On 10 July 2021, unsecured note holders of notes issued by SNC's wholly owned MVT redeemed a total of 82,509 unsecured notes, for a total of $8,250,900. There are 290, 578 notes on issue.

On 16 July 2021, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The DRP will apply to this dividend.

On 18 August 2021, the Directors announced their intention to pay a fully franked special dividend of 1.00 cent per share. The DRP will also apply to this dividend.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it did not have a negative impact on the group's investment portfolio at 30 June 2021, 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 2021 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.

Future Developments, Prospects and Business Strategies
The Company will continue to selectively invest in cash, term deposits, unlisted and listed securities and debt instruments that the Manager considers offer the prospect for attractive risk-adjusted returns.

Environmental regulations
The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory law.

Information on Directors

Mr Gabriel Radzyminski BA (Hons), MCom (Chairman and Non-Executive Director)

Gabriel is the founder and Managing Director of Sandon Capital Pty Ltd, a boutique investment management and advisory firm. He is the portfolio manager of funds managed by Sandon Capital Pty Ltd. Gabriel is also a non-executive director of Future Generation Investment Company Limited and Reverse Corp Ltd.

Peter Velez LLB MA MSc (Independent Non-Executive director)

Peter is a corporate lawyer specialising in equity capital markets, mergers and acquisitions and funds management. Peter has also advised extensively on activist corporate activity, ASX compliance and corporate governance. Peter has been a practising lawyer since 1989 having worked at then national firm Freehill Hollingdale and Page, Sydney boutique corporate firm Watson Mangioni from 1995 to 2016 and since 2016 with OB Law. He played a key role in the development of externally-managed listed investment companies (LIC) having been involved in the IPO of over 25 LICs.

Peter is a member of the Audit and Risk Committee.

Director's Report (continued)
Information on Directors (continued)

Melinda Snowden BEc, LLB, GAICD, FFin (Independent Non‑Executive director)

Melinda Snowden is a professional company director and experienced audit and risk committee member across a range of sectors. Melinda brings to the board a deep understanding of investment markets, governance disciplines and strategic insight.

Melinda's other current directorships include WAM Leaders Limited, Megaport Limited and Best and Less Group Holdings Limited. She is a former director of Mercer Investments (Australia) Limited, Kennards Self Storage Pty Ltd, MLC Limited, Vita Group Limited and SANE Australia.

Prior to leaving her executive career in 2010, Melinda was a corporate advisor for over 15 years with firms Grant Samuel, Merrill Lynch and Goldman Sachs in Australia and New York.

Melinda is Chair of the Audit and Risk Committee.

Company Secretary

Mark Licciardo B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD (Company Secretary)

Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies.

Prior to establishing Mertons, Mark Licciardo was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS) and the Australian Institute of Company Directors (AICD) and a Director of ASX listed Frontier Digital Ventures Limited, Ensogo Limited and Mobilicom Limited as well as several other public and private companies.

	Director's Meetings		**Audit & Risk Committee Meetings**	
	Number of Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Gabriel Radzyminski	4	4	-	-*
Peter Velez	4	4	2	2
Melinda Snowden	4	4	2	2
Total Meetings Held	**4**	**4**	**2**	**2**

* *In attendance ex-officio*

The Company has no employees or key management personnel (KMP), other than the three Non-executive Directors. The Company Secretary is remunerated under a service agreement with Mertons Corporate Services Pty Ltd.

Nature and amounts of remuneration

On 31 October 2019, Shareholders approved an increase to the maximum total remuneration of the Directors from $85,000 per annum to $125,000 per annum to be divided among the Directors, in such proportions as they agree having regard to their duties and responsibilities in their role as director. Additional remuneration may be paid in accordance with the Company's Constitution.

Director's Report (continued)
Remuneration report (Audited)

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 $1,775,673 (2020: $1,308,187), a performance fee of $9,349,596 (2020: Nil) and fees for accounting and administration totalling $48,034 (2020: $48,047).

Where specialist services beyond the normal expectations of a Non-Executive Director are provided to the Company, payment will be made on a normal commercial basis. The Company has not made, guaranteed or secured directly or indirectly any loans to key management personnel or their related entities during the year.

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 Chairman
Peter Velez	Independent Non-Executive Director
Melinda Snowden	Independent Non-Executive Director

Details of the remuneration of the Directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables:

	Short Term Employee Benefits Cash salary and fees	**Post-Employment Benefit Superannuation**	**Total**
	$	**$**	**$**
June 2021			
Gabriel Radzyminski	9,132	868	10,000
Peter Velez	22,831	2,169	25,000
Melinda Snowden**	24,412	-	24,412
	56,376	**3,037**	**59,412**
June 2020			
Gabriel Radzyminski	9,132	868	10,000
Peter Velez	31,964	3,036	35,000
Melinda Snowden**	34,412	-	34,412
Ron Brierley	12,139	-	12,139
	87,647	**3,904**	**91,551***

* 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 $125,000 per annum.

** *Amount paid to Melinda Snowden excludes GST invoiced to the Company*

The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. The Directors are the only people considered to be key management personnel of the Company.

Director's Report (continued)
Remuneration report (Audited) (continued)

Directors' Interests
The number of shares and options held directly, indirectly, or beneficially by Directors, or by entities to which they were related at the date of this report, were:

June 2021	Balance July 2020 No.	Net Acquisition No.	Balance June 2021 No.	
Shares				
Gabriel Radzyminski	1,345,228	84,442	**1,429,670**	^
Peter Velez	70,737	4,450	**75,187**	
Melinda Snowden	5,278	332	**5,610**	
	1,421,243	**89,224**	**1,510,467**	

^includes indirect holdings

No options were held directly, indirectly, or beneficially by Directors.

Other transactions with KMP

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).

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.

	June 2021 $	June 2020 $
Management fees (inclusive of GST) *	1,775,673	1,308,187
Performance fees (inclusive of GST) *	9,349,596	-
	11,125,269	**1,308,187**

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

At 30 June 2021, $9,532,052 inclusive of GST remains payable by the Company to the Manager (2020: $112,690 inclusive of GST).

Director's Report (continued)
Remuneration report (audited) (continued)

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

	June 2021 $	June 2020 $
Accounting fees (inclusive of GST) *	48,034	48,047
	48,034	**48,047**

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

This is the end of the Remuneration Report

Indemnification and insurance of officers and directors
During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify or paid or agreed to pay insurance premiums.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company or the improper use by the Directors of their position.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed.

Non-Audit Services
The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants set by the Accounting Profession and Ethical Standards Board*.

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 specified.

Director's Report (continued)

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 14.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors,

Gabriel Radzyminski
Chairman

Sydney
26 August 2021

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Sydney NSW 2000

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Auditor's Independence Declaration

To the Directors of Sandon Capital Investments Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Sandon Capital Investments Limited for the year ended 30 June 2021, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 26 August 2021

Sandon Capital Investments Limited
ABN 31 107 772 467

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	June 2021	June 2020
		$	$
Net realised and unrealised gains on financial assets		54,773,792	(8,056,960)
Other Income from operating activities	3	1,739,601	389,679
Total Income		**56,513,393**	**(7,667,281)**
Management fees	18	(1,654,604)	(1,218,992)
Performance fees	18	(8,712,124)	-
Directors' fees	17	(61,854)	(94,993)
Company secretarial fees		(41,441)	(55,511)
Brokerage expense		(177,334)	(48,183)
Custody fees		(25,093)	(23,870)
ASX listing and CHESS fees		(75,904)	(151,687)
Share registry fees		(73,383)	(123,852)
Accounting fees	18	(52,060)	(54,625)
Audit fees	5	(78,727)	(86,720)
Taxation fees		(118,910)	(173,107)
Legal fees		(68,282)	(181,944)
Other operating expenses		(78,702)	(94,743)
Total expenses		**(11,218,418)**	**(2,308,227)**
Profit / (Loss) before Income Tax		**45,294,975**	**(9,975,508)**
Income tax (expense) / benefit	4	(7,957,883)	1,311,664
Profit / (Loss) attributable to members of the Company		**37,337,092**	**(8,663,844)**
Other comprehensive income for the year		-	-
Total Comprehensive Profit / (Loss) for the period		**37,337,092**	**(8,663,844)**
Basic Profit / (Loss) per share (cents per share)	7	**34.09**	**(8.95)**
Diluted Profit / (Loss) per share (cents per share)	7	**34.09**	**(8.95)**

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 2021

	Notes	June 2021	June 2020
		$	$
Assets			
Cash and cash equivalents	8	2,182,981	2,102,650
Trade and other receivables	9	680,111	46,201
Prepayments		90,211	33,148
Financial assets at fair value through profit/loss	10	156,153,514	96,345,329
Deferred tax assets	4	782,950	2,203,520
Total assets		**159,889,767**	**100,730,848**
Liabilities			
Trade and other payables	14	35,216,483	16,889,268
Financial liabilities at fair value through profit/loss	11	-	1,110,305
Deferred tax liabilities	4	7,682,358	4,596
Total liabilities		**42,898,841**	**18,004,169**
Net assets		**116,990,926**	**82,726,679**
Equity			
Issued capital	12	105,111,400	102,720,132
Profit reserve	13	31,136,296	1,229,224
Accumulated losses	15	(19,256,770)	(21,222,677)
Total equity		**116,990,926**	**82,726,679**

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 2021

	Notes	Issued Capital $	Accumulated losses $	Profit Reserve $	Total Equity $
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 MVT		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**
Balance at 1 July 2020		**102,720,132**	**(21,222,677)**	**1,229,224**	**82,726,679**
Profit for the year attributable to the owners of the Company			37,337,092		37,337,092
Transfer to profit reserve	13		(35,371,185)	35,371,185	-
Shares issued as consideration for acquisition of options in MVT		571,805	-	-	571,805
Shares issued via dividend reinvestment plan		1,819,463	-	-	1,819,463
Dividends provided or paid	6			(5,464,113)	(5,464,113)
Balance at 30 June 2021	12	**105,111,400**	**(19,256,770)**	**31,136,296**	**116,990,926**

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 ending 30 June 2021

	Notes	June 2021 $	June 2020 $
Cash flows from operating activities			
Proceeds from sale of investments		13,514,289	11,277,775
Payments for investments		(19,087,182)	(16,819,663)
Dividends and capital return received		1,722,628	368,421
Interest received		1,900	6,951
Other income received		27,914	28,845
Income tax payments		2,082	(10,185)
Management fees (inclusive of GST)		(1,584,838)	(1,169,290)
Performance fees (inclusive of GST)		-	(424,224)
Brokerage expense (inclusive of GST)		(177,334)	(48,183)
Payment of other operating expenses (inclusive of GST)		(131,945)	(1,138,872)
Net cash used in by operating activities	19	**(5,712,486)**	**(7,928,425)**
Cash flows from investing activities			
Funding from subsidiary		9,437,467	15,330,000
Net cash provided by investing activities		**9,437,467**	**15,330,000**
Cash flows from financing activities			
Dividends paid net of re-investment		(3,644,650)	(5,905,778)
Share buy-back		-	(95,032)
Net cash used in by financing activities		**(3,644,650)**	**(6,000,810)**
Net increase in cash and cash equivalents		80,331	1,400,765
Cash and cash equivalents at the beginning of the year		2,102,650	701,885
Cash and cash equivalents at end of the year	8	**2,182,981**	**2,102,650**
Non-cash transactions			
Payment for investment *		(571,805)	(44,229,638)
Proceeds from issue of shares via scrip consideration for acquisition *	12	571,805	44,229,638

* 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 26 August 2021.

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. For financial guarantee contracts, this is the date at which all conditions precedent were met on the contract with noteholders for the provision of credit to MVT.

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 Profit and Loss when incurred.

2. Statement of Significant Accounting Policies (continued)

a) Financial instruments (continued)
Recognition, Classification and Measurement (continued)

Financial guarantee contract liabilities are measured initially at their fair values and are measured subsequently at the higher of the amount of the loss allowance and the amount recognised initially less, where appropriate, cumulative amortisation recognised over the life of the MVT notes.

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 Profit and Loss in the period in which they arise.

(ii) Investment Entity
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.

(iii) Financial guarantee contract
MVT amended the terms of its unsecured notes, effective 23 June 2021, on approval at a meeting of noteholders. At that date, the Company executed a deed poll in favour of MVT and the noteholders guaranteeing MVT's payment obligations under the amended note terms. This guarantee has been accounted for as a financial guarantee contract by the Company.

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 Profit and Loss on an accrual basis.

2. Statement of Significant Accounting Policies (continued)

c) Tax Governance

The Company considers that tax risk management is a fundamental part of its tax governance in order to maintain its efficient and effective operations and to ensure that the Company complies with all relevant tax obligations and pays the correct amount of tax.

Specifically, the Company:

- Seeks to maintain the highest reputation and, therefore, obtain the highest level of trust with tax and revenue authorities, regulators, customers, suppliers, members and employees.
- Is committed to complying with all tax laws, rules and regulations.
- Is committed to maintaining strong compliance procedures so as to ensure that all tax returns are made accurately and that all payments are made in a timely manner.
- Will endeavour to ensure that the tax laws, rules and regulations are applied appropriately.
- Will endeavour to ensure that all transactions have a commercial rationale in line with the Company's overall business strategy.
- Will not enter into artificial arrangements to evade or avoid tax.
- Will not enter into a transaction which is likely to fall foul of the general and specific anti-avoidance rules.
- Will not engage in aggressive tax planning.
- Will take a principled and responsible approach to managing its tax affairs in line with its business and commercial objectives.
- Will ensure that the law and administrative practice is applied correctly and consistently and that all of its positions are, at least, reasonably arguable and more likely than not to be settled in the Company's favour and to thereby prevent unnecessary disputes with tax authorities.
- Will deal with all tax and revenue authorities on a transparent and proactive basis, with a view to maintaining constructive, collaborative and professional relationships.

In order to ensure that the above intentions manifest in practice, the Company:

- Has a documented Tax Governance Framework which is designed to comply with Australian Tax Office (**ATO**) best practice recommendations.
- Allocates tax risk management roles and responsibilities to the board, each relevant employee (and employee groups) and service providers and specifies the method for identifying and managing tax risk and the escalation process.
- Defines authority levels which are required to be adhered to by the Company based on the amount of tax at risk.
- Employs diligent professional care and judgement in assessing tax risk and takes advice from its external tax specialists where appropriate.
- Escalates tax risks to the appropriate members of senior management and/or the board of directors for consideration, review and management.

2. Statement of Significant Accounting Policies (continued)

d) 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.

e) 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 ATO 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.

Assets or liabilities arising under tax funding agreements are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

f) 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 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.

g) Fair Value Hierarchy
Included in level 2 and level 3 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.

h) New and amended accounting policies adopted
There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the Company.

i) New accounting standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

j) 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 Profit and Loss 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 2021 $	June 2020 $
Dividend income	1,709,787	353,883
Trust distributions	-	18,845
Interest income	1,900	6,951
Other income	27,914	10,000
	1,739,601	**389,679**

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 (2021:26%, 2020:27.5%) adjusted for 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 expense/(benefit) composition	June 2021 $	June 2020 $
Tax expense comprises:		
Decrease/(increase) in deferred tax assets	88,817	(814,221)
Increase/(decrease) in deferred tax liabilities	7,677,762	(497,443)
Current tax movement	191,304	-
	7,957,883	**(1,311,664)**

a) Reconciliation of loss to income tax expense/(benefit) prima facie

	June 2021 $	June 2020 $
Profit/(loss) from continuing operations before income tax expense	**45,294,975**	**(9,975,508)**
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities at 26% (2020:27.5%)	11,776,694	(2,743,265)
Imputation credit gross up	187,297	25,680
Franking credit offset	(720,374)	-
Other deductible items	(3,474,379)	959,997
Other non-assessable income	(2,600)	(2,750)
Withholding tax claimed	-	-
Over provision in prior year	191,245	542,057
Deferred tax asset on unused franking credits	-	(93,383)
	7,957,883	**(1,311,664)**
Effective tax rate	**17.6%**	**13.2%**

4. Income Tax (Continued)

b) Deferred tax asset	**Opening Balance July 2020 $**	**Under/(Over) Provision $**	**Charged to Profit or Loss $**	**Closing Balance June 2021 $**
Accrued expense movements	121,944	(11,851)	(80,439)	29,654
Tax losses recognised	737,717	(64,949)	(36,102)	636,666
Capitalised costs	20,321	2,661	(8,080)	14,902
Investee entity member tax losses	1,323,538	109,943	(1,331,753)	101,728
Balance	**2,203,520**	**35,804**	**(1,456,374)**	**782,950**

c) Deferred tax liability	**Opening Balance July 2020 $**	**Under/(Over) Provision $**	**Charged to Profit or Loss $**	**Closing Balance June 2021 $**
Accrued income movements	4,596	(251)	74,531	78,876
Fair value adjustments	-	-	7,603,482	7,603,482
Balance	**4,596**	**(251)**	**7,678,013**	**7,682,358**

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 Profit and Loss 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 2021 $	**June 2020 $**
Agreed fees for audit and review of financial reports (Grant Thornton)	80,850	49,500
Agreed fees for audit and review of financial reports (Pitcher Partners)	-	31,720
Other assurance services (Pitcher Partners)	-	5,500
	80,850	**86,720**

Grant Thornton were the auditors for the financial year ended 30 June 2021 and for half of the year ended 30 June 2020. Pitcher Partners were auditors for half year ending 31 December 2019.
Amounts are inclusive of GST.

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 and special dividend for the year ended 30 June 2021.

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 2020 paid on 12 November 2020.	2.5	2.5
Interim fully franked dividend for the period ended 31 December 2020 paid on 03 June 2021.	2.5	2.5

	June 2021 $	**June 2020 $**
Final fully franked dividend of 2.5 per share paid 12 November 2020 (2019: Final fully franked dividend of 3.5 cents per share paid on 12 November 2019).	2,715,613	3,723,452
Interim fully franked dividend of 2.5 cents per share paid 03 June 2021 (2020: Interim fully franked dividend of 3.5 cents per share for the period ended 31 December 2019 paid on 28 May 2020).	2,748,500	3,733,041
	5,464,113	**7,456,493**

b) Dividend franking account	**June 2021 $**	**June 2020 $**
Balance at the beginning of the year	11,576,627	939,267
Franking credits on dividends received	720,372	93,724
Franking credits on dividends received by investee entity	296,540	162,582
Other tax payments	(2,082)	8,301
Other tax payments by investee entity	-	(5,390)
Franked dividends paid	(1,919,824)	(2,828,325)
Franking credits transferred from investee entity on tax consolidation	-	13,206,468
Balance available for subsequent reporting periods	**10,671,633**	**11,576,627**
Franking credits (cents per share)*	9.62	10.66

**excludes any franking credits that will arise from tax payable.*

The franking balance of 9.62 cents per share supports the payment of a fully franked dividends of 28.87 cents per share at the 25% corporate tax rate, should there be sufficient profit reserves available.

Total number of fully paid shares issued as at 30 June 2021 is 110,888,889.

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 2021 $	June 2020 $
Profit/(Loss) after income tax used in the calculation of basic and diluted earnings per share	37,337,092	(8,663,844)
	No. shares	**No. shares**
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	109,534,274	96,778,470
Basic and diluted earnings/(loss) per share (cents per share)	34.09	(8.95)

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 2021 $	June 2020 $
Cash at bank	2,182,981	801,916
Unsettled short trades	-	1,300,734
	2,182,981	**2,102,650**

9. Trade and other receivables

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 2021 $	June 2020 $
Dividend and withholding tax receivable	3,874	18,600
GST receivable	676,237	25,519
Provision for income tax	-	2,082
	680,111	**46,201**

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 6 of the annual report.

	June 2021 $	June 2020 $
Financial assets at fair value through profit or loss comprise of:		
Listed investments	91,426,711	46,227,818
Unlisted investments	64,726,803	50,117,511
	156,153,514	**96,345,329**

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 2021 $	June 2020 $
Borrowed stock	-	1,110,305
	-	**1,110,305**

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 2021		June 2020	
Share Capital	**$**	**No.**	**$**	**No.**
Fully paid ordinary shares	105,111,400	110,888,889	102,720,132	108,624,261
Movements in shares on issue:				
Opening balance	102,720,132	108,624,261	57,034,812	59,259,401
Shares issued – dividend reinvested	1,819,463	2,264,628	1,550,714	2,353,075
Shares issued – as consideration for acquisition of options in MVT	571,805	-	-	601,457
Shares issued – as consideration for acquisition of shares in MVT	-	-	44,229,638	46,523,233
Share buy-back	-	-	(95,032)	(112,905)
Closing balance	**105,111,400**	**110,888,889**	**102,720,132**	**108,624,261**

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 2021 $**	**June 2020 $**
Balance as at beginning of the period	1,229,224	1,334,797
Transfer from retained earnings	35,371,185	7,350,920
Dividends paid	(5,464,113)	(7,456,493)
	31,136,296	**1,229,224**
Profit reserve (cents per share)	28.08	1.13

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 2021 $	**June 2020 $**
Management fee payable	182,456	112,690
Performance fee payable	9,349,596	-
Outstanding settlements payable	606,171	-
Other payables	129,589	123,040
Intercompany tax payable under tax funding agreement	181,204	1,323,538
Amounts payable to investee entity	24,767,467	15,330,000
Total trade and other payables	**35,216,483**	**16,889,268**

15. Accumulated losses

	June 2021 $	**June 2020 $**
Balance as at beginning of the period	(21,222,677)	(5,207,913)
Profit/(loss) for the year	37,337,092	(8,663,844)
Transfer to profit reserve	(35,371,185)	(7,350,920)
	(19,256,770)	**(21,222,677)**

16. Financial risk management

The Company's financial instruments consist of cash and cash equivalents, listed and unlisted investments, financial guarantee contract, 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 2021 $	June 2020 $
Financial Assets at Amortised Cost		
Cash and cash equivalents	2,182,981	2,102,650
Trade and other receivables	680,111	46,201
	2,863,092	2,148,851
Financial assets at fair value through profit or loss:		
Listed investments	91,426,711	46,227,818
Unlisted investments	64,726,803	50,117,511
	156,153,514	96,345,329
	159,016,606	**98,494,180**
Financial liabilities at Amortised Cost		
Trade and other payables	35,216,483	16,889,268
Financial guarantee contract	-	-
	35,216,483	16,889,268
Financial liabilities at fair value through profit or loss:		
Financial liabilities	-	1,110,305
	35,216,483	**17,999,573**

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 2021, 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, 83% 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 (16% of MVT's portfolio). The portion of MVT's assets that are reported as investments was valued at $64,245,530 as at 30 June 2021.

Other assets, such as the investments in ASK Funding Ltd and Richfield Maritime Agency (S) Pte Ltd are reported as loans and cash.

The following table presents the composition of MVT's investment portfolio as at 30 June 2021.

MVT's Australian Securities Exchange Listed Investments **Listed Domestic Investments**	**Total Value** $
Fleetwood Corporation Ltd	6,022,538
Yellow Brick Road Ltd	5,810,599
Australian Silica Quartz Group Ltd	4,658,642
BCI Minerals Ltd	3,270,000
Joyce Corporation Ltd	2,650,000
Coventry Group Ltd	2,112,221
Fitzroy River Corporation Ltd	1,638,929
Dawney & Co Ltd	1,395,204
Consolidated Operations Group Ltd	1,259,021
Cashwerkz Ltd	988,456
Kingsgate Consolidated Ltd	840,000
Sietel Ltd	517,541
MG Unit Trust	312,000
Iluka Resources Ltd	293,898
Clearview Wealth Ltd	219,436
Desane Group Holdings Ltd	201,306
MMA Offshore Ltd	176,711
CML Group Ltd	148,705
Deterra Royalties Limited	144,540
Smart Parking Ltd	95,000
American Patriot Oil & Gas Ltd	63,000
Reverse Corporation Ltd	48,136
Quattro Plus Real Estate Ltd	29,239
Total Listed Domestic Investments	**32,895,122**
Listed International Investments	
Spectra Systems Corporation PLC (UK)	12,077,476
Worsley Investors Limited (UK)	1,704,231
Hydro Hotel Eastbourne PLC (UK)	989,063
Enteq Upstream PLC (UK)	451,372
Smart (J.) & Co. (Contractors) PLC (UK)	306,632
Northamber PLC (UK)	273,734
Total Listed International Investments	**15,802,508**

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

Unlisted Domestic Investments	
CM Capital Venture Trust No 4	3,356,206
Archer Capital Fund 4	229,817
Scantech Ltd	108,602
DMX Corporation Ltd	4,800
Total Unlisted Domestic Investments	**3,699,425**
Unlisted International Investments	
Foundation Life (NZ) Investment (NZ)	5,333,667
Total Unlisted International Investments	**5,333,667**
Total MVT's Portfolio Composition	**57,730,722**

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 2021, the Company had four unlisted investments classified as level 3.

The Company's investment in Monash Absolute Investment Company Ltd (ASX Code: **MA1**) was valued at $476,871 at the end of the reporting period (2020: $2,563,960 reported under Level 1 fair value hierarchy). During the period MA1 converted its listed equity investment portfolio to an exchange traded managed fund (ETMF) and commenced trading on ASX under Monash Absolute Active Trust (ASX Code: **MAAT**). MA1 was delisted from the ASX on 1 June 2021 and MAAT commenced trading on the ASX on 10 June 2021.The Company's holding in MAAT was received via in-specie dividend and return of capital. After the commencement of trading by MAAT, the Company sold the units it held. The investment in MA1 was transferred from level 1 to level 3 in the fair value hierarchy. The value of the investment in MA1 is based on the reported post tax NTA as at 30 June 2021.

The Company's investment in Carbon Conscious Investment Ltd (**CCIL**) valued at $354,245 (2020: $345,519), 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 $280,719 (2020: $281,350) 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 $101,244 at the end of the reporting period (2020: $Nil). Subsequent to the delisting from the ASX on 02 December 2019, the investment was transferred from level 1 to level 3 in the fair value hierarchy. The value of OneMarket is based on the liquidator's report that forecasts that a final distribution is now likely to be paid. The midpoint of the liquidator's range for the final distribution has been adopted as the valuation.

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 2021.

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

	Level 1 $	Level 2 $	Level 3 $	Total $
June 2021				
Listed investments	91,426,711	-	-	91,426,711
Unlisted investments	-	63,513,724	1,213,079	64,726,803
	91,426,711	**63,513,724**	**1,213,079**	**156,153,514**

The investment in MA1 was transferred from level 1 to level 3 in the fair value hierarchy during the period.

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**

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 Ltd, 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 Stock Exchange and NASDAQ.

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 Profit and Loss, 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 2021 $	June 2020 $
Financial assets and liabilities – at fair value through profit or loss		
Listed investments	91,426,711	46,227,818
Unlisted investments	64,726,803	50,117,511
Financial liabilities	-	(1,110,305)
	156,153,514	**95,235,024**
Price risk sensitivity analysis		
Change in Profit before tax		
– Increase in portfolio prices by 5%	7,807,676	4,761,751
– Decrease in portfolio prices by 5%	(7,807,676)	(4,761,751)

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 Profit and Loss. Any movement in the portfolio price will be recorded in the Statement of Profit and Loss.

(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 one investment in New Zealand with a total direct translation exposure at 30 June 2021 of $280,719. The Company also has one investment in The United States with a total direct translation exposure at 30 June 2021 of $391,264

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 2021 $	June 2020 $
Changes in Profit/Equity		
Increase in interest rates by 0.5%	10,915	10,513
Decrease in interest rates by 0.5%	(10,915)	(10,513)

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	Total
2021		**$**	**$**
Financial assets			
Cash and cash equivalents	0.02%	2,182,981	2,182,981
		2,182,981	**2,182,981**
2020		**$**	**$**
Financial assets			
Cash and cash equivalents	0.08%	2,102,650	2,102,650
		2,102,650	**2,102,650**

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 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.

For the financial guarantee contract with MVT's noteholders, the Company's maximum exposure is the amount that the Company's would have to pay if the guarantee is called on. At 30 June 2021, there has been no significant increase in the credit risk associated with the financial guarantee contract associated with the restructure of the MVT notes. Consequently, there is no loss allowance on financial guarantee contracts at the reporting date.

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.

16. Financial risk management (continued)

f) Concentrations of risk (continued)

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.

The maximum amount that the Company could be forced to settle under the financial guarantee contract with MVT noteholders of the listed notes issued by MVT if that amount were claimed by the counterparties would be $36,249,605.50. This comprises the interest amounts of $719,180.55 at 30 June and 31 December each year, and the face value of the instruments of $29,057,800 on the settlement date of 10 July 2026. As noted above, the expected credit loss allowance at 30 June 2021 is nil (2020: nil).

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 Chairman
Peter Velez	Independent Non-Executive Director
Melinda Snowden	Independent Non-Executive Director

b) Aggregate compensation made to Key Management Personnel

	Short term benefits	**Post- Employment Benefit Superannuation**	**Total**	
	$	**$**	**$**	
Year Ended 30 June 2021**	56,376	3,037	59,412	
Year Ended 30 June 2020**	87,647	3,904	91,551	*

* 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 $125,000 per annum.

** Amount paid to Melinda Snowden excludes GST invoiced to the Company

17. Directors remuneration and holdings (continued)

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 $1,775,673 (2020: $1,308,187), performance fee of $9,349,596 (2020: Nil) and fees for accounting and administration totalling $48,034 (2020: $48,047).

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 (2020: $Nil).

(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:

2021	Balance 1 July 2020 No.	Net Acquisition No.	Retiring Director Holdings No.	Balance 30 June 2021 No.	
Shares					
Gabriel Radzyminski	1,345,228	84,442	-	1,429,670	^
Peter Velez	70,737	4,450	-	75,187	
Melinda Snowden	5,278	332	-	5,610	
	1,421,243	**89,224**	**-**	**1,510,467**	

^includes indirect holdings

2020	Balance 1 July 2019 No.	Net Acquisition No.	Retiring Director Holdings No.	Balance 30 June 2020 No.	
Shares					
Gabriel Radzyminski	434,859	910,369	-	1,345,228	^
Peter Velez	42,000	28,737	-	70,737	
Melinda Snowden	5,000	287	-	5,278	
Ron Brierley	10,823,974	14,184,618	(25,008,592)	-	^
	11,305,833	**15,124,011**	**(25,008,592)**	**1,421,243**	

^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.

18. Related Party Transactions (continued)

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).

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 2021 $	June 2020 $
Management fees (inclusive of GST) *	1,775,673	1,308,187
Performance fees (inclusive of GST) *	9,349,596	-
	11,125,269	**1,308,187**

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

At 30 June 2021, $9,532,052 inclusive of GST remains payable by the Company to the Manager (2020: $112,690 inclusive of GST).

c) Accounting fee

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

	June 2021 $	June 2020 $
Accounting fees *	48,034	48,047
	48,034	**48,047**

** The difference between the amount disclosed above and the Statement of Profit and Loss is any services rendered by accounting firms other than Sandon Capital Pty Ltd*

d) Intercompany payables

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

19. Cash flow information

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

	30 June 2021 $	30 June 2020 $
Profit/(loss) from operations after income tax	37,337,092	(8,663,844)
Net movement in financial assets held for trading	(60,918,490)	2,515,072
Changes in assets and liabilities:		
Decrease in receivables	(633,911)	29,957
(Increase)/decrease in prepayments	(57,063)	(24,898)
(Increase)/decrease in deferred tax assets	1,420,570	(2,145,786)
Increase/(decrease) in payables	9,461,554	858,518
Decrease in deferred tax liabilities	7,677,762	(497,444)
Net cash used in operating activities	**(5,712,486)**	**(7,928,425)**

20. Investment transactions
The total number of contract notes that were issued for transactions in securities during the financial year was 199. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was $177,334 (2020: $48,183).

21. Events occurring after the reporting period
On 1 July 2021, MVT issued a total of 150,000 new notes (ASX: MVTHA) for a total of $15,000,000. On 10 July 2021, unsecured note holders of notes issued by SNC's wholly owned subsidiary MVT redeemed a total of 82,509 unsecured notes, for a total of $8,250,900. There are now 290,578 notes on issue.

On 16 July 2021, the Directors announced their intention to pay a final fully franked ordinary dividend of 2.75 cents per share. The DRP will apply to this dividend.

On 18 August 2021, the Directors announced their intention to pay a fully franked special dividend of 1.00 cent per share. The DRP will also apply to this dividend.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it did not have an impact on the group's investment portfolio at 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to involve 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 2021 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 2021 (2020: Nil). As at 30 June 2021, the Company had nil commitments (2020: 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.

Sandon Capital Investments Limited
ABN 31 107 772 467

Directors' Declaration
For the year ended 30 June 2021

Directors' Declaration

In accordance with a resolution of the Directors of Sandon Capital Investments Limited, the Directors of the Company declare that:

a) the financial statements and notes, as set out on pages 15 to 38 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standards which is stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b) in the Director's 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.

c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer of the Manager, Sandon Capital Pty Ltd declaring that:

   (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (iii) the financial statements and notes for the year give a true and fair view.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors,

Gabriel Radzyminski
Chairman

Sydney
26 August 2021

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Independent Auditor's Report

To the Members of Sandon Capital Investments Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Sandon Capital Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets (Note 10)	
The investment portfolio consists of listed securities and unlisted securities. The fair value of financial assets traded in active markets is based on their quoted market prices. The fair value of financial assets that are not traded in an active market is determined using valuation techniques. Investments that involved significant judgement included those with unobservable inputs. 42% of the investment portfolio of the Company consists of unlisted investments. Where observable data is not available, estimates must be developed based on the most appropriate source of data. We determined this to be a key audit matter given the size of the balance and the inherent judgement involved in determining the fair value of financial instruments.	Our procedures included, amongst others: • Obtaining an understanding and evaluating the investment management processes and controls; • Reviewing and evaluating *ASAE 3402 Assurance Reports on Controls at a Service Organisation* reports and bridging letters for third-party asset custodians; • Obtaining confirmation on investment holdings directly from third-party asset custodians; • Where readily observable data was available, performing our own independent price checks, recalculating the valuation and comparing to the Company's valuation; • For investments where there was limited or no observable inputs, we obtained confirmations of the cost of the investment and assessed other relevant information supporting the fair value of the underlying net assets; • Reviewing significant investment additions and sales in the period back to contract notes, evaluating the accuracy of the initial cost and sale; • Reviewing the last day traded on the level 1 investments to assess whether the investments were actively traded; and • Assessing the adequacy of the financial statement disclosures.
Management and performance fees (Note 18)	
Management and performance fees are related party transactions given their calculation and payment is made in accordance with the Management Agreement between the Company and the Investment Manager. We determined management and performance fees to be a key audit matter given the significant inputs in their calculation and risk that these transactions might not be conducted at arm's length.	Our procedures included, amongst others: • Obtaining an understanding and evaluating the process and controls around management and performance fee calculation; • Reviewing and evaluating *ASAE 3402 Assurance Reports on Controls at a Service Organisation* reports and bridging letters for third-party asset custodians; • Reviewing approval of calculations from key personnel at the appropriate level; • Obtaining the management agreement and recalculating the management and performance fees by validating key inputs, tracing to third-party asset custodian statements, and evaluating interest rate benchmarks for reasonableness; and • Assessing the adequacy of financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 12 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Sandon Capital Investments Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Sheridan
Partner – Audit & Assurance

Sydney, 26 August 2021

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Substantial ordinary shareholders shareholding (as at 19 August 2021)

The following have advised that they are a substantial shareholder of the Company. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders	No. of shares	% of total
1. Siblow Pty Limited	25,008,592	24.29
2. Geoff Wilson	7,022,264	6.58

1. Notice received on 16 September 2019
2. Notice received on 19 December 2019

Distribution of shareholders (as at 17 August 2020)

Category	No. of shareholders
1-1,000	562
1,001- 5,000	698
5,001-,10,000	301
10,001-100,000	853
100,001 and over	131
	2,545

The number of shareholdings held in less than marketable parcels is 254.

Twenty largest shareholders - Ordinary shares (as at 19 August 2021)

	Number of ordinary shares held	Percentage of issued capital held
Siblow Pty Limited	23,789,802	21.45
G W Holdings Pty Ltd	4,271,988	3.85
McNeil Nominees Pty Limited	3,809,477	3.44
J P Morgan Nominees Australia Pty Limited	2,837,945	2.56
Gold Tiger Equities Pty Ltd	2,752,823	2.48
Treasure Island Hire Boat Company Pty Ltd	2,143,334	1.93
GW Holdings Pty Limited	1,940,850	1.75
Corfam Pty Ltd	1,897,000	1.71
Heathers Super Pty Ltd	1,766,455	1.59
T Mitchell Pty Ltd	1,320,000	1.19
Brazil Farming Pty Ltd	1,304,000	1.18
Navigator Australia Ltd	1,253,214	1.13
Kirkfare Pty Ltd	1,131,989	1.02
Perpetual Corporate Trust Ltd	1,048,093	0.95
Donwood Pty Ltd	1,034,091	0.93
Gefare Pty Ltd	820,579	0.74
Great D Pty Ltd	800,000	0.72
Selwyn John Cushing & Bevan David Cushing	750,000	0.68
Investment Custodial Services Limited	724,960	0.65
Jarhamche Pty Ltd	600,000	0.54
	55,996,600	**50.49**

ASX Additional Information
For the year ended 30 June 2021

Voting Rights
Shareholders are entitled to one vote for each share held. On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

Stock Exchange Listing
Quotation has been granted for all of the ordinary shares and option (ASX code: SNC) of the Company on all Member Exchanges of the ASX Limited.

Corporate Governance Statement
The Board of Directors of the Company is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a Company's website.

Accordingly, a copy of the Company's CGS is available on the Company's website at www.sandoncapital.com.au under the Listed Investment Company/Corporate Governance section.