



Sandown
Capital
Limited

Sandown Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 2000/013674/06)

Share code: SDC ISIN: ZAE000249645

("Sandown" or "the Company")

**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017,
SUBSEQUENT RESTRUCTURE AND DIRECTORATE CHANGES**

- Peregrine Group restructure implemented on 2 October 2017
- Joint-listing on the JSE and A2X on 29 November 2017
- Sandown shares to be unbundled to Peregrine Holdings Limited's ("Peregrine") shareholders on 4 December 2017

COMMENTARY

These results for the six-month period ended 30 September 2017 reflect the financial results of the Company prior to the restructure set out below. Shareholders are accordingly referred to the pre-listing statement issued by the Company on Tuesday, 14 November 2017, which is available on the Company's website at www.sandowncapital.com, which sets out the post-restructure position of the Company, together with *pro forma* financial information related thereto and an updated NAV Statement.

Issued share capital

Shares in issue amount to 226.066 million.

Prior to the restructure, the Company had 2 000 shares in issue. As part of the restructure, an additional 226 063 696 ordinary shares were issued, made up as:

- 161 182 841 shares, which were issued to Peregrine on 29 September 2017; and
- 64 880 855 shares, which were issued to Peregrine on 2 October 2017.

Restructure transactions and unbundling

In terms of the restructure, all surplus non-operating net assets held by Peregrine (i.e. excess cash, investment in hedge funds and other proprietary investments), were transferred to Sandown, a wholly-owned subsidiary of Peregrine, with effect from 2 October 2017.

Having obtained the necessary regulatory approvals, the restructure and subsequent unbundling resulted in Sandown being separately listed on the JSE on Wednesday, 29 November 2017, with the shares in Sandown being unbundled to Peregrine shareholders on Monday, 4 December 2017.

The pre-listing statement of Sandown was released on SENS on Tuesday, 14 November 2017.

Directorate

Mandy Yachad, previously a non-executive director, stepped down on 29 November 2017 following the successful transition of the Company from a wholly-owned subsidiary of Peregrine, culminating in its listing on the JSE on Wednesday, 29 November 2017. The Board would like to express its appreciation to Mandy for his stewardship of the Company over the past many years and in particular his management of the Peregrine restructure process.

With effect from 29 November 2017, Cindy Hess (41) has been appointed as an independent non-executive director. Cindy is a Chartered Accountant and was previously CFO of Media 24 Holdings Proprietary Limited, Pioneer Food Group Limited and Sea Harvest Holdings Proprietary Limited. Cindy has been appointed Chair of the Social & Ethics Committee, and a member of the Audit and Remuneration & Nominations Committees.

With the appointment of an additional independent non-executive, Lawrie Brozin, the Chairman of the Board, will step down as a member of the Audit Committee.

Conclusion

Following the restructure outlined above, Sandown will provide shareholders with access to a portfolio of high-quality, sector and geographically diversified investments designed to produce superior returns over the long-term. The mix of listed and unlisted investments, together with the ability to utilise debt and equity capital where appropriate, and a focus on NAV per share growth, is designed to build shareholders value.

Sean Melnick
Chief Executive

Sean Jelley
Chief Financial Officer

Lawrie Brozin
Non-Executive Chairman

Sandton
29 November 2017

Directors: LZ Brozin (Chairman); SA Melnick (CEO); SK Jelley (CFO); DJ Randall*; AJ Hannington*; CJ Hess* (*Independent non-executive)*

Company secretary and registered office: CIS Company Secretaries Proprietary Limited, 6A Sandown Valley Crescent, Sandown, Sandton, 2196 (PO Box 650361, Benmore, 2010), Telephone: +27 11 722 7400

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107)

Sponsor: Java Capital

Further detail and a print-friendly version of these results will be available on Sandown's website on <http://www.sandowncapital.com> from Thursday, 30 November 2017.

Condensed Statement of Financial Position as at 30 September 2017

	Unaudited as at 30 September 2017 ZAR	Audited as at 31 March 2017 ZAR
ASSETS		
<i>Non current assets</i>		
Financial investments	–	2 345 726
<i>Current assets</i>		
	180 418 319	176 445 706
Financial investments	173 504 396	169 048 238
Loan to affiliated company	674 642	564 208
Trade and other receivables	223 794	218 390
Taxation	4 442 560	6 172 307
Cash and cash equivalents	1 572 927	442 563
Total assets	180 418 319	178 791 432
EQUITY AND LIABILITIES		
<i>Equity</i>		
	172 748 066	164 868 123
Share Capital	127 373 677	127 373 577
Accumulated profits	45 374 389	37 494 546
<i>Non current liabilities</i>		
Deferred taxation	5 602 808	1 386 460
<i>Current liabilities</i>		
	2 067 445	12 536 849
Loan from affiliated company	1 788 517	9 234 339
Trade and other payables	278 928	3 302 510
Total Equity and Liabilities	180 418 319	178 791 432

Condensed Statement of Comprehensive Income for the six months ended 30 September 2017

	Unaudited for the six months ended 30 September 2017 ZAR	Unaudited for the six months ended 30 September 2016 ZAR
Revenue: Investment income	18 219 114	20 688 585
Total revenue	18 219 114	20 688 585
Operating expenses	(1 339 121)	306 631
Profit from operations	16 879 993	20 995 216
Net interest received	40 948	193 085
– Interest received	40 948	193 085
– Interest paid	–	–
Profit before taxation	16 920 941	21 188 301
Taxation	(5 946 095)	(4 610 877)
Profit & total comprehensive income for the period	10 974 846	16 577 424
Basic and diluted earnings per share		
Earnings	10 974 846	16 577 424
Number of shares in issue at reporting date*	161 184 841	2 000
Weighted average number of shares in issue	161 184 841	161 184 841
Basic and diluted earnings per share (cents)	6,81	10,28
<i>* 161 182 841 shares were issued to the Peregrine Group on 29 September 2017 for nominal consideration</i>		
Headline earnings per share		
Earnings	10 974 846	16 577 424
Adjustment for headline earnings	–	–
Headline earnings	10 974 846	16 577 424
Basic & Headline earnings per share (cents)	6,81	10,28
Net Asset value per share (cents)	107,17	102,29
Tangible Net Asset value per share (cents)	107,17	102,29
Dividend per share (cents)	1,55	8,07

Condensed Statement of Changes in Equity for the six months ended 30 September 2017

ZAR	Share capital	Accumulated Profits	Total Equity
Balance as at 31 March 2016	127 373 577	30 696 227	158 069 804
Total comprehensive income for the period	–	16 577 424	16 577 424
Transaction with owners recorded directly in equity	–	(13 000 000)	(13 000 000)
– Dividends paid	–	(13 000 000)	(13 000 000)
Balance as at 30 September 2016	127 373 577	21 273 651	148 647 228
Total comprehensive income for the period	–	3 220 895	3 220 895
Balance as at 31 March 2017	127 373 577	37 494 546	164 868 123
Total comprehensive income for the period	–	10 974 846	10 974 846
Transaction with owners recorded directly in equity	100	(3 095 003)	(3 094 903)
– Transfer of Peregrine treasury shares	–	(595 003)	(595 003)
– Subscription for shares	100	–	100
– Dividends paid	–	(2 500 000)	(2 500 000)
Balance as at 30 September 2017	127 373 677	45 374 389	172 748 066

Condensed Statement of Cash Flows for the six months ended 30 September 2017

	Unaudited for the six months ended 30 September 2017 ZAR	Unaudited for the six months ended 30 September 2016 ZAR
Cash flow from operating activities	(9 165 807)	(15 033 848)
– Cash flow from operating activities	(6 665 807)	(2 033 848)
– Cash dividends paid	(2 500 000)	(13 000 000)
Cash flow from investing activities	17 852 327	(3 139 666)
Cash flow from financing activities	(7 556 156)	14 705 982
Net increase (decrease) in cash and cash equivalents	1 130 364	(3 467 532)
Cash and cash equivalents at beginning of the period	442 563	4 292 962
Cash and cash equivalents at the end of the period	1 572 927	825 430

NOTES AND COMPLIANCE

The condensed unaudited interim financial statements of Sandown as at and for the six months ended 30 September 2017 comprise the company results for the period.

Basis of preparation

The condensed unaudited interim financial statements are prepared in accordance with the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The Company has elected not to prepare consolidated financial statements in accordance with the exemption in IFRS 10: Consolidated Financial Statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the measurement and recognition requirements of the International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS34: Interim Reporting.

The accounting policies applied in the preparation of the condensed financial statements are in terms of IFRS and are consistent with those applied in the previous financial statements as at and for the year ended 31 March 2017. The items are presented using the historical cost basis with the exception of financial assets designated as at fair value through profit or loss, which are measured at fair value.

In preparing these condensed unaudited interim financial statements management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year to 31 March 2017.

The Company’s results are prepared under the supervision of S K Jelley CA (SA), the Chief Financial Officer.

These financial statements and any forward looking statements have not been reviewed or reported on by the Company’s auditors, Deloitte.

The prior year audited results are a summary of the financial statements as at and for the year ended 31 March 2017. A copy of these financial statements was included in the Company’s pre-listing statement released on 14 November 2017 and can be obtained from Company’s Registered Office.

Analysis of Assets and Liabilities by Financial Instrument Classification

Unaudited as at 30 September 2017 ZAR	Financial instruments at fair value through profit and loss designated at inception	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Non-financial instruments and financial instruments beyond the scope of IFRS 7	Total ZAR	Fair value of financial instrument
Current assets	173 504 396	2 471 363	–	4 442 560	180 418 319	
Financial investments	173 504 396	–	–	–	173 504 396	173 504 396
Loan to affiliate company	–	674 642	–	–	674 642	
Trade and other receivables	–	223 794	–	–	223 794	
Taxation	–	–	–	4 442 560	4 442 560	
Cash and cash equivalents	–	1 572 927	–	–	1 572 927	
Total assets	173 504 396	2 471 363	–	4 442 560	180 418 319	
Non-current liabilities						
Deferred taxation	–	–	–	5 602 808	5 602 808	
Current liabilities						
Loan from affiliate company	–	–	1 788 517	–	1 788 517	
Trade and other payables	–	–	278 928	–	278 928	
Total liabilities	–	–	2 067 445	5 602 808	7 670 253	

Analysis of Assets and Liabilities by Financial Instrument Classification

Audited as at 31 March 2017	Financial instruments at fair value through profit and loss designated at inception	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Non-financial instruments and financial instruments beyond the scope of IFRS 7	Total ZAR	Fair value of financial instrument
Non-current assets						
Financial investments	2 345 726	–	–	–	2 345 726	2 345 726
Current assets	163 699 797	6 573 602	–	6 172 307	176 445 706	
Financial investments	163 699 797	5 348 441	–	–	169 048 238	163 699 797
Loan to affiliate company	–	564 208	–	–	564 208	
Trade and other receivables	–	218 390	–	–	218 390	
Taxation	–	–	–	6 172 307	6 172 307	
Cash and cash equivalents	–	442 563	–	–	442 563	
						–
Total assets	166 045 523	6 573 602	–	6 172 307	178 791 432	
Non-current liabilities						
Deferred taxation	–	–	–	1 386 460	1 386 460	
Current liabilities	–	–	9 658 731	2 878 118	12 536 849	
Loan from affiliate company	–	–	9 234 339	–	9 234 339	
Trade and other payables	–	–	424 392	2 878 118	3 302 510	
Total liabilities	–	–	9 658 731	4 264 578	13 923 309	

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

Fair Value Disclosures

The following table presents the company's financial instruments which are presented at fair value as at 30 September 2017:

	ZAR	ZAR	ZAR
<i>Financial assets at FV through profit or loss</i>	Level 1	Level 2	Total
Private equity investments – unlisted	–	4 748 357	4 748 357
Private equity fund	–	13 599	13 599
Hedge Fund investments – unlisted	–	168 742 440	168 742 440
	–	173 504 396	173 504 396

The following table presents the company's financial instruments which are presented at fair value as at 31 March 2017:

	ZAR	ZAR	ZAR
<i>Financial assets at FV through profit or loss</i>	Level 1	Level 2	Total
Private equity investments – listed	2 288 628	–	2 288 628
Private equity investments – unlisted	–	100	100
Private equity fund	–	56 998	56 998
Hedge Fund investments – unlisted	–	163 699 797	163 699 797
	2 288 628	163 756 895	166 045 523

Valuation techniques applied and inputs to recurring valuation techniques

Financial assets at fair value through profit or loss	Valuation technique used to determine fair value	Significant observable inputs used in valuation	Significant unobservable inputs used in valuation
Private equity investments – listed	Quoted market prices	Unadjusted quoted prices in an active market of underlying investments	N/A
Private equity investments – unlisted	Amortised cost of loans receivable and independent valuations and cost	Market-related interest rate	N/A
Hedge fund Investments – unlisted	Quoted market prices	The fair value is determined by an independent administrator, based on the quoted market prices of the underlying investments held by the hedge funds	Unobservable inputs are mostly expense accruals of the hedge fund entities that are deducted from the sum of the fair values of net investments held by the hedge funds

Hedge funds

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The unlisted hedge fund investments were presented net of loans. The investments made are on a geared basis with permissible loan ratios of up to 100%. The loan agreement against the investment in the PNF Peregrine Fund states that the loan will be settled at the same time as a redemption out of the fund. The hedge fund investments are measured at fair value and the loans are measured at amortised cost.

Financial assets subject to offsetting

ZAR	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
30 September 2017	243 763 211	75 020 771	168 742 440
30 March 2017	236 302 177	72 602 380	163 699 797

Related Party Balances and Transactions

Transactions with an affiliated company

During the period under review, the Company, in the ordinary course of business, entered into various transactions with a fellow subsidiary company, Peregrine SA Holdings Proprietary Limited. The total value of these transactions charged for the period was R227 573 (2016: Nil).

Private equity fund

The Company has a 50% interest in a partnership, Firefly Investments 61, which manages a fund that invests in private equity opportunities. Mr S Melnick, Mr S Jelley and Mr M Yachad, directors of the company, have co-invested with the Company into the fund, either directly or through an entity in which they have an indirect beneficial interest. The value of the loan receivable from Firefly Investments 61 as at 30 September 2017 was R674 642 (31 March 2017: R564 208).

Hedge fund investments

The Company has invested in hedge funds managed by Peregrine Capital and Peregrine Fund Platform, which at the balance sheet date are fellow subsidiaries of Sandown. The unlisted hedge funds are presented net of loans. The value of the net investment in the funds managed by Peregrine Capital and the Peregrine Fund Platform as at 30 September 2017 was R168 742 440 (31 March 2017: R236 302 380). There are loans outstanding against the fund managed by Peregrine Capital as at 30 September 2017 amounting to R75 020 771 (31 March 2017: R72 602 380). The loan bears interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points. The interest paid for the six months ended 30 September 2017 was R2 418 390 (2016: R1 994 271).

Management services

The Company paid certain amounts to executive directors of Peregrine for managerial services. For the six months ended 30 September 2017, these fees amounted to R395 631 (2016: Nil).

Shareholder Loan

The Company had a loan outstanding to a fellow subsidiary as at 30 September 2017 of R1 788 517 (31 March 2017: R9 234 339). The loan is interest-free and has no fixed terms of repayment.

Transfer of Peregrine Treasury Shares

21 668 shares in Peregrine, previously held as treasury shares on behalf of the Peregrine Group, were transferred to a Peregrine Group company during the period, for no consideration. This transfer was accounted for as an adjustment to equity.

Subsequent events

Restructure

With effect from 2 October 2017 Peregrine transferred to Sandown, a wholly-owned subsidiary of Peregrine at the reporting date, all the attributable surplus balance sheet investments within the Peregrine Group. The effect of the restructure and unbundling on the assets and liabilities as at the reporting date is presented below.

The fair values reflected below represent their carrying values as at 30 September 2017.

	ZAR
Identifiable assets transferred in	1 202 484 375
Financial Investments	1 004 243 454
Trade and other receivables	27 674 921
Cash and cash equivalents	170 566 000
Identifiable liabilities transferred in	(9 419 917)
Trade and other payables	(9 419 917)
Net assets	1 193 064 458
Non-controlling interest	(33 239 000)
Attributable net assets	1 159 825 458

Pursuant to the restructure, Sandown issued Peregrine an additional 64 880 855 ordinary shares, such that the total number of shares in issue increased to 226 065 696. In addition, as part of the transfer of hedge fund assets, Peregrine provided Sandown with a short-term loan facility of R134 321 000, which loan is repayable by 31 March 2018.

Having obtained the necessary regulatory approvals, Sandown was separately listed on the JSE on Wednesday, 29 November 2017, with the shares in Sandown being unbundled to Peregrine shareholders on Monday, 4 December 2017.

Please refer to the pre-listing statement issued by Sandown Capital on SENS on 14 November 2017 for additional information.