

CADENCE CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2008

	\$	up/down	% mvmt
Revenue from ordinary activities	8,007,077	up	201 %
Profit from ordinary activities before tax attributable to members	7,202,080	up	185 %
Profit from ordinary activities after tax attributable to members	5,040,488	up	186 %
		Franked amount per share	Tax rate for franking
Dividend Information	Amt per share		
2009 Final dividend per share	2.0c	2.0c	30%
2010 Interim dividend per share	2.0c	2.0c	30%
The Dividend Re-Investment Plan (“DRP”) is in operation and the recommended Interim Dividend of 2.0c per share qualifies. The DRP will be operating at no discount. The DRP price is calculated as the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date.			
Interim dividend dates			
Ex dividend date			4 March 2010
Record date			10 March 2010
Payment date			17 March 2010
		31 Dec 2009	31 Dec 2008
Net tangible asset backing after tax		\$1.10	\$0.86
<p><i>This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2009 Annual Financial Report.</i></p>			

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CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2009**

COMPANY PARTICULARS

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS: Karl Siegling (Chairman)
James Chirnside
Geoffrey Wilson

SECRETARY: Karl Siegling

MANAGER OF THE FUND: Cadence Asset Management Pty Limited
ABN: 68 106 551 062

REGISTERED OFFICE: Level 11, 131 Macquarie Street
Sydney, NSW 2000

CONTACT DETAILS: Level 11, 131 Macquarie Street
Sydney, NSW 2000
Telephone: (02) 8298 2444
Fax: (02) 8298 2499
Email: info@cadencecapital.com.au
Website: www.cadencecapital.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8298 2444

CUSTODIAN OF THE FUND: Citicorp Nominees Pty Limited
GPO Box 764G
Melbourne
Victoria 3001

SHARE REGISTRAR: Registries Limited
Mail Address: GPO Box 3993
Sydney NSW 2001
Telephone: (02) 9290 9600
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

AUDITORS: Moore Stephens Sydney
Level 7
20 Hunter Street
Sydney NSW 2000

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the financial report of Cadence Capital Limited (the Company) for the half year ended 31 December 2009.

PRINCIPAL ACTIVITY

The principal activity of the Company was investing primarily in securities listed on the Australian Securities Exchange. The Company also took short positions and dealt in options over listed securities. No significant changes in the nature of these activities occurred during the half year.

OPERATING RESULTS

Investment operations over the half year resulted in an operating profit before tax of \$7,202,080 (December 2008: operating loss before tax of \$8,436,121) and an operating profit after tax of \$5,040,488 (December 2008: operating loss after tax \$5,832,252).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the half year ended 31 December 2009, net investments were valued at \$36,683,159 (June 2009: \$15,112,493).

FINANCIAL POSITION

The net asset value of the Company for the half year ended 31 December 2009 was \$29,730,707 (June 2009: \$25,146,864).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

As disclosed in the Annual Financial Report for the year ended 30 June 2009, during the current financial year the Company signed a new prime brokerage and custodial facility with Citigroup replacing its previous facility with UBS AG. For further details on these facilities please do refer to Notes 13(a) and 15(b) in the Annual Financial Report for the year ended 30 June 2009.

DIVIDENDS PAID OR RECOMMENDED

Dividends of 2.0 cents per share have been paid in the period to 31 December 2009. (2.5 cents per share were paid from 31 December 2007 to 31 December 2008). An interim fully franked dividend of 2.0 cents per share has been declared by the Board and will be paid on the 17 March 2010.

DIRECTORS

The names of the Directors in office at any time during or since the end of the half year are as follows:-

Karl P. Siegling – Chairman
Geoffrey J. Wilson – Non Executive Director
James M. Chirnside – Non Executive Director

The Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.



K. SIEGLING Director
Dated at Sydney this 24th February 2010

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CADENCE CAPITAL LIMITED**

As lead auditor for the review of Cadence Capital Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cadence Capital Limited during the period.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

JR Webster

J. Webster
Principal

Dated in Sydney this 24th day of February 2010.

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CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	December 2009 \$	December 2008 \$
INCOME			
Proceeds from sale of investments		18,365,897	22,654,833
Cost of investments sold		<u>(16,687,109)</u>	<u>(26,551,672)</u>
Realised gain/(loss) on investments		1,678,788	(3,896,839)
Unrealised gain/(loss) on investments		5,313,181	(5,072,587)
Capital returns on investments		688,496	-
Dividends received		240,911	453,898
Interest received		49,346	573,953
Underwriting fees		<u>36,355</u>	<u>12,111</u>
Total Income/(Loss)		8,007,077	(7,929,464)
EXPENSES			
Finance costs		(108,349)	(65,568)
Management and performance fees		(497,267)	(126,436)
Dividends paid on short positions		(16,419)	(113,785)
Directors fees		(15,000)	(15,000)
Brokerage expenses on share purchases		(68,622)	(91,761)
Other expenses from ordinary activities		<u>(99,340)</u>	<u>(94,107)</u>
Total Expenses		(804,997)	(506,657)
Profit/(Loss) before income tax		7,202,080	(8,436,121)
Income tax (expense)/ benefit		<u>(2,161,592)</u>	<u>2,603,869</u>
Profit/(Loss) attributable to members of the Company	4 (c)	<u>5,040,488</u>	<u>(5,832,252)</u>
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the period		<u>5,040,488</u>	<u>(5,832,252)</u>
Basic earnings per share		<u>18.7 cents</u>	<u>(21.4) cents</u>
Diluted earnings per share		<u>18.7 cents</u>	<u>(21.4) cents</u>

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	December 2009 \$	June 2009 \$
ASSETS			
Cash and cash equivalents		32,148	8,598,144
Trade and other receivables		16,174	393,356
Financial assets		37,416,405	16,051,681
Current tax asset		52,943	52,943
Deferred tax asset		1,430,394	2,232,253
TOTAL ASSETS		38,948,064	27,328,377
LIABILITIES			
Cash overdrafts		6,651,742	908,128
Trade and other payables		468,829	330,390
Financial liabilities		733,246	939,188
Deferred tax liabilities		1,363,540	3,807
TOTAL LIABILITIES		9,217,357	2,181,513
NET ASSETS		29,730,707	25,146,864
EQUITY			
Issued capital	3	29,336,408	29,254,364
Reserves	4 (b)	2,894,430	-
Accumulated losses	4 (c)	(2,500,131)	(4,107,500)
TOTAL EQUITY		29,730,707	25,146,864

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	December 2009 \$	December 2008 \$
Total equity as at 1 July 2009		25,146,864	29,268,891
Profit/(Loss) for the half year attributable to members of the Company	4 (c)	5,040,488	(5,832,252)
Shares issued in the year	4 (a)	82,044	-
Shares bought back in buy-back programs during the year	4 (a)	-	(393,828)
Total other comprehensive income for the period		-	-
		30,269,396	23,042,811
Dividends paid or provided for	2	(538,689)	-
Total equity as at 31 December 2009 attributable to members of the Company		29,730,707	23,042,811

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	December 2009 \$	December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	256,830	506,423
Interest received	49,346	573,953
Other income received	36,355	12,111
Management fees paid	(130,802)	(135,843)
Dividends paid on short positions	(22,400)	(200,986)
Brokerage expenses on share purchases	(68,622)	(91,761)
Interest paid	(108,349)	(65,568)
Income tax paid	-	(170,400)
Payments for administration expenses	(102,565)	(77,802)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(90,207)	350,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	18,736,075	23,561,966
Payments for the purchase of investments	(33,187,329)	(32,706,993)
Capital return on investments	688,496	-
NET CASH (USED IN) INVESTING ACTIVITIES	(13,762,758)	(9,145,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy backs	-	(393,828)
Dividends paid	(456,645)	-
NET CASH (USED IN) FINANCING ACTIVITIES	(456,645)	(393,828)
NET (DECREASE) IN CASH HELD	(14,309,610)	(9,188,728)
CASH AS AT BEGINNING OF THE FINANCIAL YEAR	7,690,016	21,320,352
CASH AS AT END OF THE FINANCIAL YEAR	(6,619,594)	12,131,624

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial report was authorised for issue on 24 February 2010 by the Board of Directors.

It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and any public announcements made by Cadence Capital Limited ("the Company") during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half year report does not include full disclosures of the type normally included in an annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs with the exception of "held for trading" financial assets and certain other financial assets and liabilities which have been measured at fair value.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2009 Annual Financial Report apart from those outlined below.

Accounting Standards not previously applied

The Company has adopted the following new and revised Australian Accounting Standard issued by the Australian Accounting and Standards Board which is mandatory to apply to the current interim period. Disclosures required by this Standard that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2009. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the period ended 31 December 2008. For the Statement of Financial Position, the previous corresponding date is 30 June 2009.

(c) Segment Reporting

The half year financial report is for the individual entity Cadence Capital Limited. It is a publicly listed company limited by shares, incorporated and domiciled in Australia.

The Company is engaged in investment activities conducted predominantly in Australia and derives revenue and investment income from listed and unlisted securities and fixed interest securities.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	December 2009	December 2008
	\$	\$
2. DIVIDENDS		
(a) Ordinary dividends paid during the period		
2.0 cents per share fully franked dividends paid 25 th August 2009 (2008:nil)	<u>538,689</u>	<u>-</u>

(b) Dividends not recognised during the period		
Since the end of the half-year the Directors have declared an interim fully franked dividend of 2.0c per share payable on 17 March 2010.	<u>540,917</u>	<u>-</u>

3. ISSUED CAPITAL

	December 2009	June 2009
	\$	\$
Paid-up Capital		
27,045,833 shares fully paid (June 2009: 26,934,450)	29,661,515	29,579,471
Costs of share issue	(464,437)	(464,437)
Deferred tax asset on capitalised costs of share issue	139,330	139,330
	<u>29,336,408</u>	<u>29,254,364</u>

4. MOVEMENTS IN EQUITY

(a) Movement in ordinary share capital December 2009

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
	Balance at the beginning of the year		26,934,450	29,579,471
25 August 2009	DRP	\$0.73659	111,383	82,044
At reporting date			<u>27,045,833</u>	<u>29,661,515</u>

June 2009

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
	Balance at the beginning of the year		27,388,020	29,973,299
Up to 30 June 2009	On-Market Share Buy-Back	\$0.8302	(55,500)	(46,074)
Up to 30 June 2009	Off-Market Share Buy-Back	\$0.8736	(398,070)	(347,754)
			<u>26,934,450</u>	<u>29,579,471</u>

	December 2009	June 2009
	\$	\$
(b) Movement in Asset Revaluation Reserve		
Opening balance	-	-
Transfer from retained earnings	2,894,430	-
	<u>2,894,430</u>	<u>-</u>

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

4. MOVEMENTS IN EQUITY (Continued)

	December 2009	June 2009
	\$	\$
(c) Movement in Accumulated Losses		
Opening balance	(4,107,500)	(379,301)
Profit/(Loss) attributable to members of the company	5,040,488	(3,728,199)
Transfer to asset revaluation reserve	(2,894,430)	-
Dividends paid	(538,689)	-
	<u>(2,500,131)</u>	<u>(4,107,500)</u>

5. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a 2.0 cent per share fully franked dividend on 24 February 2010 payable on 17 March 2010. The Ex Date for the dividend is 4 March 2010.

Other than the above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

6. CONTINGENT LIABILITIES

Estimates of material amounts of contingent liabilities not provided for in the accounts, arising from:

	December 2009	June 2009
	\$	\$
Sub-Underwriting agreements entered into during the period of which the offer closes after balance sheet date.	<u>-</u>	<u>1,660,000</u>

7. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 31 December 2009, which settle after balance sheet date.

	<u>857,700</u>	<u>1,088,068</u>
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CADENCE CAPITAL LIMITED

ABN: 17 112 870 096

DIRECTORS' DECLARATION

The Directors of Cadence Capital Limited declare that:

1. The financial statements and notes, as set out on pages 6 to 12, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2009 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



K. SIEGLING
Director

Dated at Sydney this 24th February 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CADENCE CAPITAL LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cadence Capital Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed cash flow statement for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*. As the auditor of Cadence Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2009 included on the website of Cadence Capital Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cadence Capital Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

J Webster

J. Webster
Principal

Dated in Sydney this 24th day of February 2010.

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