

CADENCE CAPITAL LIMITED
A.B.N. 17 112 870 096

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2015

	\$	up/down	% mvmt
Revenue from ordinary activities	(36,540,550)	down	213 %
Loss from ordinary activities before tax attributable to members	47,064,148	down	291 %
Loss from ordinary activities after tax attributable to members	30,882,043	down	260 %
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2016 Final dividend per share (declared)	4.0c	4.0c	30%
2016 Interim dividend per share (paid)	5.0c	5.0c	30%
2015 Special dividend per share (paid)	1.0c	1.0c	30%
2015 Final dividend per share (paid)	5.0c	5.0c	30%
2015 Interim dividend per share (paid)	5.0c	5.0c	30%
Final dividend dates			
The Board have declared a 4.0 cent per share fully franked final dividend payable on 27 th October 2016. The Ex Date for the dividend is 18 th October 2016 and the Record Date is 19 th October 2016.			
The Dividend Re-Investment Plan ("DRP") is in operation and the recommended Final Dividend of 4.0c per share. The relevant issue price will be at a 3.0% discount to the price (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, less the discount). The last date for DRP election is the 21 st October 2016.			
	30 June 2016	30 June 2015	
Net tangible asset backing after tax	\$1.19	\$1.41	
<i>This report is based on the 2016 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i>			

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
INCOME			
Net realised and unrealised (loss)/gain on investments		(50,540,928)	20,910,998
Dividends received		11,712,017	9,515,790
Interest received		2,263,109	2,035,499
Other income		25,252	13,950
Total Income		(36,540,550)	32,476,237
EXPENSES			
Finance costs		(1,795,854)	(683,116)
Management fees		(3,294,579)	(2,813,448)
Performance fees		-	(2,589,415)
Assignment fees		(139,063)	(228,052)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(3,669,676)	(212,479)
Stock loan fees		(252,503)	(62,244)
Brokerage expenses on share purchases		(854,814)	(575,514)
ASX fees		(134,099)	(158,926)
Registry fees		(178,144)	(157,704)
Legal fees		(7,299)	(23,334)
Custody fees		(19,165)	(88,474)
Audit and taxation fees		(54,294)	(60,850)
Other expenses from ordinary activities		(49,108)	(45,337)
Total Expenses		(10,523,598)	(7,773,893)
(Loss)/Profit before income tax		(47,064,148)	24,702,344
Income tax benefit/(expense)	2(a)	16,182,105	(5,354,150)
(Loss)/Profit attributable to members of the Company	11	(30,882,043)	19,348,194
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)/income for the period		(30,882,043)	19,348,194
Basic (loss)/earnings per share	12	(11.6) cents	9.5 cents
Diluted (loss)/earnings per share	12	(11.6) cents	9.5 cents

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 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
Cash and cash equivalents	4	159,496,725	32,673,014
Trade and other receivables	5	3,615,294	5,279,525
Financial assets	6	354,014,790	293,689,355
Current tax asset	2(c)	1,558,190	-
Deferred tax asset	2(b)	24,415,617	4,670,150
TOTAL ASSETS		543,100,616	336,312,044
LIABILITIES			
Cash overdrafts	4	160,807,769	2,596
Trade and other payables	7	1,768,061	3,384,369
Financial liabilities	8	59,935,339	13,671,193
Current tax liabilities	2(c)	-	3,424,407
TOTAL LIABILITIES		222,511,169	20,482,565
NET ASSETS		320,589,447	315,829,479
EQUITY			
Issued capital	9	367,999,928	302,996,147
Profits reserve	10	6,425,738	22,708,886
Accumulated losses	11	(53,836,219)	(9,875,554)
TOTAL EQUITY		320,589,447	315,829,479

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2014		231,197,359	(3,752,837)	18,247,326	245,691,848
Profit for the year	11	-	19,348,194	-	19,348,194
Transfer to profits reserve	10	-	(25,470,911)	25,470,911	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	9	5,358,550	-	-	5,358,550
Shares issued via exercise of options	9	66,440,238	-	-	66,440,238
Dividends paid	3(a)	-	-	(21,009,351)	(21,009,351)
Balance at 30 June 2015		302,996,147	(9,875,554)	22,708,886	315,829,479
Loss for the year	11	-	(30,882,043)	-	(30,882,043)
Transfer to profits reserve	10	-	(13,078,622)	13,078,622	-
Other comprehensive income for the year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan		6,103,927	-	-	6,103,927
Shares issued via placement		18,294,586	-	-	18,294,586
Shares issued via exercise of options		40,890,115	-	-	40,890,115
Capitalised share issue costs, net of tax		(284,847)			(284,847)
Dividends paid	3(a)	-	-	(29,361,770)	(29,361,770)
Balance at 30 June 2016		367,999,928	(53,836,219)	6,425,738	320,589,447

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from the sale of investments		766,842,447	540,473,533
Payments for the purchase of investments		(828,605,701)	(653,026,793)
Dividends received		10,510,401	8,761,126
Interest received		2,263,109	2,035,499
Other income received		25,252	13,950
Management fees paid		(3,332,702)	(2,784,335)
Performance fees paid		(2,778,882)	(12,800)
Brokerage expenses on share purchases		(854,814)	(575,514)
Interest paid		(1,795,854)	(683,116)
Dividends paid on shorts		(2,429,752)	(242,449)
Payments for administration expenses		(921,018)	(707,717)
Income tax paid		(8,423,886)	(5,196,425)
NET CASH USED IN OPERATING ACTIVITIES		(69,501,400)	(111,945,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(23,257,843)	(15,650,799)
Share issue transaction costs, gross of tax		(406,920)	-
Proceeds from shares issued		59,184,701	66,440,227
NET CASH PROVIDED BY FINANCING ACTIVITIES		35,519,938	50,789,428
NET DECREASE IN CASH HELD		(33,981,462)	(61,155,613)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	4	32,670,418	93,826,031
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	4	(1,311,044)	32,670,418
NON-CASH TRANSACTIONS:			
Shares issued via dividend reinvestment plan		6,103,927	5,358,550

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. 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 these financial statements have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

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

This preliminary report was authorised by the directors on 31 August 2016.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. TAXATION

(a) Current Income Tax (Benefit)/Expense

The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2016 \$	2015 \$
Prima facie tax (benefit)/ expense on (loss)/profit from ordinary activities before income tax at 30%	(14,119,244)	7,410,703
Imputation credit gross up	726,546	783,265
Franked dividends receivable – prior year	551,369	323,071
Franked dividends receivable – current year	(918,956)	(551,369)
Franking credits on dividends received	(2,421,820)	(2,610,882)
Other	-	(638)
	(16,182,105)	5,354,150

Effective tax rate	34.4%	21.7%
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The effective tax rate for FY2016 is 34.4%, reflecting the benefit to the company of franking credits received on dividend income during the year in addition to the tax benefit received on the loss before income tax.

Total income tax (benefit)/expense results in a:

Current tax liability	3,441,289	7,674,405
Movement in deferred tax liabilities	-	(1,599,995)
Movement in deferred tax assets	(19,623,394)	(720,260)
	(16,182,105)	5,354,150

(b) Deferred Tax Assets

Provisions	7,590	496
Capitalised share issue costs	345,237	421,915
Fair value adjustments	20,729,677	914,626
Tax losses	3,333,113	3,333,113
	24,415,617	4,670,150

Movement in deferred tax assets

Balance at the beginning of the period	4,670,150	3,880,442
Credited to the profit or loss	19,623,394	720,260
Under provision from prior year	-	69,448
Charged directly to equity	122,073	-
	24,415,617	4,670,150

(c) Current Tax (Assets)/Liabilities

Movement in current tax (assets)/liabilities

Balance at the beginning of the period	3,424,407	20,571
Current year income tax on operating profit	3,441,289	7,674,405
Income tax paid	(8,423,886)	(5,196,425)
Under provision from prior year	-	925,856
At reporting date	(1,558,190)	3,424,407

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. DIVIDENDS

(a) Dividends paid

	2016	2015
	\$	\$
Dividends paid by the Company	<u>29,361,770</u>	<u>21,009,351</u>

2016

Dividends paid by the Company for the year ended 30 June 2016	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2016 Ordinary	5.0	12 May 16	30%	100%	13,419,163
Final 2015 Ordinary	5.0	29 October 15	30%	100%	13,285,506
Final 2015 Special	1.0	29 October 15	30%	100%	2,657,101
Total Amount					<u>29,361,770</u>

The Board have declared a 4.0 cent per share fully franked final dividend payable on 27th October 2016. The Ex-Date for the dividend is 18th October 2016.

2015

Dividends paid by the Company for the year ended 30 June 2015	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2015 Ordinary	5.0	10 April 15	30%	100%	11,111,185
Final 2014 Ordinary	5.0	30 September 14	30%	100%	9,898,166
Total Amount					<u>21,009,351</u>

(b) Dividend franking account

Balance of franking account at year end adjusted for franking credits and debits, arising from receipts of income tax receivables and credits arising dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.

<u>2,440,138</u>	<u>9,069,012</u>
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Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a) above as well as the current tax asset which is refundable to the company. The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

4. CASH AND CASH EQUIVALENTS

Cash at bank	159,496,725	32,673,014
Cash overdrafts	(160,807,769)	(2,596)
	<u>(1,331,044)</u>	<u>32,670,418</u>

5. TRADE AND OTHER RECEIVABLES

Trade debtors	322,571	3,100,293
Income receivable	3,063,153	1,861,537
Sundry debtors	229,570	317,695
	<u>3,615,294</u>	<u>5,279,525</u>

Terms and Conditions

Trade debtors relate to outstanding settlements, are non-interest bearing and are secured by the Australian Securities Exchange – National Guarantee Fund. They are settled within 3 days of the purchase being executed. Income receivable relates to accrued income, it is non-interest bearing and is unsecured.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
6. FINANCIAL ASSETS		
Investments at fair value	<u>354,014,790</u>	<u>293,689,355</u>
7. TRADE AND OTHER PAYABLES		
Trade creditors	116,583	55,342
Sundry creditors - related parties	123,834	2,944,341
Dividends payable on shorts	1,239,924	-
Sundry creditors – other	<u>287,720</u>	<u>384,686</u>
	<u>1,768,061</u>	<u>3,384,369</u>

Trade creditors relate to outstanding settlements. They are non-interest bearing and are secured by the Australian Securities Exchange – National Guarantee Fund. They are settled within 3 days of the purchase being executed.

Sundry creditors – other, are settled within the terms of payment offered, which is usually within 30 days.

Sundry creditors – related parties, includes fees payable of \$123,834 (inclusive of GST) (2015: \$2,944,341) to the manager, Cadence Asset Management Pty Limited.

8. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:

Listed investments at fair value	44,520,500	13,322,291
Swaps – held for trading	<u>15,414,839</u>	<u>348,902</u>
	<u>59,935,339</u>	<u>13,671,193</u>

The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	370,419,123	305,130,495
Capitalised share issue costs	(3,455,993)	(3,049,073)
Deferred tax asset on capitalised share issue costs	<u>1,036,798</u>	<u>914,725</u>
	<u>367,999,928</u>	<u>302,996,147</u>

2016

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			224,322,211	305,130,495
July 2015	Exercise of Options	\$1.4300	2,416,113	3,455,042
August 2015	Exercise of Options	\$1.4300	23,226,136	33,213,374
September 2015	Exercise of Options	\$1.4300	2,952,237	4,221,699
30 September 2015	Placement	\$1.4300	12,793,415	18,294,586
29 October 2015	DRP	\$1.40607	2,673,157	3,758,672
12 May 2016	DRP	\$1.23317	1,901,807	2,345,255
			<u>270,285,076</u>	<u>370,419,123</u>

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9. ISSUED CAPITAL (Continued) (a) Paid-up Capital (Continued)

2015 Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			173,967,657	233,331,707
July 2014	Exercise of Options	\$1.4300	326,419	466,779
August 2014	Exercise of Options	\$1.4300	5,209,414	7,449,462
September 2014	Exercise of Options	\$1.4300	18,459,823	26,397,547
30 September 2014	DRP	\$1.37049	1,808,346	2,478,320
October 2014	Exercise of Options	\$1.4300	50,100	71,643
November 2014	Exercise of Options	\$1.4300	78,669	112,497
December 2014	Exercise of Options	\$1.4300	9,580	13,699
January 2015	Exercise of Options	\$1.4300	29,495	42,178
February 2015	Exercise of Options	\$1.4300	165,435	236,572
March 2015	Exercise of Options	\$1.4300	22,118,770	31,629,841
April 2015	Exercise of Options	\$1.4300	14,000	20,020
10 April 2015	DRP	\$1.38173	2,084,503	2,880,230
			224,322,211	305,130,495

As at 30 June 2016 the Company had no Options on issue (2015: 109,602,077 Options). The outstanding one for one Bonus Options that were issued to Shareholders for free on 20 January 2014, giving Option holders the right to acquire Ordinary Shares in the Company at \$1.43 per Ordinary Share expired on 31 August 2015.

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(b) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

10. PROFITS RESERVE

	2016 \$	2015 \$
Profits Reserve	6,425,738	22,708,886
Movement in Profits Reserve:		
Opening balance	22,708,886	18,247,326
Transfer from retained earnings	13,078,622	25,470,911
Dividends paid (Note 3)	(29,361,770)	(21,009,351)
	6,425,738	22,708,886

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
11. ACCUMULATED LOSSES		
Opening balance	(9,875,554)	(3,752,837)
(Loss)/Profit attributable to members of the Company	(30,882,043)	19,348,194
Transfer to profits reserve	(13,078,622)	(25,470,911)
	<u>(53,836,219)</u>	<u>(9,875,554)</u>

12. EARNINGS PER SHARE

(Loss)/ Profit after income tax used in the calculation of earnings per share

<u>(30,882,043)</u>	<u>19,348,194</u>
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	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>265,511,543</u>	<u>202,656,107</u>

Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	<u>265,511,543</u>	<u>203,648,089</u>
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Reconciliation of weighted average number of shares:

Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>265,511,543</u>	<u>202,656,107</u>
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Add:

Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<u>-</u>	<u>991,982</u>
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Weighted average number of shares used in the calculation of diluted earnings per share	<u>265,511,543</u>	<u>203,648,089</u>
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As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the company.

13. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 4.0 cent per share fully franked final dividend payable on 27th October 2016. The Ex-Date for the dividend is 18th October 2016.

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any other 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.

14. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2016 (2015: nil).

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15. CAPITAL COMMITMENTS

2016

2015

\$

\$

Capital commitments exist for placements entered into before 30 June 2016, which settle after year end.

1,826,929

930,776

16. SEGMENT REPORTING

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss, however the Company has foreign exposures as it invests in companies which operate internationally.