

CADENCE CAPITAL LIMITED
A.B.N. 17 112 870 096
APPENDIX 4D
HALF-YEAR REPORT
for the half-year ended 31 December 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half-year ended 31 December 2011

	\$	up/down	% mvmt
Revenue from ordinary activities	9,844,947	up	814 %
Profit from ordinary activities before tax attributable to members	9,190,726	up	1614 %
Profit from ordinary activities after tax attributable to members	7,422,871	up	331 %
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2013 Interim dividend per share	5.0c	5.0c	30%
2013 Special dividend per share	1.0c	1.0c	30%
2012 Final dividend per share	4.0c	4.0c	30%
2012 Special dividend per share	4.0c	4.0c	30%
2012 Interim dividend per share	4.0c	4.0c	30%
2012 Special dividend per share	0.5c	0.5c	30%
<p>The Dividend Re-Investment Plan (“DRP”) is in operation and the recommended half year dividend of 6.0c per share qualifies. 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).</p>			
Interim dividend dates			
Ex dividend date			3 April 2013
Record date			9 April 2013
Payment date			16 April 2013
		31 Dec 2012	31 Dec 2011
Net tangible asset backing after tax		\$1.37	\$1.42
<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 2012 Annual Financial Report.</i></p>			

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**

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

PRIME BROKER AND CUSTODIAN OF THE FUND: Citigroup Global Markets Australia Pty Ltd
Level 21, 2 Park Street Sydney
Sydney
New South Wales, 2000

SHARE REGISTRAR: Boardroom Pty 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 2012

The Directors present their report together with the financial report of Cadence Capital Limited (the Company) for the half-year ended 31 December 2012.

PRINCIPAL ACTIVITY

The principal activity of the Company was investing primarily in securities listed on the Australian Securities Exchange. The Company also takes short positions and deals 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 \$9,190,726 (December 2011: operating profit before tax of \$536,157) and an operating profit after tax of \$7,422,871 (December 2011: operating profit after tax of \$1,723,775).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the half-year ended 31 December 2012, net investments were valued at \$55,324,417 (June 2012: \$34,898,635).

FINANCIAL POSITION

The net asset value of the Company for the half-year ended 31 December 2012 was \$89,901,733 (June 2012: \$52,153,951).

DIVIDENDS PAID OR RECOMMENDED

A half year fully franked dividend of 6.0 cents per share (5.0 cents interim and 1.0 cent special) has been declared by the Board and will be paid on the 16 April 2013.

Dividends paid are as follows:

	\$
Fully franked 2012 final dividend of 3.0 cents per share was paid on 29 October 2012	2,561,779
Fully franked 2012 special dividend of 3.0 cents per share was paid on 29 October 2012	2,561,779
Fully franked 2012 interim dividend of 3.0 cents per share was paid on 2 April 2012	1,491,216
Fully franked 2012 special dividend of 0.5 cents per share was paid on 2 April 2012	186,402
Fully franked 2011 final dividend of 3.0 cents per share was paid on 25 August 2011	928,255
Fully franked 2011 special dividend of 3.0 cents per share was paid on 25 August 2011	928,255

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 14th of February 2013

Level 7, 20 Hunter Street
Sydney NSW 2000

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

**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 2012, 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
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 14th day of February 2013.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	December 2012 \$	December 2011 \$
INCOME			
Proceeds from sale of investments		19,703,992	6,823,496
Cost of investments sold		<u>(22,523,275)</u>	<u>(6,754,740)</u>
Realised (loss)/ gain on investments		(2,819,283)	68,757
Unrealised gain/ (loss) on investments		8,796,912	(3,913,413)
Capital returns on investments		-	80,000
Dividends received		3,382,406	4,536,054
Interest received		477,650	299,086
Underwriting fees		<u>7,262</u>	<u>6,080</u>
Total Income		9,844,947	1,076,564
EXPENSES			
Management and performance fees		(386,948)	(398,060)
Directors fees		(30,000)	(15,000)
Brokerage expenses on share purchases		(122,730)	(16,784)
Other expenses from ordinary activities		<u>(114,543)</u>	<u>(110,563)</u>
Total Expenses		(654,221)	(540,407)
Profit before income tax		9,190,726	536,157
Income tax (expense)/ benefit		<u>(1,767,855)</u>	<u>1,187,619</u>
Profit attributable to members of the Company	4 (c)	<u>7,422,871</u>	<u>1,723,775</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>7,422,871</u>	<u>1,723,775</u>
Basic earnings per share		<u>13.7 cents</u>	<u>5.6 cents</u>
Diluted earnings per share		<u>13.7 cents</u>	<u>5.6 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 2012

	Note	December 2012 \$	June 2012 \$
ASSETS			
Cash and cash equivalents		33,366,850	15,155,601
Trade and other receivables		27,260	233,767
Financial assets		56,664,417	34,898,635
Deferred tax asset		2,323,365	3,096,827
TOTAL ASSETS		92,381,892	53,384,830
LIABILITIES			
Trade and other payables		201,229	1,212,725
Financial liabilities		1,340,000	-
Deferred tax liabilities		938,930	18,154
TOTAL LIABILITIES		2,480,159	1,230,879
NET ASSETS		89,901,733	52,153,951
EQUITY			
Issued capital	3	78,091,456	42,642,987
Profits reserve	4 (b)	13,317,417	11,018,104
Accumulated losses	4 (c)	(1,507,140)	(1,507,140)
TOTAL EQUITY		89,901,733	52,153,951

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 2012

	Notes	December 2012 \$	December 2011 \$
Total equity as at 1 July 2012		52,153,951	40,131,337
Profit for the half-year attributable to members of the Company	4 (c)	7,422,871	1,723,775
Shares issued in the period	4	35,448,469	4,878,964
Total other comprehensive income for the period		-	-
		95,025,291	46,734,076
Dividends paid or provided for	2	(5,123,558)	(1,856,510)
Total equity as at 31 December 2012 attributable to members of the Company		89,901,733	44,877,566

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	December 2012 \$	December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	3,559,577	4,617,718
Interest received	477,650	299,086
Other income received	7,262	6,653
Management fees paid	(250,557)	(198,835)
Performance fees paid	(441,634)	(2,430,457)
Brokerage expenses on share purchases	(122,730)	(16,784)
Payments for administration expenses	(182,750)	(141,299)
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,046,818	2,136,082
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	19,711,957	6,823,496
Payments for the purchase of investments	(34,798,820)	(7,310,521)
Capital return on investments	-	80,000
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(15,086,863)	(407,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	33,479,173	4,175,036
Dividends paid	(3,227,879)	(1,152,585)
	<hr/>	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	30,251,294	3,022,451
NET INCREASE IN CASH HELD	18,211,249	4,751,508
CASH AS AT BEGINNING OF THE PERIOD	15,155,601	11,423,139
	<hr/>	<hr/>
CASH AS AT END OF THE PERIOD	33,366,850	16,174,647
	<hr/>	<hr/>

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 2012

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 14 February 2013 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 2012 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 2012 Annual Financial Report.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(b) Details of Reporting Period

The current reporting period is the half-year ended 31 December 2012. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the period ended 31 December 2011. For the Statement of Financial Position, the previous corresponding date is 30 June 2012.

(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.

The Company has a diversified portfolio of investments, with only the Company's investments in Bravura Solutions Ltd, Flexigroup Ltd, Macquarie Group Limited and RHG Limited comprising more than 10% of the company's income in six months to December 2012. (2011: RHG Limited and Alacer Gold Corporation)

	December 2012	December 2011
	\$	\$
2. DIVIDENDS		
(a) Dividends paid during the period		
8.0 cents per share fully franked (4.0c final and 4.0c special) paid 29 th October 2012.		
(2011: 6.0c per share fully franked (3.0c final and 3.0c special) paid 25 th August 2011)	<u>5,123,558</u>	<u>1,856,510</u>

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

2. DIVIDENDS (Continued)

(b) Dividends not recognised during the period

Since the end of the half-year the Directors have declared a half year fully franked dividend of 6.0c per share (5.0c interim and 1.0c special) payable on 16 April 2013. (2011: 4.5c per share franked dividend (4.0c interim and 0.5c special) paid on 2 April 2012)

	December 2012	June 2012
3. ISSUED CAPITAL		
Paid-up Capital	\$	\$
65,460,134 shares fully paid (June 2012: 37,867,313)	78,588,331	42,968,094
Costs of share issue	(709,820)	(464,437)
Deferred tax asset on capitalised costs of share issue	212,945	139,330
	<u>78,091,456</u>	<u>42,642,987</u>

4. MOVEMENTS IN EQUITY

(a) Movement in ordinary share capital December 2012

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			37,867,313	42,968,094
August 2012	Exercise of Options	\$1.2500	4,827,004	6,033,755
September 2012	Exercise of Options	\$1.2500	12,996,991	16,246,239
3/4 October 2012	Placement	\$1.3700	8,353,696	11,444,564
29 October 2012	DRP	\$1.33958	1,415,130	1,895,679
At reporting date			<u>65,460,134</u>	<u>78,588,331</u>

June 2012

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			27,601,814	30,174,898
6 October 2011	DRP	\$1.16199	605,789	703,928
September 2011	Exercise of Options	\$1.2500	3,340,026	4,175,033
February 2012	Exercise of Options	\$1.2500	5,732,759	7,165,949
2 April 2012	DRP	\$1.27656	551,025	703,411
May 2012	Exercise of Options	\$1.2500	35,900	44,875
			<u>37,867,313</u>	<u>42,968,094</u>

	December 2012	June 2012
(b) Profits reserve	\$	\$
Opening balance	11,018,104	-
Transfer from retained earnings	2,299,313	11,018,104
	<u>13,317,417</u>	<u>11,018,104</u>

A Profits reserve represents amounts allocated from retained earnings that are preserved for future dividend payments.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

4. MOVEMENTS IN EQUITY (Continued)	December	June
	2012	2012
(c) Movement in Accumulated Losses	\$	\$
Opening balance	(1,507,140)	10,281,546
Profit attributable to members of the company	7,422,871	2,763,546
Transfer to Profits reserve	(2,299,313)	(11,018,104)
Dividends paid	(5,123,558)	(3,534,128)
	<u>(1,507,140)</u>	<u>(1,507,140)</u>

5. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a 6.0 cents fully franked half year dividend per share (5.0 cents interim and 1.0 cent special) on 14 February 2013 payable on 16 April 2013. The Ex Date for the dividend is 3 April 2013.

On the 14th January 2013, the Board announced its intention to undertake a share issue of up to 45% of issued capital (29.457M ordinary shares). The share issue will be via a prospectus and will be open to both retail and high net worth investors. The offer will be open to existing and potential new shareholders, with a priority allocation of 6.0M shares to be set aside for existing shareholders.

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. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2012 (June 2012: nil).

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 2012 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 14th of February 2013

**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 statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, 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 2012 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.

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.

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 2012 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
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 14th day of February 2013.