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

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2012

	$	**up/down**	**% mvmt**
Revenue from ordinary activities	15,006,342	up	489 %
Profit from ordinary activities before tax attributable to members	13,058,686	up	884 %
Profit from ordinary activities after tax attributable to members	11,382,348	up	312 %

Dividend Information	**Amt per share**	**Franked amount per share**	**Tax rate for franking**
2013 Final dividend per share	5.0c	5.0c	30%
2013 Special dividend per share	1.0c	1.0c	30%
2013 Interim dividend per share	5.0c	5.0c	30%
2012 Special dividend per share	4.0c	4.0c	30%
2012 Final dividend per share	4.0c	4.0c	30%
2012 Special dividend per share	0.5c	0.5c	30%
2012 Interim dividend per share	4.0c	4.0c	30%

Final dividend dates

The Board have declared a 5.0 cent per share fully franked final dividend payable on 30th September 2013. The Ex Date for the dividend is 16th September 2013 and the Record Date is 20th September 2013.

The Dividend Re-Investment Plan ("DRP") is in operation and the recommended Final Dividend of 5.0c 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).

	30 June 2013	**30 June 2012**
Net tangible asset backing after tax	$1.36	$1.38

This report is based on the 2013 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.2A.

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 2013

	Note	2013 $	2012 $
INCOME			
Proceeds from sale of investments		58,890,193	14,668,792
Cost of investments sold		(64,739,633)	(15,127,951)
Realised loss on investments		(5,849,440)	(459,159)
Unrealised gain/ (loss) on investments		11,430,387	(3,811,648)
Dividends received		8,146,093	6,223,972
Interest received		1,248,040	570,461
Underwriting fees		31,262	10,084
Other revenue from ordinary activities		-	15,882
Total Income		15,006,342	2,549,592
EXPENSES			
Finance costs		(67,649)	-
Management fees		(1,039,542)	(442,356)
Performance fees		(38,587)	(431,439)
Assignment fees		(45,507)	(36,882)
Directors fees		(30,000)	(30,000)
Dividends on short positions		(53,000)	-
Stock loan fees		(7,825)	(128)
Brokerage expenses on share purchases		(427,506)	(70,047)
ASX fees		(55,616)	(13,034)
Registry fees		(78,550)	(40,350)
Other expenses from ordinary activities		(103,874)	(158,803)
Total Expenses		(1,947,656)	(1,223,039)
Profit before income tax		**13,058,686**	**1,326,553**
Income tax (expense)/ benefit	**3(a)**	(1,676,338)	1,436,993
Profit attributable to members of the Company	**11**	**11,382,348**	**2,763,546**
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income for the period		**11,382,348**	**2,763,546**
Basic earnings per share	**13**	**15.3 cents**	**8.3 cents**
Diluted earnings per share	**13**	**15.3 cents**	**8.3 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 2013

	Note	2013 $	2012 $
ASSETS			
Cash and cash equivalents	**12(a)**	66,337,963	15,155,601
Trade and other receivables	**5**	1,525,149	233,767
Financial assets	**6**	97,967,357	34,898,635
Deferred tax asset	**3(b)**	3,719,668	3,096,827
TOTAL ASSETS		**169,550,137**	**53,384,830**
LIABILITIES			
Trade and other payables	**7**	726,677	1,212,725
Financial liabilities	**8**	2,610,060	-
Deferred tax liabilities	**3(c)**	1,830,794	18,154
TOTAL LIABILITIES		**5,167,531**	**1,230,879**
NET ASSETS		**164,382,606**	**52,153,951**
EQUITY			
Issued capital	**9**	155,566,625	42,642,987
Profits reserve	**10**	12,568,818	11,018,104
Accumulated losses	**11**	(3,752,837)	(1,507,140)
TOTAL EQUITY		**164,382,606**	**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 YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Total equity as at 1 July 2012		**52,153,951**	**40,131,337**
Profit attributable to members of the Company	**11**	11,382,348	2,763,546
Shares issued in the year through DRP	**9**	3,731,437	1,407,339
Shares issued in the year through Options being exercised	**9**	22,279,994	11,385,857
Shares issued in the year through Placements	**9**	15,923,863	-
Shares issued in the year through Retail Prospectus	**9**	70,988,344	-
		176,459,937	**55,688,079**
Dividends paid or provided for	**4**	(12,077,331)	(3,534,128)
Total equity as at 30 June 2013 attributable to members of the Company		**164,382,606**	**52,153,951**

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		7,552,781	6,128,464
Interest received		1,195,026	570,461
Other income received		31,262	10,084
Management fees paid		(1,009,610)	(438,333)
Performance fees paid		(460,183)	(2,328,930)
Brokerage expenses on share purchases		(427,506)	(70,047)
Interest paid		(67,649)	-
Dividends paid on shorts		(53,000)	-
Payments for administration expenses		(380,630)	(364,612)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**12(b)**	**6,380,491**	**3,507,087**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of investments		58,367,270	14,660,827
Payments for the purchase of investments		(113,925,168)	(23,694,520)
NET CASH (USED IN) INVESTING ACTIVITIES		**(55,557,898)**	**(9,033,693)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(8,345,894)	(2,126,789)
Proceeds from shares issued		108,705,663	11,385,857
NET CASH PROVIDED BY FINANCING ACTIVITIES		**100,359,769**	**9,259,068**
NET INCREASE IN CASH HELD		**51,182,362**	**3,732,462**
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR		**15,155,601**	**11,423,139**
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	**12(a)**	**66,337,963**	**15,155,601**

The accompanying notes form part of these financial statements.

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 are presented below. They 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 preparation of the 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(j).

Accounting Policies
(a) Investments

i) Classification
Investments consist of shares in publicly listed and unlisted companies and fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the profit or loss on a liquidity basis.

The Company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through the profit or loss.

ii) Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Trade date is the date on which the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the profit or loss immediately.

Financial assets are classified and measured at fair value with changes in value being recognised in the profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(a) Investments (Continued)

iii) Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 either discharged, cancelled or expire. The difference between the carrying value 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 the profit or loss.

iv) Valuation
All investments are classified and measured at fair value, being market value, including the potential tax charges that may arise from the future sale of the investments. These fair value adjustments are recognised in the profit or loss. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

v) Unrealised Gains
Unrealised gains were previously included in the operating result for the year and were transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments. The Company will not make transfers to the Asset Revaluation Reserve going forward.

vi) Investment income
Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

vii) Derivative Instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss.

viii) Financial Liabilities
Borrowed stock is classified as financial liabilities at fair value through the profit or loss. Realised and unrealised gains and losses arising from changes in fair value are included in the profit or loss in the year in which they arise.

(b) Income Tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax (Continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable entity or different taxable entity's which intend to settle simultaneously.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(d) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(e) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the profit or loss.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it 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 the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goods and Services Tax (Continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows..

(h) Segment Reporting

The 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 RHG Limited, Macquarie Group Limited, McMillan Shakespeare Limited, Flexigroup Limited and Bravura Solutions Limited comprising more than 10% of the company's income in year to 30 June 2013 (2012: RHG Limited, McMillan Shakespeare Limited, Flexigroup Limited and Bravura Solutions Limited).

(i) Comparative Figures

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(j) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Income tax

The entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(k) Profits Reserve

The profits reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.

(l) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 30 June 2013. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to itself, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(l) New Accounting Standards and Interpretations not yet mandatory or early adopted (Continued)

The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the Company's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the Company.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the entity.

The financial report was authorised for issue on 30 July 2013 by the Board of Directors.

	2013 $	2012 $
2. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	28,850	33,902
Non-audit Services		
Other services provided by a related practice of the auditor:		
Taxation services	8,200	6,888
Other services	-	4,645
	37,050	**45,435**

3. TAXATION

(a) Current Income Tax Benefit

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(benefit) as follows:	2013 $	2012 $
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30%	3,917,606	397,966
Imputation credit gross up	921,567	781,774
Penalties and fines	-	86
Franked dividends receivable – prior year	34,997	24,499
Franked dividends receivable – current year	(125,943)	(34,997)
Under provision of prior year income tax	-	(408)
Rebates/tax offsets	(1,134,465)	(2,298,205)
Imputation credits converted to a loss	(1,937,424)	(307,708)
	1,676,338	**(1,436,993)**
Total income tax expense results in a:		
Movement in deferred tax liabilities	1,812,640	18,154
Movement in deferred tax assets	(136,302)	(1,455,147)
	1,676,338	**(1,436,993)**

(b) Deferred Tax Assets

Provisions	8,108	5,790
Capitalised share issue costs	395,604	8,984
Fair value adjustments	-	1,703,522
Tax losses	3,315,956	1,378,531
	3,719,668	**3,096,827**
Movement in deferred tax assets		
Balance at the beginning of the period	3,096,827	1,641,680
Credited to the profit or loss	136,302	1,455,147
Charged to equity	486,539	-
	3,719,668	**3,096,827**

(c) Deferred Tax Liabilities

Income provisions	105,202	18,154
Fair value adjustments	1,725,592	-
	1,830,794	**18,154**
Movement in deferred tax liabilities		
Balance at the beginning of the period	18,154	-
Debited to the profit or loss	1,812,640	18,154
At reporting date	**1,830,794**	**18,154**

4. DIVIDENDS

(a) Dividends paid	**2013** $	**2012** $
Dividends paid by the Company	**12,077,331**	**3,534,128**

2013

Dividends paid by the Company for the year ended 30 June 2013	**Cents Per Share**	**Date of payment**	**Tax Rate for franking Credit**	**% franked**	**Total Amount $**
Interim 2013 Ordinary & special	6.0	30 April 13	30%	100%	6,953,773
Final 2012 Ordinary & special	8.0	29 October 12	30%	100%	5,123,558
Total Amount					**12,077,331**

The Board have declared a 5.0 cent per share fully franked final dividend payable on 30th September 2013. The Ex Date for the dividend is 16th September 2013.

2012

Dividends paid by the Company for the year ended 30 June 2012	**Cents Per Share**	**Date of payment**	**Tax Rate for franking Credit**	**% franked**	**Total Amount $**
Interim 2012 Ordinary & special	4.5	2 April 12	30%	100%	1,677,618
Final 2011 Ordinary & special	6.0	6 October 11	30%	100%	1,856,510
Total Amount					**3,534,128**

(b) Dividend franking account

	2013	2012
Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.	**4,911,233**	**7,015,360**

Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a) above. 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.

5. TRADE AND OTHER RECEIVABLES

	2013	2012
Trade debtors	530,888	7,965
Income receivable	823,497	177,171
Sundry debtors	170,764	48,631
	1,525,149	**233,767**

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.

6. FINANCIAL ASSETS

	2013	2012
Long positions - held for trading financial assets:		
Listed investments at fair value	97,967,357	34,898,635
Total financial assets	**97,967,357**	**34,898,635**

7. TRADE AND OTHER PAYABLES	**2013**	**2012**
	$	**$**
Trade creditors	489,416	646,675
Sundry creditors - related parties	196,604	531,886
Sundry creditors – other	40,657	34,164
	726,677	**1,212,725**

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 $147,767 (inclusive of GST) (2012: $492,305) to the manager, Cadence Asset Management Pty Limited and $48,837 (2012: $39,581) that was payable to MAM Pty Limited for assignment fees. Refer to Note 16 for further information on Related Parties.

8. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:		
Listed investments at fair value	2,610,060	-
Total financial liabilities	**2,610,060**	**-**

The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities. Refer to Note 14(b) for further information on Credit Risk.

9. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	157,026,984	42,968,094
Costs of share issue	(2,086,225)	(464,437)
Deferred tax asset on capitalised costs of share issue	625,866	139,330
	155,566,625	**42,642,987**

2013

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
11 March 2023	Prospectus Tranche 1	$1.4300	29,457,060	42,123,596
10 April 2013	Prospectus Tranche 2	$1.4300	20,979,021	30,000,000
30 April 2013	DRP	$1.35519	1,354,613	1,835,758
7 May 2013	DRP Shortfall Placement	$1.35519	3,305,292	4,479,299
			120,556,120	**157,026,984**

9. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

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
			37,867,313	**42,968,094**

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. There are no externally imposed capital requirements.

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.

10. PROFITS RESERVE

Profits Reserve	12,568,818	11,018,104
Movement in Profits Reserve		
Opening balance	11,018,104	-
Transfer from retained earnings	13,628,045	11,018,104
Dividends paid (Note 4)	(12,077,331)	-
	12,568,818	11,018,104

A Profit Reserve has been created representing amounts allocated from retained earnings that are preserved for future dividend payments.

11. RETAINED EARNINGS

Opening balance	(1,507,140)	10,281,546
Profit attributable to members of the Company	11,382,348	2,763,546
Transfer to profits reserve	(13,628,045)	(11,018,104)
Dividends paid (Note 4)	-	(3,534,128)
	(3,752,837)	**(1,507,140)**

12. CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013 $	2012 $
Cash and cash equivalents	63,337,963	15,155,601
	63,337,963	**15,155,601**

The weighted average interest rate for cash and cash equivalents as at June 2013 is 3.22% (June 2012: 3.25%). The Company has a Prime Brokerage lending facility with Citigroup Global Markets Limited and Citigroup Global Markets Australia Pty Ltd its Prime Broker and Custodian. This at call facility is secured by a first charge over the financial assets of the Company.

The Company has granted a fixed and floating charge over all of the Company's right, title and interest in the assets transferred to the Custodian, including those transferred to the Custodian in accordance with Prime Brokerage Agreement, and any right which arises after the date of the Charge to receive cash or return of property from Citigroup under the Prime Brokerage Agreement, as security for payments and performance by the Company of all of its obligations to Citigroup under the Prime Brokerage Agreement.

(b) Reconciliation of Operating Profit after Income Tax

	2013 $	2012 $
Operating profit after income tax	11,382,348	2,763,546
Add/(Less) items classified as Investing/Financing Activities:		
Realised loss/ (gain) on sale of investments	5,849,440	459,159
Add non-cash items:		
Unrealised loss/(profit) on investments	(11,430,387)	3,811,648
Net cash provided by Operating Activities before changes in assets and liabilities:		
(Increase)/decrease in receivables	(768,455)	51,839
(Increase)/decrease in deferred tax assets	(136,305)	(1,455,147)
(Decrease)/Increase in trade and other payables	(328,791)	(2,142,112)
(Decrease)/increase in deferred tax liabilities	1,812,641	18,154
Net cash (used by)/from Operating Activities	**6,380,491**	**3,507,087**

(c) Non-cash Financing Activities

During the financial year the Company issued the following shares through its Dividend Reinvestment Plan:

- 1,415,130 shares at $1.33958 on 29 October 2012
- 1,354,613 shares at $1.35519 on 30 April 2013

During the previous financial year the Company issued the following shares through its Dividend Reinvestment Plan:

- 605,789 shares at $1.16199 on 6 October 2011
- 551,025 shares at $1.27656 on 2 April 2012

13. EARNINGS PER SHARE

	2013	2012
	$	$
Profit after income tax used in the calculation of earnings per share	11,382,348	2,763,546
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	74,196,194	33,236,125
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	74,196,194	33,236,125

14. FINANCIAL RISK MANAGEMENT
Financial Risk Management Policies
The Company's financial instruments consist of money market instruments, short and long term investments, accounts receivable and payable.

(i) Financial Risk Exposures and Management
The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and market risk.

(a) Terms, Conditions and Accounting Policies
The Company's accounting policies are included in Note 1, while the terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are included under the appropriate note for that instrument.

(b) Credit Risk
The Company takes on exposure to credit risk, which is the risk that a counterparty (prime broker, custodian and brokers) will be unable to pay amounts in full when due.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

There are risks involved in dealing with custodians or prime brokers who settle trades. Under certain circumstances, including certain transactions where the Company's assets are pledged as collateral for leverage from a prime broker/custodian, or where the Company's assets are held at a prime broker/custodian, the securities and assets deposited with the prime broker/custodian may be exposed to a credit risk with regards to such parties. In addition, there may be practical or timing problems associated with enforcing the Company's rights to its assets in case of an insolvency of any such party.

The Company maintains a Prime Brokerage lending facility and custody account with its prime broker and primary custodian Citigroup Global Markets Limited and Citigroup Global Markets Australia Pty Ltd. There is no guarantee that Citigroup or any other prime broker/custodian that the Company may use from time to time, will not become insolvent. In an insolvency or liquidation of a prime broker/custodian that has custody of Company assets, there is no certainty that the Company would not incur losses due to its assets being unavailable for a period of time or ultimately less than full recovery of its assets, or both. Because substantially all of the Company's assets are custodied with a single prime broker and in some cases a single major Australian bank, such losses could be significant and materially impair the ability of the Company to achieve its investment objective.

14. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company. The Company's inward cash flows depend upon the level of sales of securities, dividends, interest received and any exercise of options that may be on issue.

The Company monitors its cashflow requirements daily by reference to known transactions to be paid or received. The Company may hold a portion of its portfolio in cash and short-term fixed interest securities sufficient to ensure that it has cash available to meet all payments. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds to increase cash inflows or it can use its lending facility with its Prime Broker Citigroup.

(d) Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature, as an investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Company can seek to reduce market risk by not being overly exposed to one company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

(e) Interest Rate Risk

Any excess cash and cash equivalents of the Company are invested at short-term market interest rates. Floating rate instruments expose the Company to cash flow risk, whereas short term fixed rate instruments expose the Company to interest rate risk. Excess cash and cash equivalent balances are monitored closely and are generally moved into short-term bank bills.

(ii) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as the Company's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

		Interest Bearing			
2013	**Weighted Average Interest Rate**	**Less than 90 days $**	**More than 1 year $**	**Non-interest bearing $**	**Total $**
Assets					
Financial assets	-	-	-	97,967,357	97,967,357
Cash and cash equivalents	3.22%	66,337,963	-	-	66,337,963
Other receivables	-	-	-	1,525,149	1,525,149
Total assets		66,337,963	-	99,492,506	165,830,469
Liabilities					
Financial liabilities	-	-	-	2,610,060	2,610,060
Balances due to brokers	-	-	-	489,416	489,416
Other payables	-	-	-	237,261	237,261
Total liabilities		-	-	3,336,737	3,336,737

14. FINANCIAL RISK MANAGEMENT (Continued)

(ii)Financial instrument composition and maturity analysis (Continued)

2012	**Weighted Average Interest Rate**	**Interest Bearing** Less than 90 days $	More than 1 year $	**Non-interest bearing $**	**Total $**
Assets					
Financial assets	-	-	-	34,898,635	34,898,635
Cash and cash equivalents	3.25%	15,155,601	-	-	15,155,601
Other receivables	-	-	-	233,767	233,767
Total assets		15,155,601	-	35,132,402	50,288,003
Liabilities					
Balances due to brokers	-	-	-	646,675	646,675
Other payables	-	-	-	566,050	566,050
Total liabilities		-	-	1,212,725	1,212,725

Other payables are expected to be paid as follows:	**2013 $**	**2012 $**
- Less than 6 months	237,261	566,050
- 6 months to one year	-	-

(iii) Financial Instruments Measured at Fair Value

The financial assets and liabilities recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices 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 within level 1 of hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last sales prices at the end of the reporting period, excluding transaction costs.

2013	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets	97,728,723	238,634	-	97,967,357
Financial liabilities	(2,610,060)	-	-	(2,610,060)
Total	95,118,663	238,634	-	95,357,297

2012	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets	34,620,622	278,013	-	34,898,635
Financial liabilities	-	-	-	-
Total	34,620,622	278,013	-	34,898,635

14. FINANCIAL RISK MANAGEMENT (Continued)
(iv) Sensitivity Analysis

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk, and market risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis
The sensitivity analyses below have been determined based on the Company's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period. The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2013 $	2012 $
Change in profit before tax		
- Increase in interest rate by 1%	379,672	146,228
- Decrease in interest rate by 1%	(379,672)	(146,228)
Change in equity		
- Increase in interest rate by 1%	379,672	146,228
- Decrease in interest rate by 1%	(379,672)	(146,228)

Market Risk Sensitivity Analysis
At 30 June 2013, the effect on profit and equity as a result of changes in the market risk, with all other variables remaining constant would be as follows:

	2013 $	2012 $
Change in profit before tax		
- Increase in market price by 2%	1,907,196	697,953
- Decrease in market price by 2%	(1,907,196)	(697,953)
Change in equity		
- Increase in market price by 2%	1,907,196	697,953
- Decrease in market price by 2%	(1,907,196)	(697,953)

15. KEY MANAGEMENT PERSONNEL COMPENSATION
The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial period are:

Karl Siegling	Chairman and Company Secretary
Geoffrey Wilson (Resigned 14/02/13)	Non-Executive Director
Wayne Davies (Appointed 14/02/13)	Non-Executive Director
Ronald Hancock (Appointed 17/06/13)	Non-Executive Director
James Chirnside	Non-Executive Director

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited, the investment manager of the Company, remunerates Karl Siegling as a consultant and as a director of the Company. The manager also provides day to day management of the Company and is remunerated as outlined in Note 16 – Related Party Transactions.

Short-term Benefits - Directors' Fees	27,522	27,522
Post-employment Benefits - Superannuation	2,478	2,478
	30,000	30,000

15. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(b) Compensation Practices

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently limited to a maximum of $55,000 per annum between the three Directors. Non-Executive Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main board activities and membership of committees. Directors' fees are not linked to the performance of the Company.

(c) Shareholdings

As at 30 June 2013, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2012	***Acquisitions / Balance held on appointment***	***Balance held on resignation***	***Balance at 30 June 2013***
Karl Siegling	3,875,457	3,839,198	-	7,714,655
Wayne Davies	-	259,798	-	259,798
Ronald Hancock	-	139,860	-	139,860
Geoffrey Wilson	1,560,000	-	(1,560,000)	-
James Chirnside	25,932	-	-	25,932
	5,461,389	4,238,856	(1,560,000)	8,140,245

As at 30 June 2013, the Company's key management personnel indirectly held the following options in the Company:

	Balance at 1 July 2012	***Disposals***	***Options Exercised***	***Balance at 30 June 2013***
Karl Siegling	3,007,112	-	(3,007,112)	-
	3,007,112	-	(3,007,112)	-

As at 30 June 2012, the Company's key management personnel indirectly held the following shares in the Company:

	Balance at 1 July 2011	***Acquisitions***	***Disposals***	***Balance at 30 June 2012***
Karl Siegling	3,237,474	637,983	-	3,875,457
Geoffrey Wilson	2,050,000	-	(490,000)	1,560,000
James Chirnside	12,966	12,966	-	25,932
	5,300,440	650,949	(490,000)	5,461,389

As at 30 June 2012, the Company's key management personnel indirectly held the following options in the Company:

	Balance at 1 July 2011	***Bonus 1:1 Option Issue***	***Disposals***	***Options Exercised***	***Balance at 30 June 2012***
Karl Siegling	-	3,237,474	-	(230,362)	3,007,112
Geoffrey Wilson	-	2,050,000	(2,050,000)	-	-
James Chirnside	-	12,966	-	(12,966)	-
	-	5,300,440	(2,050,000)	(243,328)	3,007,112

15. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)
(c) Shareholdings (Continued)

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

16. RELATED PARTY TRANSACTIONS
All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and a beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. Wayne Davies is also a beneficial owner of Cadence Asset Management Pty Limited. In its capacity as Manager, Cadence Asset Management Pty Limited was paid a management fee of $1,115,606 (inclusive of GST, 2012: $474,724). This is equivalent to 0.08333% of the value of the portfolio calculated on the last business day of each month. Over a full year, the monthly management fee will be comparable to a fee of 1% of the gross value of the portfolio per annum. As at 30 June 2013, the balance payable to the manager was $102,856 (inclusive of GST, 2012: $25,796).

The duties of the manager are to manage the portfolio and to manage and supervise all investments, maintain the corporate and statutory records of the Company, liaise with the ASX with respect to compliance with the ASX listing rules, liaise with ASIC with respect to compliance with the *Corporations Act* and liaise with the share registrar of the Company.

In addition, Cadence Asset Management Pty Limited is to be paid, annually in arrears, a performance fee, being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the level of the portfolio exceeds this increase, or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period, where the portfolio has decreased in value over that period. For the year ended 30 June 2013, a performance fee of $41,411 (inclusive of GST 2012: $463,007) was payable to Cadence Asset Management Pty Limited. As at 30 June 2013, the balance payable to the manager was $41,411 (inclusive of GST, 2012: $463,007).

Cadence Asset Management Pty Limited employs accounting personnel to provide accounting services to Cadence Capital Limited. These services are provided on commercial terms and include a standard charge of $1,375 (inclusive of GST) per month and an additional charge of $3,500 (inclusive of GST) is charged for preparing the half year and full year financial statements.

Cadence Capital Limited has in place an Assignment Deed with Cadence Asset Management Pty Limited and MAM Pty Limited. Geoffrey Wilson is a Director of MAM Pty Limited and entities associated with him hold 80% of its issued share capital. In its capacity as Manager, Cadence Asset Management Pty Limited assigns a percentage of the management and performance fee to MAM Pty Limited. Subsequent to the initial capital raising, the assignment rate was 4.05%. At 30 June 2013, an amount of $48,837 (2012: $39,581) was payable to MAM Pty Limited. Geoffrey Wilson resigned from the Board of Cadence Capital Limited on 14th February 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

17. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of Cadence Capital Limited have declared a 5.0 cent per share fully franked final dividend payable on 30th September 2013. The Ex Date for the dividend is 16th September 2013.

Subsequent to year end two large positions held by the Company have made announcements to the market:

- RHG Limited, a 8.1% position in the portfolio, has received two separate proposals from Pepper Australia Pty Limited and Resimac Syndicate to acquire the Company.
- McMillan Shakespeare Ltd, a 4.8% position in the portfolio, has been negatively impacted by the Government's proposed changes to the FBT treatment of motor vehicles.

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.

18. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2013 (2012: nil).

19. CAPITAL COMMITMENTS

	2013	2012
	$	$
Capital commitments exist for placements entered into before 30 June 2013, which settle after year end.	-	-