

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

APPENDIX 4E
PRELIMINARY FINAL REPORT
for the year ended 30 June 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the year ended 30 June 2014

	\$	up/down	% mvmt
Revenue from ordinary activities	32,476,237	up	8 %
Profit from ordinary activities before tax attributable to members	24,702,334	down	7 %
Profit from ordinary activities after tax attributable to members	19,348,194	down	4 %
		Franked amount per share	Tax rate for franking
Dividend Information	Amt per share		
2015 Special dividend per share	1.0c	1.0c	30%
2015 Final dividend per share	5.0c	5.0c	30%
2015 Interim dividend per share	5.0c	5.0c	30%
2014 Final dividend per share	5.0c	5.0c	30%
2014 Interim dividend per share	5.0c	5.0c	30%
Final dividend dates			
The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29 th October 2015. The Ex Date for the dividend is 20 th October 2015 and the Record Date is 22 nd October 2015.			
The Dividend Re-Investment Plan (“DRP”) is in operation and the recommended Final Dividend of 5.0c per share and Special Dividend of 1.0c 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). The last date for DRP election is the 23 rd October 2015.			
		30 June 2015	30 June 2014
Net tangible asset backing after tax		\$1.41	\$1.41
<i>This report is based on the 2015 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.2A.</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 2015

	Note	2015 \$	2014 \$
INCOME			
Net realised and unrealised gain on investments		20,910,998	21,733,791
Dividends received		9,515,790	6,889,840
Interest received		2,035,499	1,555,865
Underwriting fees		13,950	10,560
Total Income		32,476,237	30,190,056
EXPENSES			
Finance costs		(683,116)	(117,610)
Management fees		(2,813,448)	(2,053,318)
Performance fees		(2,589,415)	(11,927)
Assignment fees		(228,052)	(87,173)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(212,479)	(162,400)
Stock loan fees		(62,244)	(14,800)
Brokerage expenses on share purchases		(575,514)	(546,234)
ASX fees		(158,926)	(103,462)
Registry fees		(157,704)	(173,517)
Legal fees		(23,334)	(289,396)
Custody fees		(88,474)	(17,106)
Audit and taxation fees		(60,850)	(50,119)
Other expenses from ordinary activities		(45,337)	(64,928)
Total Expenses		(7,773,893)	(3,766,990)
Profit before income tax		24,702,344	26,423,066
Income tax expense	2(a)	(5,354,150)	(6,337,579)
Profit attributable to members of the Company	10	19,348,194	20,085,487
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		19,348,194	20,085,487
Basic earnings per share	11	9.5 cents	13.8 cents
Diluted earnings per share	11	9.5 cents	13.7 cents

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
Cash and cash equivalents		32,673,014	96,764,733
Trade and other receivables	4	5,279,525	18,891,137
Financial assets	5	293,689,355	145,120,842
Deferred tax asset	2(b)	4,670,150	3,880,442
TOTAL ASSETS		336,312,044	264,657,154
LIABILITIES			
Cash overdrafts		2,596	2,938,702
Trade and other payables	6	3,384,369	6,164,358
Financial liabilities	7	13,671,193	7,385,272
Current tax liabilities	2(c)	3,424,407	20,571
Deferred tax liabilities	2(d)	-	2,456,403
TOTAL LIABILITIES		20,482,565	18,965,306
NET ASSETS		315,829,479	245,691,848
EQUITY			
Issued capital	8	302,996,147	231,197,359
Profits reserve	9	22,708,886	18,247,326
Accumulated losses	10	(9,875,554)	(3,752,837)
TOTAL EQUITY		315,829,479	245,691,848

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 2015

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2013		155,566,625	(3,752,837)	12,568,818	164,382,606
Profit for the year	10	-	20,085,487	-	20,085,487
Transfer to profits reserve	9	-	(20,085,487)	20,085,487	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	8	3,496,963	-	-	3,496,963
Shares issued via exercise of options	8	11,613,734	-	-	11,613,734
Shares issued via placements	8	60,520,037	-	-	60,520,037
Dividends paid	3(a)	-	-	(14,406,979)	(14,406,979)
Balance at 30 June 2014		231,197,359	(3,752,837)	18,247,326	245,691,848
Profit for the year	10	-	19,348,194	-	19,348,194
Transfer to profits reserve	9	-	(25,470,911)	25,470,911	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	8	5,358,550	-	-	5,358,550
Shares issued via exercise of options	8	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

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 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from the sale of investments		540,473,533	191,911,156
Payments for the purchase of investments		(653,026,793)	(227,278,688)
Capital return on investments		-	2,856,802
Dividends received		8,761,126	6,553,450
Interest received		2,035,499	1,608,880
Other income received		13,950	40,530
Management fees paid		(2,784,335)	(2,023,330)
Performance fees paid		(12,800)	(40,538)
Brokerage expenses on share purchases		(575,514)	(546,234)
Interest paid		(683,116)	(117,610)
Dividends paid on shorts		(242,449)	(162,400)
Payments for administration expenses		(707,717)	(753,827)
Income tax paid		(5,196,425)	(5,563,314)
NET CASH USED IN OPERATING ACTIVITIES		(111,945,041)	(33,515,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(15,650,799)	(10,910,010)
Proceeds from shares issued		66,440,227	71,913,201
NET CASH PROVIDED BY FINANCING ACTIVITIES		50,789,428	61,003,191
NET (DECREASE)/ INCREASE IN CASH HELD		(61,155,613)	27,488,068
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR		93,826,031	66,337,963
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR		32,670,418	93,826,031

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 2015

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 accounting policies are consistent with those applied in the 30 June 2014 Annual Report.

This preliminary report was authorised by the directors on 5 August 2015.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. TAXATION

(a) Current Income Tax Benefit

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

	2015 \$	2014 \$
Prima facie tax expense on profit from ordinary activities before income tax at 30%	7,410,703	7,927,559
Imputation credit gross up	783,265	596,937
Franked dividends receivable – prior year	323,071	125,943
Franked dividends receivable – current year	(551,369)	(323,071)
Rebates/tax offsets	(2,610,882)	(1,989,790)
Other	(631)	-
	5,354,156	6,337,578

Total income tax expense results in a:

Current tax expense	7,674,405	5,583,885
Movement in deferred tax liabilities	(1,599,995)	625,609
Movement in deferred tax assets	(720,254)	128,084
	5,354,156	6,337,578

(b) Deferred Tax Assets

Provisions	498	6,856
Capitalised share issue costs	421,915	527,143
Fair value adjustments	914,626	13,330
Tax losses	3,333,113	3,333,113
	4,670,152	3,880,442

Movement in deferred tax assets

Balance at the beginning of the period	3,880,442	3,719,668
Credited /(Debited) to the profit or loss	720,254	(128,084)
Movement relating to under adjustment	69,456	-
Charged to equity	-	288,858
	4,670,152	3,880,442

(c) Current Tax Liabilities

Movement in current tax liabilities

Balance at the beginning of the period	20,571	-
Current year income tax on operating profit	7,674,405	5,583,885
Income tax paid	(5,196,425)	(5,563,314)
Prior year under	925,855	-
At reporting date	3,424,406	20,571

(d) Deferred Tax Liabilities

Income provisions	-	-
Fair value adjustments	-	2,456,403
	-	2,456,403

Movement in deferred tax liabilities

Balance at the beginning of the period	2,456,403	1,830,794
(Credited)/ Debited to the profit or loss	(1,599,995)	625,609
Movement relating to over adjustment	(856,408)	-
At reporting date	-	2,456,403

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. DIVIDENDS

(a) Dividends paid

	2015	2014
	\$	\$
Dividends paid by the Company	<u>21,009,351</u>	<u>14,406,979</u>

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>

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015.

2014

Dividends paid by the Company for the year ended 30 June 2014	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2014 Ordinary	5.0	24 April 14	30%	100%	8,379,173
Final 2013 Ordinary	5.0	30 September 13	30%	100%	6,027,806
Total Amount					<u>14,406,979</u>

(b) Dividend franking account

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.

	<u>9,069,012</u>	<u>6,644,852</u>
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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.

4. TRADE AND OTHER RECEIVABLES

Trade debtors	3,100,293	17,685,063
Income receivable	1,861,537	1,106,873
Sundry debtors	317,695	99,201
	<u>5,279,525</u>	<u>18,891,137</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.

5. FINANCIAL ASSETS

Long positions - held for trading financial assets:

Investments at fair value	293,689,355	145,120,842
Total financial assets	<u>293,689,355</u>	<u>145,120,842</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Trade creditors	55,342	5,821,778
Sundry creditors - related parties	3,189,097	242,695
Sundry creditors – other	139,930	99,885
	3,384,369	6,164,358

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 \$2,944,358 (inclusive of GST) (2014: \$149,144) to the manager, Cadence Asset Management Pty Limited and \$244,739 (2014: \$93,551) that was payable to MAM Pty Limited for assignment fees.

7. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:

Listed investments at fair value	13,322,291	7,385,272
Swap – held for trading	348,902	-
Total financial liabilities	13,671,193	7,385,272

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

8. ISSUED CAPITAL

(a) Paid-up Capital

Ordinary shares fully paid	305,130,495	233,331,707
Costs of share issue	(3,049,073)	(3,049,073)
Deferred tax asset on capitalised costs of share issue	914,725	914,725
	302,996,147	231,197,359

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8. ISSUED CAPITAL (Continued)

(a) Paid-up Capital (Continued)

2014 Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			120,556,120	157,026,984
30 September 2013	DRP	\$1.34699	1,182,280	1,592,513
16 December 2013	Placement	\$1.4300	37,767,430	54,007,425
January 2014	Exercise of Options	\$1.4300	34,595	49,471
February 2014	Exercise of Options	\$1.4300	128,451	183,685
March 2014	Exercise of Options	\$1.4300	1,848,356	2,643,149
April 2014	Exercise of Options	\$1.4300	6,066,227	8,674,705
24 April 2014	DRP	\$1.4111	1,349,640	1,904,450
May 2014	Exercise of Options	\$1.4300	32,370	46,289
2 May 2014	DRP Shortfall Placement	\$1.4400	4,990,695	7,186,601
June 2014	Exercise of Options	\$1.4300	11,493	16,435
			173,967,657	233,331,707

As at 30 June 2015 the Company had 109,602,077 Options (ASX Code: CDMO) on issue (2014: 156,062,782 Options). These are one for one Bonus Options that were issued to Shareholders for free on the 20th January 2014 give Option holders the right to acquire Ordinary Shares in the Company, on or before 31 August 2015, at \$1.43 per Ordinary Share.

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.

9. PROFITS RESERVE

	2015 \$	2014 \$
Profits Reserve	22,708,886	18,247,326
Movement in Profits Reserve		
Opening balance	18,247,326	12,568,818
Transfer from retained earnings	25,470,911	20,085,487
Dividends paid (Note 3)	(21,009,351)	(14,406,979)
	22,708,886	18,247,326

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

10. ACCUMULATED LOSSES

Opening balance	(3,752,837)	(3,752,837)
Profit attributable to members of the Company	19,348,194	20,085,487
Transfer to profits reserve	(25,470,911)	(20,085,487)
	(9,875,554)	(3,752,837)

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
11. EARNINGS PER SHARE		
Profit after income tax used in the calculation of earnings per share	<u>19,348,194</u>	<u>20,085,487</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>202,656,107</u>	<u>145,779,738</u>
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	<u>203,648,089</u>	<u>146,904,744</u>
<u>Reconciliation of weighted average number of shares:</u>		
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>202,656,107</u>	<u>145,779,738</u>
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<u>991,982</u>	<u>1,125,006</u>
Weighted average number of shares used in the calculation of diluted earnings per share	<u>203,648,089</u>	<u>146,904,744</u>

12. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 5.0 cent per share fully franked final dividend and a 1.0 cent per share fully franked special dividend payable on 29th October 2015. The Ex-Date for the dividend is 20th October 2015.

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.

13. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2015 (2014: nil).

14. CAPITAL COMMITMENTS

	2015 \$	2014 \$
Capital commitments exist for placements entered into before 30 June 2015, which settle after year end.	<u>930,776</u>	<u>2,553,000</u>

14. 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.