

CADENCE CAPITAL LIMITED
ACN 112 870 096

SUPPLEMENTARY PROSPECTUS

This is a Supplementary Prospectus intended to be read with the Prospectus dated 24 June 2005 (**Prospectus**) relating to the offer of up to 25 million Shares and 25 million Options to raise up to \$25 million.

This Supplementary Prospectus is dated 15 September 2005 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on 15 September 2005. None of ASIC, the ASX and their respective officers take responsibility for the contents of this Supplementary Prospectus.

Pursuant to Section 719(4) of the Corporations Act, the information set out in this Supplementary Prospectus is taken to be included in the Prospectus. Terms defined in the Prospectus have the same meaning in this Supplementary Prospectus except where otherwise defined in this Supplementary Prospectus.

OVERVIEW OF CHANGES

This Supplementary Prospectus reflects the following changes to the Offer:

- The Company will not be listed on the ASX. The Company will be maintained as an unlisted public company.
- The closing date for the Offer has been extended until 17 October 2005.
- The Minimum Subscription amount has been reduced from \$15,500,000 to \$5,000,000.
- The expiry date of the Options has been extended until 31 October 2006.
- The Company will issue Share and Option certificates rather than CHESS holding statements.

You are urged to read the balance of this Supplementary Prospectus for details of the changes described above and other changes to the Offer and the Prospectus.

IMPORTANT INFORMATION

This Supplementary Prospectus contains important information for you as a prospective investor in Cadence Capital Limited and requires your immediate attention.

It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Company will not pursue ASX listing

Although the Board believes that the prospects for the Company remain good, it appears unlikely that the minimum subscription specified in Section 1.8 on page 2 of the Prospectus, being receipt of valid Applications for 15,500,000 Shares and 15,500,000 Options to raise \$15,500,000, will be obtained by the date 4 months after the Opening Date. Additionally, as the Company has not achieved its Minimum Subscription the Company will be unable to comply with one of the ASX's listing criteria for investment entities, being the requirement to have net tangible assets of \$15,000,000 after deducting the costs of the fund raising.

As at the date of this Supplementary Prospectus the Company has received Applications for Shares and Options to raise gross proceeds of \$8,630,000.

The Board of the Company has decided to proceed with the capital raising on the basis that the Company will not seek a listing on the ASX and that the minimum subscription condition will be reduced to \$5,000,000. Accordingly, the Company will be an unlisted public company. In accordance with the Corporations Act Applicants are given the opportunity to withdraw their applications.

As a result of the issue of this Supplementary Prospectus, the Directors of the Company have resolved to defer the closing date. **The closing date is now 17 October 2005.**

Completed Application Forms must be forwarded to reach Registries Limited no later than 5.00 pm EST on 17 October 2005.

Accordingly, the Offer timetable is as set out below.

Summary of Key Dates

Opening date for receipt of Applications	4 July 2005
Last day to withdraw Applications	17 October 2005
Closing date for lodgement of Applications	17 October 2005
Expected despatch of Share and Option certificates	20 October 2005

The above dates are subject to change and are indicative only. The Company reserves the right to amend this indicative timetable including, subject to the Corporations Act, to extend the closing date for receipt of applications.

Withdrawal of Applications

In accordance with Section 724(2) of the Corporations Act, the Company must give applicants this Supplementary Prospectus and the opportunity to withdraw their application within one month of the date of the Supplementary Prospectus.

If you have lodged an application under the Prospectus prior to the date of this Supplementary Prospectus and do not wish to proceed with your Application, the Company will refund your application monies. Any Applicant wishing to withdraw their application and be repaid their application monies has until 5pm AEST on 17 October 2005 to withdraw their application and request a refund. Withdrawal requests should be sent to Registries Limited, PO Box R67, Royal Exchange, Sydney NSW 1223. The details of the refund cheque

(including the address to which it should be sent) must match the details set out in the Application Form lodged by that applicant.

The Offer

The Options to be issued under the Prospectus were to expire on 30 September 2006.

The Offer is amended so that the date of expiry of the Options is deferred until 31 October 2006.

Minimum Subscription

A minimum subscription condition was included in Section 1.8 on page 2 of the Prospectus in Section 1.8.

The Offer is amended by reducing the minimum subscription amount required under Section 1.8 from \$15,500,000 to \$5,000,000. If valid Applications for not less than 5,000,000 Shares and 5,000,000 attaching Options are not received by the Company by 4 November 2005 (being the original date that the Minimum Subscription condition would have expired under the Prospectus), the Company will repay all money received from Applicants within 7 days of that date, without interest.

If the Minimum Subscription of \$5,000,000 is achieved, the Board believes that:

- the Offer is still viable;
- the net tangible assets of the Company per Share will be above 97 cents on the date of issue of the Shares and Options (refer to the amended financial information set out on pages 5 and 6 below); and
- the Company will be able to undertake its investment strategy, process and philosophy as described in Section 2 of the Prospectus

There is no requirement under the law to include a Minimum Subscription condition and the Director's believe that the Company's proposed operations are scaleable, in that, regardless of the amount of Application Monies received, the Company would be able to undertake its investment objectives. Nevertheless the Directors believe it is appropriate that investors have the comfort regarding the scale of operations that the revised Minimum Subscription provides.

ASX Listing

Section 1.10 on pages 3 and 4 of the Prospectus refers to application being made for the listing of the Company on the ASX and the intention of the Directors not to allot any Shares and Options until the ASX grants permission for the Shares and Options to be listed for quotation.

The Offer is amended to remove the statement that the Shares and Options be listed for quotation on the ASX. The Directors now do not intend to seek approval to have the Shares and Options listed for quotation on the ASX and will allot the Shares and Options notwithstanding that the ASX has not granted permission for the Shares and Options to be listed for quotation.

The Board may reconsider this position at a future date. This will not occur for at least 12 months after the date of this Supplementary Prospectus.

Any decision to proceed with an application for listing will be made after the assessment of market conditions at that time, performance of the Company and opportunities for increasing the size of the Company's portfolio. The Company will also engage in a dialogue with Shareholders as to whether to make such an application. An application made in the future may be ultimately unsuccessful or may not be made at all.

In these circumstances, investors should assume that there will be no application to ASX or any other financial market for listing and that there will be no ready market for their Shares and Options. If the Board does not determine to proceed with a listing of the Company's securities within 2 years of the date of this Supplementary Prospectus it will pursue opportunities for returning capital to the Company's shareholders. These opportunities may include implementation of a share buy-back or, if there is sufficient interest by Shareholders, winding up of the Company.

Any statement in the Prospectus that could be read as stating or implying that the Shares and Options are to be quoted on the ASX should be read as stating that there is no present intention of Board to seek to have the Company's Shares or Options quoted on the ASX or any other financial market.

While not obliged to do so under the Corporations Act, the Company intends to comply with the following requirements of the Listing Rules as if it were bound by those rules:

<i>Disclosure of net tangible asset backing</i>	Within 14 days after the end of each month the Company will lodge a disclosure notice with the ASIC setting out its net tangible asset backing per Share as at the end of that month. This information will also appear on the Company's website www.cadencecapital.com.au .
<i>Annual and half-year disclosure</i>	The annual report and half-year report will contain information as required by the Listing Rules.
<i>Corporate governance</i>	The Company will disclose its corporate governance policies and position in each of its Annual Reports.
<i>Registration of transfers</i>	The Company may only decline to register a transfer of Shares if the Listing Rules provide that such transfer may or should be refused.

Allotment

Section 1.11 on page 4 of the Prospectus states that no allotment of Shares and Options will be made until the Minimum Subscription has been received and permission has been granted by the ASX for quotation of the Shares and Options. It also refers to this allotment of the Shares and Options being expected to take place by 1 September 2005.

The Offer is amended so that the Shares and Options will be issued conditional on the amended Minimum Subscription of \$5,000,000. The allotment of the Shares and Options is now expected to take place on or about 18 October 2005.

CHESS

Section 1.12 on page 4 of the Prospectus refers to the Company participating in the Securities Clearing House Electronic Sub register System known as CHESS

As the Company will not be seeking quotation of its Shares and Options on the ASX it will also not become a CHESS participant. However, Registries Limited will still be engaged to

provide share registry services to the Company and will maintain the Company's share register.

As the Company will be an unlisted company, Share and Option certificates will be issued to Shareholders rather than uncertificated CHESS holding statements. In order to transfer Shares and Options, vendor Shareholders will need to produce their Share and/or Option certificates at the time they complete the relevant share transfer.

No stamp duty

The Company is incorporated under the Corporations Act and is registered in Victoria. As at the date of this Supplementary Prospectus, transfers of securities in Victorian registered companies, that are not land rich, are not subject to stamp duty. The Company is not presently and is unlikely to be a land rich company. Accordingly, subject to changes to taxation laws, transfers of Shares and Options in the Company will not be subject to stamp duty.

INFORMATION ON THE MANAGER

Performance History – up-dated Past Performance of the Wholesale Fund

The Prospectus set out 18 months of performance history of the Wholesale Fund in Section 3.2 on pages 12 and 13. Since the date of the Prospectus, an additional 4 months performance history for the Wholesale Fund has become available. The following table of performance history for the Wholesale Fund and accompanying assumptions updates the table of performance history set out in the Prospectus:

	Aggregate Performance			
	6 months	12 months	18 months	22 months
Wholesale Fund	16.85%	43.51%	44.40%	61.32%
Wholesale Fund Post Fees	14.61%	40.27%	40.75%	56.96%
All Ords Accumulation Index	5.85%	20.10%	27.50%	44.62%
Small Ords Accumulation Index	2.80%	24.71%	23.23%	45.62%

The performance table for the relevant periods has been calculated on the basis of the following assumptions:

- (a) The performance table sets out the performance of the Wholesale Fund only. The Manager has not managed any other fund or portfolio since its incorporation.
- (b) At 30 June 2004, there was \$6.9 million of funds under management in the Wholesale Fund, consisting of 10 clients. At 31 August 2005, based on unaudited management figures, there was \$11.0 million of funds under management.
- (c) The Wholesale Fund's performance set out above reflects percentage changes in the value of the Wholesale Fund's portfolio, calculated by reference to the last sale price on the ASX for each investment on the last trading day of each month and the amount of cash maintained by the Wholesale Fund as at that date less any borrowings associated with acquiring securities or short selling.
- (d) Dividends, interest and other distributions are included on an accruals basis.
- (e) The performance of the Wholesale Fund has been calculated after the payment of management fees and performance fees, on the same basis as those fees are

calculated under the Management Agreement (refer to section 8.1 of the Prospectus).

- (f) The performance of the Wholesale Fund has been calculated after the payment of Custodian fees.
- (g) The performance of the Wholesale Fund has been calculated before income tax expense. It is believed that the inclusion of performance of the Wholesale Fund before income tax allows the performance to be compared to similar funds and the ASX All Ordinary Accumulation and ASX Small Ordinary Accumulation Indexes.
- (h) The source data has been drawn from audited financial statements of the Wholesale Fund for the period from incorporation, being 3 November 2003 to 30 June 2004.
- (i) For the period 1 July 2004 to 31 August 2005, the performance data has been subject to review only and has not been audited.
- (j) Contributions or withdrawals for the Wholesale Fund in a month have been adjusted in determining the performance of the Wholesale Fund. New units issued have been based on the Wholesale Fund's closing unit price in the previous month.
- (k) The Wholesale Fund's performance has been presented as a percentage in order to compare it with the ASX All Ordinary Accumulation Index and ASX Small Ordinary Accumulation Index.
- (l) The Wholesale Funds performance does not take into account any value derived through imputation credits.
- (m) The Wholesale Fund's performance has been calculated in accordance with the Australian Accounting Standards applicable at 30 June 2005.

Past performance of the Wholesale Fund managed by the Manager is not indicative of the future performance of the Company.

FINANCIAL INFORMATION

The pro forma balance sheets, cash, expenses of the offer and assumptions set out in Section 4.2, 4.3 and 4.4 on pages 15 and 16 of the Prospectus illustrated the financial position of the Company on the basis that, in the alternative; the Minimum Subscription of \$15,500,000 was raised, \$20,000,000 was raised and \$25,000,000 was raised.

As it is now expected that less than \$15,500,000 will be raised the following amended pro forma balance sheets, cash, expenses of the offer and assumptions are set out below in substitution for Sections 4.2, 4.3 and 4.4 as they appear in the Prospectus.

	\$5.0M Subscription \$	\$10.0M Subscription \$	\$15.0M Subscription \$
Cash			
Initial Subscriber Shares	1	1	1
Proceeds From Prospectus	5,000,000	10,000,000	15,000,000
Expenses of the Offer	<u>(130,853)</u>	<u>(143,905)</u>	<u>(156,958)</u>
Estimated Net Cash Position	<u>4,869,148</u>	<u>9,856,096</u>	<u>14,843,043</u>
Expenses of the Offer			
Handling Fees on Subscriptions	13,053	26,105	39,158
ASIC and Registry Fees	2,100	2,100	2,100
Legal and Accounting	72,700	72,700	72,700
Other Costs	<u>43,000</u>	<u>43,000</u>	<u>43,000</u>
Total Estimated Costs	<u>130,853</u>	<u>143,905</u>	<u>156,958</u>
Balance Sheet			
Asset / Cash	4,869,148	9,856,096	14,843,043
Liabilities	-	-	-
Net Assets	4,869,148	9,856,096	14,843,043
Equity	4,869,148	9,856,096	14,843,043
NTA Per Share	<u>\$ 0.9738</u>	<u>\$ 0.9856</u>	<u>\$ 0.9895</u>

These pro forma Balance Sheets have been prepared on the basis of the following assumptions:

- (a) Application of the proposed accounting policies and notes to the accounts set out in Section 4.5 on pages 16 and 17 of the Prospectus.
- (b) In the pro forma Balance Sheet the column entitled "\$5.0M Subscription", reference is to subscription of 5,000,000 Shares by Applicants under the Prospectus and the Supplementary Prospectus.
- (c) In the pro forma Balance Sheet the column entitled "\$10M Subscription", reference is to subscription of 10,000,000 Shares by Applicants under the Prospectus and the Supplementary Prospectus.
- (d) In the pro forma Balance Sheet the column entitled "\$15M Subscription", reference is to subscription of 15,000,000 Shares by Applicants under the Prospectus and Supplementary Prospectus.
- (e) Initial expenses relating to the Issue includes commission of 2% plus GST (if applicable) of the funds raised that may be paid to a Licensee. For the purpose of the above pro forma Balance Sheets, it has been assumed that commission of 2% plus GST (if applicable) will be paid on \$1,186,600 of "\$10M Subscription". This amount has been pro-rated for the "\$5M Subscription" and "\$15M Subscription".
- (f) Expenses of the Offer have been paid and recognised in Equity.

RISK FACTORS

Liquidity

In Section 6.1 on page 22 of the Prospectus under the heading 'Liquidity' there is a warning regarding the liquidity of the trading in the Company's Shares and Options.

As the Shares and Options are not to be quoted on the ASX the liquidity of the Shares and Options will be significantly less than the liquidity stated or implied in the Prospectus. Accordingly, it is unlikely that there will be a ready market for the Shares or Options.

The Company has had preliminary discussions with a number of providers of securities matching services in respect of its Shares and Options. Such a matching service involves a means to introduce buyers and sellers of Shares and Options in the Company, who can then transact with each other by way of an off-market transfer.

There can be no certainty that any such service will be available to investors, that the service will provide a suitable level of liquidity in Share and Options or that the price at which Shares and Options trade reflect the net tangible asset backing of Shares and Options.

ADDITIONAL INFORMATION

Matters relevant to the Directors

As disclosed in the Prospectus, the Directors intend to subscribe for the following Shares and Options:

- Geoffrey Wilson intends to subscribe for 1,000,000 Shares and Options through 1 or more entities associated with him
- James Chirnside intends to subscribe for 250,000 Shares and Options through 1 or more entities associated with him
- Karl Siegling intends to subscribe for 1,000,000 Shares and Options through 1 or more entities associated with him

If Applications for only the Minimum Subscription of \$5,000,000 of Shares and Options are received under the Offer the voting power of each of the Directors and the entities associated with them following the issue of the Shares and Options will be as follows:

- Geoffrey Wilson – 20%
- James Chirnside – 5%
- Karl Siegling – 20%

DISCLOSURE

Although the Company's Shares and Options will not be quoted on the ASX, as the Company is issuing the Shares and Options under a Prospectus, it will be required to comply with the continuous disclosure obligations under the Corporations Act and must file any announcements regarding any material matter with the ASIC.

While not obliged to do so under the Corporations Act, the Company also intends to file details of its net tangible assets per Share with the ASIC on a monthly basis by the 14th day following the end of each month as it would have been required to announce if its Shares and Options were listed on the ASX. In addition these monthly net tangible asset figures will be posted on www.cadencecapital.com.au

In all other respects the statements in the Prospectus are confirmed.

CONSENTS

Registries Limited has given and before lodgement of this Supplementary Prospectus with ASIC has not withdrawn its written consent to being named in the Supplementary Prospectus as the provider of share registry services to the Company in the form and context in which it is so named.

Registries Limited has not been involved in the preparation of any part of this Supplementary Prospectus and specifically disclaims liability to any person in the event of omission from, or a misleading or deceptive statement included in the Supplementary Prospectus. Registries Limited has not authorised or caused the issue of this Supplementary Prospectus and takes no responsibility for its contents.

GOVERNING LAW

This Supplementary Prospectus is governed by the laws of New South Wales.

APPROVAL

This Supplementary Prospectus has been approved by unanimous resolution of directors of Cadence Capital Limited.

Dated: 15 September 2005



Karl Siegling
Chairman