

CADENCE CAPITAL LIMITED
APPENDIX 4E
FULL YEAR REPORT
for the year ended 30 June 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the period ended 30 June 2006

	\$	Up/down	% mvmt
Revenue from ordinary activities	10,533,949	Up	589.65%
Profit from ordinary activities before tax attributable to members	9,053,158	Up	664.51%
Profit from ordinary activities after tax attributable to members	6,501,548	Up	670.62%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2006 Final Dividend per share	1.5c	1.5c	30%
2006 Final Special Dividend per share	5.0c	5.0c	30%
2007 Interim Dividend per share	2.0c	2.0c	30%
2007 Interim Special Dividend per share	1.0c	1.0c	30%
2007 Final Dividend per share	2.0c	2.0c	30%
2007 Final Special Dividend per share	1.0c	1.0c	30%
Final dividend dates			
Ex dividend date			28 Sept 2007
Record date			4 Oct 2007
Payment date			18 Oct 2007
<p>The Dividend Reinvestment Plan is in operation and the recommended dividend of 3.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at no 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 three trading days preceding that date).</p>			
		30 June 2007	30 June 2006
Net tangible asset backing after tax		\$1.31	\$1.18
<p><i>This report is based on the 2007 Annual Report which has been subject to audit by the Auditors.</i></p> <p><i>All the documents comprise the information required by Listing Rule 4.3A.</i></p> <p><i>Refer to the attached Annual Report for commentary on the above results.</i></p>			

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007**

COMPANY PARTICULARS

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS:	Karl Siegling James Chirnside Geoffrey Wilson
SECRETARY:	Karl Siegling
MANAGER OF THE FUND:	Cadence Asset Management Pty Limited ABN: 68 106 551 062
REGISTERED OFFICE:	Level 11, 131 Macquarie Street Sydney, NSW 2000
DIRECTOR OF THE MANAGER:	Mr Karl Siegling
CONTACT DETAILS:	Level 11, 131 Macquarie Street Sydney, NSW 2000
CUSTODIAN OF THE FUND:	UBS Nominees Limited Level 16 Chifley Tower 2 Chifley Square Sydney NSW 2000
SHARE REGISTRAR:	Registries Limited Level 2, 28 Margaret Street, Sydney, NSW 2000
AUDITORS:	Moore Stephens Sydney Level 7 20 Hunter Street Sydney NSW 2000

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MANAGERS' REPORT

SUMMARY OF RESULTS

- Gross Portfolio increased 49.04 % for the year ended 30 June 2007
- Operating Profit after tax was \$6,501,548
- Profit Before tax was \$9,053,158

PROFIT SUMMARY

The Manager is pleased to announce that Cadence Capital Limited delivered a profit of \$9,053,158 before tax and \$6,501,548 after tax.

Total equity has increased from \$7.4M to \$35.1M as a result of investment performance and the placement of \$22.5M shares.

SHAREHOLDER PERFORMANCE

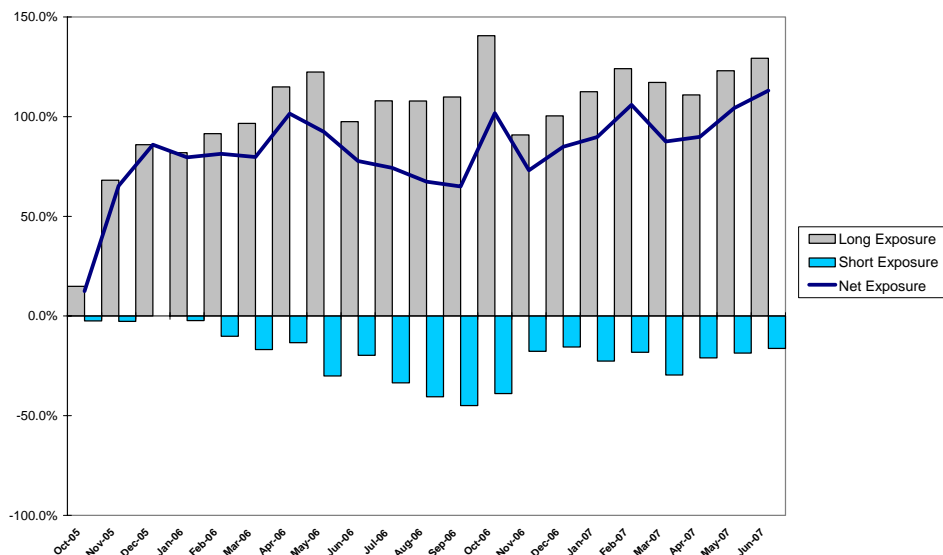
Cadence Capital Limited produced a gross performance of 49.04% for the year ended 30 June 2007 against an increase in the All Ordinaries Accumulation Index of 30.30% and the Small Ordinaries Accumulation Index of 44.44%. The Fund ended the year with a long exposure of 141.6%, a short exposure of 17.8% and a net exposure of 123.8%.

During the financial year, the Manager provided a Monthly Newsletter tracking fund performance and portfolio exposure as well as a market commentary. The table for fund performance and chart of portfolio exposure appear below.

FUND PERFORMANCE

Performance to 30th June 2007	CCL	All Ords
1 Month	1.58%	-0.07%
3 Months	11.12%	6.26%
6 Months	12.68%	13.79%
1 Year	49.04%	30.30%
Inception to date accumulated return	98.29%	47.14%
* Before Management and Performance Fees		

PORTFOLIO EXPOSURE ANALYSIS %



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PLACEMENT AND ASX LISTING

On the 24 November 2006 the company raised \$15.6 M through a placement of shares to new and existing shareholders. Each share on issue on 24 November 2006 received one option for the purchase of one additional share at a price of \$1.16 which will expire on 31 March 2008. Both the companies shares and the options were listed on the ASX and commenced trading under the tickers CDM and CDMO respectively.

DIVIDEND

The Board declared an 3 cent per share fully franked dividend on 16 August 2007 payable on 18 October 2007. The Ex Date for the dividend is 28 September 2007.

The dividend consists of a 2 cent final dividend and a 1 cent special dividend reflecting a strong trading period for the current year of operation.

OPTIONS

Under the terms of the original Prospectus, and the Placement, each share issued in Cadence Capital Limited has an option, with a \$1.16 strike price, exercisable on or before 31 March 2008. The Net Tangible Asset Backing (NTA) per share is currently significantly above the \$1.16 exercise price and it is envisaged that the majority of options will be exercised on or before 31 March 2008.

OUTLOOK

The Manager believes that there are always opportunities in the market. The flexibility to buy and short sell stock creates additional opportunities, as well as enabling the protection of assets in periods of adverse price movements. Our current portfolio exposure and market commentary reflects our view that, whilst many companies have recently experienced strong earnings growth and record profits, we remain cautious on their ability to deliver similar earnings growth in the year ahead.

I would like to take this opportunity to thank our investors for their continued support.



Karl Siegling
Managing Director
Cadence Asset Management Pty Limited

CADENCE CAPITAL LIMITED

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MARKET VALUE OF INVESTMENTS AS AT 30 JUNE 2007

Valued at closing prices at 30 June 2007

TOP 20 LONG POSITIONS		\$
ASL	Ausdrill Ltd	\$845,366
BNB	Babcock & Brown Ltd	\$1,011,290
CCP	Credit Corp Group Ltd	\$1,864,828
CSM	Consolidated Minerals Ltd	\$1,055,040
CUS	Customers Ltd	\$1,586,130
DWS	DWS Advanced Business Solutions Ltd	\$2,798,133
EBI	Everest Babcock & Brown Alternative Investment Trust	\$3,781,469
HGI	Henderson Group PLC	\$890,400
IIN	iiNET Ltd	\$1,437,718
JML	Jabiru Metals Ltd	\$1,183,158
LGL	Lihir Gold Ltd	\$1,305,861
MBR	Mariner Bridge Investments Ltd	\$3,937,714
MLB	Melbourne IT Ltd	\$1,140,996
MMS	McMillan Shakespeare Ltd	\$1,682,346
PGA	Photon Group Ltd	\$1,002,616
QBE	QBE Insurance Group Ltd	\$1,352,832
RKN	Reckon Ltd	\$1,031,237
RRA	RR Australia Ltd	\$899,760
SEV	Seven Network Ltd	\$1,314,390
SSM	Service Stream Ltd	\$1,303,233
Total Top 20 Long Positions		\$31,424,517
Total Long Positions		\$49,725,729
Total Short Positions		\$6,250,968
Net Exposure		\$43,474,761

CADENCE CAPITAL LIMITED

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CORPORATE GOVERNANCE STATEMENT

All the best practice recommendations of the Australian Securities Exchange Corporate Governance Council have been applied throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Board of Directors and its Committees, Composition of the Board, Remuneration of Directors and Executives, Ethical Standards, The Role of Shareholders, Board's Policy on Dealing in Shares, Independent Professional Advice and Access to Company Information, and Conflict of Interest.

BOARD OF DIRECTORS AND ITS COMMITTEES

Subject at all times to any written guidelines issued by the Board of Directors of Cadence Capital Limited, the day-to-day management and investment of funds is carried out by Cadence Asset Management Pty Limited pursuant to a management agreement.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for the appointed Manager and monitoring the achievement of these goals. The Board reviews the reports of its Manager on the financial performance of the Company.

The Company has formed an Audit Committee consisting of:

James Chirnside	Chairman
Karl Siegling	Executive Director

The Audit Committee consists of 2 members and is only 50% independent. Whilst the Company agrees with the benefits of a larger Audit Committee and also of it consisting of a majority of independent Directors, due to both the size of the Board and of the Company, it believes that the current Audit Committee has both the level of expertise and independence that it requires.

The Committee's responsibilities are to:

- (a) oversee the existence and maintenance of internal controls and accounting systems;
- (b) oversee the financial reporting process;
- (c) review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- (d) nominate external auditors; and
- (e) review the existing external audit arrangements.

COMPOSITION OF THE BOARD

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term in office are detailed in the directors' report.

The only independent director of the Company is James Chirnside

The Board comprises the Chairman and two other non-executive Directors who consider the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

The Board is 33% independent. Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current Boards' level of expertise and without burdening shareholders with the potentially significant costs associated with adding further independent Directors.

The Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, it adds value to the Company.

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CORPORATE GOVERNANCE STATEMENT

REMUNERATION OF DIRECTORS AND EXECUTIVES

The maximum total remuneration of the Directors of the Company has been set at \$55,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

No separate Remuneration Committee has been established by the Company as the Company does not believe that this adds any value to its Corporate Governance.

The Chairman of Cadence Capital Limited is the sole Director, of Cadence Asset Management Pty Limited. Further detail is provided in the Directors' report and the financial statements.

ETHICAL STANDARDS

The Board aims to ensure that all Directors and its Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company.

THE ROLE OF SHAREHOLDERS

The Board of Directors aim to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Financial Report, monthly investment update and asset backing data, weekly estimated NTA's and Half-Year Financial Report lodged with the Australian Securities Exchange.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

BOARD'S POLICY ON DEALING IN SHARES

Subject to them not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company when appropriate. As Cadence Capital Limited is an investment company announcing its estimated NTA's weekly and its results monthly, the Board believes the shareholders are generally fully informed.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

CONFLICT OF INTEREST

In accordance with the *Corporations Act 2001*, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

CADENCE CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

The Directors of Cadence Capital Limited submit herewith their report together with the financial report for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITY

The principal activity of the company was investing primarily in securities listed on the Australian Securities Exchange. The company also took short positions and dealt in options over listed securities. No significant changes in the nature of these activities occurred during the financial year.

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$9,053,158 (2006: \$1,362,384) and an operating profit after tax of \$6,501,548 (2006: \$969,489).

The results for the period ended 30 June 2006 are not directly comparable as the company only commenced operations in October 2005, after its initial capital raising resulted in \$5,050,700 being raised. A further capital raising of \$15,568,744 was undertaken on 24 November 2006 through a placement of shares to new and existing shareholders.

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2007, investments were valued at \$43,832,345 (2006: \$6,224,579).

FINANCIAL POSITION

The net asset value of the Company for the current financial period ended was \$35,114,205 (2006: 7,407,928). Refer to the Managers' Report for further information.

OPTIONS

Under the prospectus dated 9 October 2006 each share subscribed for included one option for the purchase of an additional share at a price of \$1.16. These options expire on 31 March 2008. During the financial year 109,717 of these options were exercised. At 30 June 2007, 26,473,963 of these options were outstanding.

Under the initial public offering each share included one option for the purchase of an additional share at a price of \$1.00. These options expired on 31 October 2006. During the financial year 6,528,500 of these options were exercised. At 30 June 2006, 6,265,182 of these options were outstanding.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared are as follows:	\$
Fully franked 2007 final dividend of 3.0 cents per share was declared on 16 August 2007	803,519
Fully franked 2007 interim dividend of 3.0 cents per share was paid on 27 April 2006	800,557
Fully franked 2006 final dividend of 6.5 cents per share was paid on 6 October 2006	729,045
Fully franked 2006 interim dividend of 1.5 cents per share was paid on 6 October 2006	99,010

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

Karl Siegling
Geoffrey Wilson
James Chirside

CADENCE CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

INFORMATION ON DIRECTORS

Karl Siegling (Chairman and Company Secretary)

Karl has over 10 years investment experience in the financial sector both in Australia and overseas. He holds a Bachelor of Commerce and a Law degree from the University of Melbourne and an MBA specialising in Finance and Entrepreneurial Endeavours from INSEAD in France. Karl has also completed the Post Graduate Diploma in Finance with the Securities Institute of Australia.

He commenced work in the Financial Services sector in Australia with Deutsche Morgan Grenfell, trading overnight currencies, bonds and bond options on the Sydney Futures Exchange. Then he worked within the Equities Research Division of Deutsche Morgan Grenfell before moving to the Equities Division of Goldman Sachs in London. Upon returning to Australia, Karl was the Managing Director of eFinancial Capital Limited (a subsidiary of Challenger International Limited), which was a private equity fund with Pooled Development Fund status, focused on investing early stage and expansion capital. The fund invested in financial services and Australian internet based technology companies. For two and a half years Karl worked as a consultant for WAMI researching stocks for the Wilson group of funds. He is also the managing director of Cadence Asset Management Pty Limited.

Geoffrey Wilson (Non-executive Director)

Geoffrey has 27 years experience in the Australian and International securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Geoffrey Wilson is the Chairman of WAM Capital Limited (appointed March 1999), Wilson Investment Fund Limited (appointed June 2003) and the Australian Stockbrokers Foundation Limited. He is a director of Clime Capital Limited (appointed November 2003), Wilson Leaders Limited (appointed October 2003) and a former director of Mariner Bridge Investments Limited. He is also a director of the investment management companies, Wilson Asset Management (International) Pty Limited, Boutique Asset Management Pty Limited, MAM Pty Limited and a Director of the Sporting Chance Cancer Foundation.

James Chirnside (Non-executive Director)

James has been exclusively focused on alternative asset management and absolute return investment strategies for seventeen years in Melbourne, Sydney, Hong Kong and London. He is now the managing director of Asia Pacific Asset Management Pty Limited and prior to that he worked for Challenger Group Holdings Limited as a specialist manager in alternative investments. While with Challenger, he worked on successfully launching two ASX listed private equity investment funds. In Hong Kong, he worked for emerging markets specialist manager Regent Pacific Group, he conceived of, launched and co-managed the US\$250m Regent Pacific Hedge Fund. Between 1988 and 1992, he managed a proprietary trading book for Investment Bank County Natwest, in London.

James Chirnside is also a director of WAM Capital Limited.

DIRECTORS' MEETINGS	No. eligible to attend	Attended
Karl Siegling	5	5
Geoffrey Wilson	5	5
James Chirnside	5	5

AUDIT COMMITTEE MEETINGS	No. eligible to attend	Attended
Karl Siegling	2	2
James Chirnside	2	2

CADENCE CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Cadence Capital Limited.

(a) Remuneration

There are no executives that are paid by the Company. Cadence Asset Management Pty Limited provides day to day management of the Company and is remunerated as outlined in Note 17 – Related Parties Transactions.

	2007 \$	2006 \$
Short-term Benefits Directors Fees:		
- Geoffrey Wilson	7,500	7,500
- James Chirnside	7,500	7,500
Post-employment Benefits Superannuation	-	-
	<u>15,000</u>	<u>15,000</u>

(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 and Options

As at 30 June 2007, the Company's key management personnel held the following shares in the Company:

	Balance at 1 July 2006	Acquisitions	Disposals	Balance at 30 June 2007
K. Siegling	1,000,000	1,000,000	-	2,000,000
G.J. Wilson	1,000,000	1,000,000	-	2,000,000
J.M. Chirnside*	-	901,800	-	901,800
	<u>2,000,000</u>	<u>2,901,800</u>	<u>-</u>	<u>4,901,800</u>

As at 30 June 2007 the Company's key management personnel held the following options in the Company:

	Balance at 1 July 2006	Acquisitions	Disposals	Balance at 30 June 2007
K. Siegling	1,000,000	1,000,000	-	2,000,000
G.J. Wilson	1,000,000	1,000,000	1,297,405	702,595
J.M. Chirnside*	-	901,800	-	901,800
	<u>2,000,000</u>	<u>2,901,800</u>	<u>1,297,405</u>	<u>3,604,395</u>

* The holdings disclosed by J.M.Chirnside are all made through a Fund managed by an entity associated with him. There are no other director indirect holdings.

CADENCE CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

AFTER BALANCE DATE EVENTS

The Board of Directors of Cadence Capital Limited declared a 3 cent fully franked dividend on 16 August 2007 payable on 18 October 2007. The Ex Date for the dividend is the 28 September 2007.

No other matters or circumstances have arisen since the end of the financial period which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the financial period the Company did not pay a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the Corporations Act 2001.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 10 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors of the Company:



Karl Siegling
Director

Dated in Sydney, this 16th day of August 2007.

PARTNERS:

Howard Badger CA
Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leysdon FCA
Allan Mortel CA
Wayne Morton FCA
Brett Sato CA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannos FCA
Charlie Viola (Affiliate ICAA)
Scott Whiddett CA

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA
Bob Webster FCA

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CADENCE CAPITAL LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Cadence Capital Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Stephens Sydney

MOORE STEPHENS SYDNEY

Chartered Accountants



C. CHANDRAN

Partner

Dated in Sydney this 16th day of August 2007.

CADENCE CAPITAL LIMITED

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
Proceeds from sale of investments		67,497,154	25,199,519
Cost of investments sold		(65,039,498)	(24,443,863)
Unrealised gain on investments		6,961,982	868,453
Other revenue from ordinary activities	2	1,114,311	162,379
Performance fees		(384,822)	(200,012)
Management fees		(260,619)	(41,296)
Dividends paid on short positions		(321,835)	(10,795)
Assignment fees		(27,244)	(10,219)
Finance costs		(48,900)	(5,046)
Directors fees		(15,000)	(15,000)
Brokerage expenses on share purchases		(260,829)	(99,916)
Other expenses from ordinary activities		<u>(161,542)</u>	<u>(41,820)</u>
Profit before income tax		9,053,158	1,362,384
Income tax expense	4(a)	<u>(2,551,610)</u>	<u>(392,895)</u>
Profit attributable to members of the Company	13	<u>6,501,548</u>	<u>969,489</u>
Basic earnings per share	15	<u>34.5 cents</u>	<u>17.9 cents</u>
Diluted earnings per share	15	<u>33.7 cents</u>	<u>16.7 cents</u>

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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BALANCE SHEET AS AT 30 JUNE 2007

	Note	2007 \$	2006 \$
ASSETS			
Cash and cash equivalents	14(a)	13,422	1,209,782
Trade and other receivables	6	1,048,300	1,007,079
Financial assets	7	50,083,313	7,944,624
Deferred tax asset	4(b)	100,484	34,262
TOTAL ASSETS		51,245,519	10,195,747
LIABILITIES			
Cash overdrafts	14(a)	5,485,579	-
Trade and other payables	8	1,755,439	565,444
Financial liabilities	9	6,250,968	1,720,045
Unallocated applications	10	-	115,000
Current tax liabilities	4(c)	221,375	125,199
Deferred tax liabilities	4(d)	2,417,953	262,131
TOTAL LIABILITIES		16,131,314	2,787,819
NET ASSETS		35,114,205	7,407,928
EQUITY			
Issued capital	11	28,971,779	6,438,439
Reserves	12	5,481,305	606,332
Retained earnings	13	661,121	363,157
TOTAL EQUITY		35,114,205	7,407,928

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 2007

	Note	2007 \$	2006 \$
Total equity as at 1 July 2006		7,407,928	-
Profit for the year attributable to members of the Company	13	6,501,548	969,489
Shares issued in the year	11	22,751,873	6,531,370
Costs of the share issue, net of deferred tax assets	11	<u>(218,533)</u>	<u>(92,931)</u>
		36,442,816	7,407,928
Dividends paid or provided for	5	<u>(1,328,611)</u>	-
Total equity as at 30 June 2007 attributable to members of the Company		<u>35,114,205</u>	<u>7,407,928</u>

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		689,074	83,282
Interest received		162,247	69,064
Other income received		35,118	1,724
Management fees paid		(240,867)	(33,813)
Performance fees paid		(214,646)	-
Dividends paid on short positions		(317,435)	(10,795)
Brokerage expenses on share purchases		(260,829)	(99,916)
Interest paid		(48,900)	(5,046)
Income tax paid		(272,176)	-
Payments for administration expenses		(225,748)	(32,456)
NET CASH USED IN OPERATING ACTIVITIES	14(b)	(694,162)	(27,956)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of investments		73,414,285	24,218,262
Payments for the purchase of investments		(100,398,132)	(29,502,386)
NET CASH USED IN INVESTING ACTIVITIES		(26,983,847)	(5,284,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		22,636,873	6,531,370
Application money received in advance		-	115,000
Dividends paid		(1,328,613)	-
Share issue costs paid		(312,190)	(124,508)
NET CASH PROVIDED BY FINANCING ACTIVITIES		20,996,070	6,521,862
NET (DECREASE)/INCREASE IN CASH HELD		(6,681,939)	1,209,782
CASH AS AT BEGINNING OF THE FINANCIAL YEAR		1,209,782	-
CASH AS AT END OF THE FINANCIAL YEAR	14(a)	(5,472,157)	1,209,782

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Cadence Capital Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year. There is no impending new accounting standards that will result in material changes in relation to the financial statements.

Basis of Preparation

The Company has prepared these financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS).

The 2006 financial report of the Company was the first to be prepared in accordance with AIFRS.

The financial statements have been prepared on an accruals basis and are based on historical costs with the exception of "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

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 Balance Sheet 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 Income Statement.

ii) Valuation

All investments are classified as "held-for-trading" investments and are recognised at fair value, being market value, including the potential tax charges that may arise from the future sale of the investments.

iii) Unrealised Gains and Losses

Unrealised gains and losses are included in operating profit for the year and are transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments.

iv) Investment income

Dividend income is recognised in the Income Statement on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Realised gains and losses are included in operating profit in the year of sale, and are transferred from the asset revaluation reserve.

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

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months. Bank overdrafts are shown within short-term borrowings in current liabilities in the Balance Sheet.

(d) Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less impairment losses (refer Note 1 (f)).

(e) Trade and Other Payables

Trade and other payables are stated at their amortised cost.

(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 Income Statement.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Balance Sheet.

Cash flows are presented in the Cash Flows Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Segment Reporting

The Company is engaged in investment activities conducted in Australia and derives revenue and investment income from listed, unlisted and fixed interest securities.

(i) Comparative Figures

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

The financial year ended 30 June 2007 covers a 12 month period from 1 July 2006 to 30 June 2007. The comparatives, being 30 June 2006 covers a period from incorporation on 16 February 2005 to 30 June 2006. However during this period the Company remained dormant until its initial public capital raising where it raised \$ 5,050,700 in October 2005. The Company commenced trading activities on this date.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 \$	2006 \$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends received	921,442	84,722
Interest received	158,371	75,933
Underwriting fees	34,498	1,724
	<u>1,114,311</u>	<u>162,379</u>
3. AUDITORS' REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	18,000	8,250
Non-audit Services		
Other services provided by a related practice of the auditor:		
Accounting services	6,500	-
Taxation services	6,500	4,500
Due diligence services	9,250	9,687
	<u>40,250</u>	<u>22,437</u>
4. TAXATION		
(a) Current Income Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30%	2,715,947	408,716
Imputation credit gross up	71,199	6,781
Franking credit offset	(237,330)	(22,602)
Over provision of prior year income tax	1,794	-
	<u>2,551,610</u>	<u>392,895</u>
Total income tax expense results in a:		
Movement in current tax liabilities	96,176	125,199
Movement in deferred tax liabilities	2,155,822	262,131
Movement in deferred tax assets	(66,222)	(34,262)
Movement in equity	218,533	39,827
Under provision of prior year income tax	147,301	-
	<u>2,551,610</u>	<u>392,895</u>
(b) Deferred Tax Assets		
Provisions	1,666	2,400
Capitalised share issue costs	98,818	31,862
	<u>100,484</u>	<u>34,262</u>
Movement in deferred tax assets		
Balance at the beginning of the period	34,262	-
Credited to the Income Statement	66,222	34,262
	<u>100,484</u>	<u>34,262</u>

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

4. TAXATION (continued)

	2007	2006
	\$	\$
(c) Current Tax Liabilities		
Movement in current tax liabilities		
Balance at the beginning of the period	125,199	-
Current year income tax expense on operating profit	368,352	125,199
Income tax paid	(272,176)	-
	<u>221,375</u>	<u>125,199</u>

(d) Deferred Tax Liabilities

Fair value adjustments	2,349,130	260,536
Income provisions	68,823	1,595
	<u>2,417,953</u>	<u>262,131</u>

Movement in deferred tax liabilities

Balance at the beginning of the period	262,131	-
Charged to the Income Statement	2,155,822	262,131
At reporting date	<u>2,417,953</u>	<u>262,131</u>

5. DIVIDENDS

(a) Dividends paid

Dividends paid by the Company	<u>1,328,611</u>	-
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Dividends paid by the Company for the year ended 30 June 2007	Cents Per Share	Total Amount \$	Date of payment	Tax Rate for franking Credit	% franked
Interim 2007 - Ordinary	2.0	533,704	27 April 2007	30%	100%
Interim 2007 - Special	1.0	266,852	27 April 2007	30%	100%
Final 2006 - Ordinary	1.5	99,010	6 October 2006	30%	100%
Final 2006 - Special	5.0	330,035	6 October 2006	30%	100%
Interim 2006 - Ordinary	1.5	99,010	6 October 2006	30%	100%
Total Amount		<u>1,328,611</u>			

(b) Dividend franking account

Balance of franking account at period 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>184,078</u>	<u>23,219</u>
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The franking credit balance does not include an allowance for the final dividend. Subsequent to the year end, the franking account would be reduced by \$344,365 (2006: \$226,309) for the declared dividend to be paid out on 18th October 2007. 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.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$2,417,953 (2006: \$262,131).

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
6. RECEIVABLES		
Trade debtors	743,351	981,258
Income receivable	229,408	5,316
Sundry debtors	75,541	20,505
	<u>1,048,300</u>	<u>1,007,079</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 not interest bearing and is unsecured.

7. FINANCIAL ASSETS

Long positions:

Listed investments at fair value	49,774,898	7,854,624
Unlisted investments at fair value	308,415	90,000
Total financial assets	<u>50,083,313</u>	<u>7,944,624</u>

The market values of the top 20 individual investments as at 30 June 2007 are disclosed on page 3 of the Annual Report.

8. TRADE AND OTHER PAYABLES

Trade creditors	1,263,276	296,903
Sundry creditors - related parties	467,547	240,246
Sundry creditors – other	24,616	28,295
	<u>1,755,439</u>	<u>565,444</u>

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

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

Sundry creditors – related parties, includes performance fees payable of \$412,980 (inclusive of GST) (2006: \$214,647) and management fees payable of \$25,329 (inclusive of GST) (2006: \$6,382) to the manager, Cadence Asset Management Pty Limited and \$ 29,238 (2006: \$10,967) that was payable to MAM Pty Limited for assignment fees. In 2006 the balance also included costs of \$8,250 to reimburse Cadence Capital Fund for expenses incurred on the Company's behalf. Refer to Note 18 for further information on Related Parties.

9. FINANCIAL LIABILITIES

Short positions:

Listed investments at fair value	<u>6,250,968</u>	<u>1,720,045</u>
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10. UNALLOCATED APPLICATIONS

As at 30 June 2007 there were no applications (2006: \$115,000) for shares in the Company which had been received, for which shares had not been issued.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

11. ISSUED CAPITAL

(a) Paid-up Capital

	\$	\$
Ordinary shares fully paid	29,283,243	6,531,370
Costs of share issue	(444,949)	(132,758)
Deferred tax asset on capitalised costs of share issue	133,485	39,827
	<u>28,971,779</u>	<u>6,438,439</u>

(b) Movement in ordinary share capital

2007

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
	Balance at the beginning of the year		6,289,182	6,531,370
1 July 2006	Placements	\$1.2341	171,786	212,000
1 August 2006	Placements	\$1.2121	72,599	88,000
1 September 2006	Placements	\$1.1864	100,307	119,000
Up to 24 th November 2006	Options exercised	\$1.0000	6,528,500	6,528,500
24 November 2006	Public offering	\$1.1600	13,421,328	15,568,744
Up to 30 th June 2007	Options exercised	\$1.1600	109,717	127,271
27 April 2006	DRP	\$1.1967	90,534	108,358
			<u>26,783,953</u>	<u>29,283,243</u>

Each share on issue on 24 November 2006 received one option for the purchase of one additional share at a price of \$1.16. These options expire on 31 March 2008. During the year 109,717 of these options were exercised. At 30 June 2007, 26,473,963 of these options remain outstanding. On the initial public offering on the 26 October 2005, each share included one option for the purchase of one additional share at a price of \$1.00. These options expired on 31 October 2006. During the year, 6,528,500 of these options were exercised. At 30 June 2007, none of these options remained outstanding.

2006

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
26 October 2005	Initial public offering	\$1.0000	5,050,700	5,050,700
1 February 2006	Placements	\$1.0938	228,555	250,000
1 April 2006	Placements	\$1.1869	394,658	468,440
1 May 2006	Placements	\$1.2385	80,744	100,000
1 June 2006	Placements	\$1.2444	522,525	650,230
24 April 2006	Options exercised	\$1.0000	12,000	12,000
			<u>6,289,182</u>	<u>6,531,370</u>

On issue, each share included one option for the purchase of one additional share at a price of \$1.00. These options expire on 31 October 2006. During the year, 12,000 of these options were exercised. At 30 June 2006, 6,265,182 options remain outstanding.

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.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
12. RESERVES		
Asset revaluation reserve	<u>5,481,305</u>	<u>606,332</u>
Movement in Asset Revaluation Reserve		
Opening balance	606,332	-
Transfer from retained earnings	<u>4,874,973</u>	<u>606,332</u>
	<u>5,481,305</u>	<u>606,332</u>

This reserve is used to record increments and decrements on the revaluation of the investments, net of potential tax as described in accounting policy Note 1(a) (iii).

13. RETAINED EARNINGS

Opening balance	363,157	-
Profit for the year attributable to members of the company	6,501,548	969,489
Transfer to asset revaluation reserve	(4,874,972)	(606,332)
Dividends paid (Note 5)	<u>(1,328,612)</u>	<u>-</u>
	<u>661,121</u>	<u>363,157</u>

14. CASH FLOW INFORMATION

(a) Reconciliation of cash

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

Cash and cash equivalents	<u>13,422</u>	<u>1,209,782</u>
Cash overdrafts	<u>5,485,579</u>	<u>-</u>

The weighted average interest rate for cash and cash equivalents as at June 2007 is 6.1% (June 2006 5.8%). The weighted average interest rate for cash overdrafts as at June 2007 is 7.0%. The company has a Prime Brokerage lending facility with UBS AG, its Prime Broker. This at call facility is secured by a first charge over the financial assets of the Company.

	2007	2006
	\$	\$
(b) Reconciliation of Operating Profit after Income Tax		
Operating profit after income tax	6,501,548	969,489
Less items classified as Investing/Financing Activities:		
Realised gain on sale of investments	(2,457,656)	(755,656)
Less non cash items:		
Unrealised gain on investments	(6,961,982)	(868,453)
Deferred tax asset on capital raising costs	98,818	39,827
Net cash provided by Operating Activities before changes in assets and liabilities:		
Increase in receivables	(279,128)	(25,822)
Increase in deferred tax assets	(66,222)	(34,262)
Increase in trade and other payables	218,462	259,591
Increase in deferred tax liabilities	2,155,822	262,131
Increase in current tax liabilities	96,176	125,199
Net cash used in Operating Activities	<u>(694,162)</u>	<u>(27,956)</u>

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15. EARNINGS PER SHARE

	2007	2006
Profit after income tax used in the calculation of earnings per share	\$ 6,501,548	\$ 969,489
	<u>No.</u>	<u>No.</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	18,863,102	5,416,594
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	19,286,196	5,806,061

16. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

The Company's financial instruments consist of money market instruments, short term investments, accounts receivable and payable.

(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 sheet date are included under the appropriate note for that instrument.

(b) Credit Risk

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Balance Sheet, is the carrying amount. The company is not materially exposed to any individual credit risk.

(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 holds a portion of its portfolio in cash and 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.

(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) Net Fair Values

The fair values of financial assets and liabilities are materially in line with their carrying values.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

17. 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:

K. Siegling	Chairman and Company Secretary
G.J. Wilson	Non-Executive Director
J. 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 18 – Related Parties Transactions.

	2007 \$	2006 \$
Short-term Benefits Directors Fees	15,000	15,000
Post-employment Benefits Superannuation	-	-
	15,000	15,000

(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 and Options

As at 30 June 2007, the Company's key management personnel held the following shares in the Company:

	Balance at 1 July 2006	Acquisitions	Disposals	Balance at 30 June 2007
K. Siegling	1,000,000	1,000,000	-	2,000,000
G.J. Wilson	1,000,000	1,000,000	-	2,000,000
J.M. Chirnside*	-	901,800	-	901,800
	2,000,000	2,901,800	-	4,901,800

As at 30 June 2006, the Company's key management personnel held the following shares in the Company:

	Balance at 16 February 2005	Acquisitions	Disposals	Balance at 30 June 2006
K. Siegling	-	1,000,000	-	1,000,000
G.J. Wilson	-	1,000,000	-	1,000,000
J.M. Chirnside*	-	-	-	-
	-	2,000,000	-	2,000,000

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

17. KEY MANAGEMENT PERSONNEL DISCLOSURE (Continued)

As at 30 June 2007 the Company's key management personnel held the following options in the Company:

	Balance at 1 July 2006	Acquisitions	Disposals	Balance at 30 June 2007
K. Siegling	1,000,000	1,000,000	-	2,000,000
G.J. Wilson	1,000,000	1,000,000	1,297,405	702,595
J.M. Chirside*	-	901,800	-	901,800
	<u>2,000,000</u>	<u>2,901,800</u>	<u>1,297,405</u>	<u>3,604,395</u>

As at 30 June 2006 the Company's key management personnel held the following options in the Company:

	Balance at 16 February 2005	Acquisitions	Disposals	Balance at 30 June 2006
K. Siegling	-	1,000,000	-	1,000,000
G.J. Wilson	-	1,000,000	-	1,000,000
J.M. Chirside*	-	-	-	-
	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>

* The holdings disclosed by J.M.Chirside are all made through a Fund managed by an entity associated with him. There are no other director indirect holdings.

Directors and director related entities disposed of and acquired ordinary shares and options 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.

18. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions.

Karl Siegling is the sole Director and beneficial owner of Cadence Asset Management Pty Limited, the entity appointed to manage the investment portfolio of Cadence Capital Limited. In its capacity as manager, Cadence Asset Management Pty Limited was paid a management fee of 1% (plus GST) of gross assets per annum, of \$271,620 (inclusive of GST, 2006: \$43,070). As at 30 June 2007, the balance payable to the manager was \$37,135 (inclusive of GST, 2006: \$6,382).

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 2007, a performance fee of \$401,066 (inclusive of GST 2006: \$214,647) was payable to Cadence Asset Management Pty Limited.

During 2006, Cadence Capital Fund, an entity also managed by Cadence Asset Management Pty Limited, paid legal fees amounting to \$8,250 related to Cadence Capital Limited. These costs were reimbursed by the Company to the Fund.

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18. RELATED PARTY TRANSACTIONS (Continued)

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. The amount of the fees assigned to MAM Pty Limited was to be calculated on a sliding scale ranging up to 25% based on the funds raised under the Prospectus less funds invested by Karl Siegling or entities associated with Karl Siegling. Subsequent to the initial capital raising, the assignment rate was 4.05%. At 30 June 2007, an amount of \$29,237 (2006:\$10,967) was payable to MAM Pty Limited.

19. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Board declared a 3.0 cent per share fully franked dividend on the 16th August 2007 payable on the 18th October 2007. The Ex Date for the dividend is 28th September 2007.

Other than the matter disclosed above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

20. CONTINGENT LIABILITIES

Estimates of material amounts of contingent liabilities not provided for in the accounts, arising from:

	2007	2006
	\$	\$
Sub-Underwriting agreements entered into during the year of which the offer closes after balance sheet date	117,471	-
21. CAPITAL COMMITMENTS		
Capital commitments exit for placements entered into before 30 June 2007, which settle after year end.	962,630	128,000

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS' DECLARATION

The Directors of Cadence Capital Limited declare that:

1. The financial statements and notes set out on pages 11 to 25 and the additional disclosures included in the Directors' Report designated as Remuneration Report, set out on page 8, of the Company are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance for the year ended on that date;
2. the Director of the Manager, Cadence Asset Management Pty Limited has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Karl Siegling
Director

Dated at Sydney, this 16th day of August 2007.

PARTNERS:

Howard Badger CA
 Andrew Blackwell CA
 Chris Chandran CA
 Stephen Humphrys FCA
 Garry Leysdon FCA
 Allan Mortel CA
 Wayne Morton FCA
 Brett Sato CA
 Joe Shannon CA
 Robert Southwell CA
 Spiro Tzannes FCA
 Charlie Viola (Affiliate ICAA)
 Scott Whiddett CA

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CADENCE CAPITAL LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Cadence Capital Limited (“the company”) which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, accompanying notes to the financial statements and the directors’ declaration.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives (“remuneration disclosures”), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading “Remuneration Report” on page 8 of the directors’ report and not in the financial report.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors are also responsible for preparation and presentation of the remuneration disclosures contained in the directors’ report in accordance with the *Corporations Regulations 2001*.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the remuneration disclosures in the directors’ report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to error or fraud. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors’ report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion,

- (a) the financial report of Cadence Capital Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of Cadence Capital Limited's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the remuneration disclosures that are contained in the remuneration report on page 8 of the directors' report comply with Accounting Standard AASB 124.



MOORE STEPHENS SYDNEY
Chartered Accountants



C. CHANDRAN
Partner

Dated in Sydney this 16th day of August 2007.

CADENCE CAPITAL LIMITED

ABN: 17 112 870 096

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders (as at 31 July 2007)

The following have advised that they are a substantial shareholder of Cadence Capital Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders as at ex-date	No. of shares	% of total
Karl Siegling and Esselmont Pty Ltd	2,000,000	7.45
MAM Pty Ltd	2,000,000	7.45

On-market buy back

There is no current on-market buy back.

Distribution of shareholders (as at 31 July 2007)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	17	1
1,001 – 5,000	139	131
5,001 – 10,000	120	105
10,001 – 100,000	254	227
100,001 and over	40	44
	<u>570</u>	<u>508</u>

The number of shareholdings held in less than marketable parcels is 6.

Twenty largest shareholders - Ordinary shares (as at 31 July 2007)

Name	Number of ordinary shares held	Percentage of issued capital held
MAM Pty Ltd	2,000,000	7.452
UBS Nominees Pty Ltd	1,053,099	3.924
BT (Queensland) Pty Ltd <Esselmont Pty Ltd>	1,000,000	3.726
Golden Words Pty Ltd	1,000,000	3.726
Esselmont Pty Ltd	1,000,000	3.726
Fortis Clearing Nominees Pty Ltd	929,576	3.463
Invia Custodian Pty Limited < APAM- AEOF1 A/C>	901,800	3.360
Bannaby Investments Pty Ltd <Super Fund Account>	883,680	3.292
Biloclan Pty Ltd <Pagnin Family Account>	862,069	3.212
Milstern Nominees Pty Ltd <Millie Phillips SF A/C>	862,069	3.212
Mr James Joseph Flanagan & Mrs Takako Flanagan	586,628	2.186
Ms Valerie Mitchell	500,000	1.863
Harveycrest Pty Ltd <AFF1-4 A/C>	431,034	1.606
Clodene Pty Ltd	411,248	1.532
Tree Pot Pty Ltd <Tree Pot A/C>	327,586	1.221
Ms Thelma Joan Martin-Weber	250,000	0.931
Robinson Page Management Pty Ltd <Beggs-Page SF>	243,103	0.906
Mr Damien Edward Laker	240,000	0.894
Mr Stephen Gubbins & Mrs Bridget Gubbins	231,570	0.863
Dirdot Pty Limited <Griffith Super Fund A/C>	223,122	0.831
	<u>13,936,584</u>	<u>51.925</u>

CADENCE CAPITAL LIMITED

ABN: 17 112 870 096

ASX ADDITIONAL INFORMATION

Twenty largest Option holders – Options \$1.16 – Exp. 31 March 2008 (as at 31 July 2007)

Name	Number of ordinary shares held	Percentage of issued capital held
SMEW Pty Ltd	1,129,903	4.277
Esselmont Pty Ltd	1,000,000	3.785
BT (Queensland) Pty Ltd <Esselmont Pty Ltd>	1,000,000	3.785
Golden Words Pty Ltd	1,000,000	3.785
Invia Custodian Pty Limited <APAM-AEOF1 A/C>	901,800	3.414
Milstern Nominees Pty Ltd <Millie Phillips SF A/C>	862,069	3.263
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	850,000	3.217
Biloclan Pty Ltd <Pagnin Family Account>	786,579	2.977
MAM Pty Ltd	702,595	2.660
Mr James Joseph Flanagan & Mrs Takako Flanagan	586,628	2.221
Mr Mark Ewen Waterman & Mrs Jeanette Suzanne	507,602	1.921
Ms Valerie Mitchell	500,000	1.893
Bannaby Investments Pty Ltd <Super Fund Account>	500,000	1.893
Virginia Timbers & Trusses Pty Ltd <Newing S/F A/C>	450,138	1.704
Harveycrest Pty Ltd <Aff1-4 A/C>	431,034	1.632
Tree Pot Pty Ltd <Tree Pot A/C>	327,586	1.240
Mr Peter Walter Heuduk & Mr Roeland Martin	300,000	1.136
Jetan Pty Ltd	250,000	0.946
Jetan Pty Ltd <G R Plummer Super Fund A/C>	250,000	0.946
Ms Thelma Joan Martin-Weber	250,000	0.946
	12,585,934	47.641

SECURITIES EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.