

CADENCE CAPITAL LIMITED
A.B.N. 17 112 870 096
APPENDIX 4D
HALF-YEAR REPORT
for the half-year ended 31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half-year ended 31 December 2009

	\$	up/down	% mvmt
Revenue from ordinary activities	11,181,408	up	40 %
Profit from ordinary activities before tax attributable to members	9,469,868	up	31 %
Profit from ordinary activities after tax attributable to members	6,696,150	up	33 %
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2010 Final dividend per share	2.0c	2.0c	30%
2011 Interim dividend per share	3.0c	3.0c	30%
The Dividend Re-Investment Plan (“DRP”) is in operation and the recommended Interim Dividend of 3.0c per share qualifies. The DRP will be operating at no discount. The DRP price is 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.			
Interim dividend dates			
Ex dividend date			1 March 2011
Record date			7 March 2011
Payment date			14 March 2011
		31 Dec 2010	31 Dec 2009
Net tangible asset backing after tax		\$1.25	\$1.10
<i>This report is based on the Half-year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2010 Annual Financial Report.</i>			

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

COMPANY PARTICULARS

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS: Karl Siegling (Chairman)
James Chirnside
Geoffrey Wilson

SECRETARY: Karl Siegling

MANAGER OF THE FUND: Cadence Asset Management Pty Limited
ABN: 68 106 551 062

REGISTERED OFFICE: Level 11, 131 Macquarie Street
Sydney, NSW 2000

CONTACT DETAILS: Level 11, 131 Macquarie Street
Sydney, NSW 2000
Telephone: (02) 8298 2444
Fax: (02) 8298 2499
Email: info@cadencecapital.com.au
Website: www.cadencecapital.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange) refer to www.asx.com.au or call (02) 8298 2444

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

SHARE REGISTRAR: Registries Limited
Mail Address: GPO Box 3993
Sydney NSW 2001
Telephone: (02) 9290 9600
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

AUDITORS: Moore Stephens Sydney
Level 7
20 Hunter Street
Sydney NSW 2000

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

The Directors present their report together with the financial report of Cadence Capital Limited (the Company) for the half-year ended 31 December 2010.

PRINCIPAL ACTIVITY

The principal activity of the Company was investing primarily in securities listed on the Australian Securities Exchange. The Company also takes short positions and deals in options over listed securities. No significant changes in the nature of these activities occurred during the half-year.

OPERATING RESULTS

Investment operations over the half-year resulted in an operating profit before tax of \$9,469,868 (December 2009: operating profit before tax of \$7,202,080) and an operating profit after tax of \$6,696,150 (December 2009: operating profit after tax of \$5,040,488).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the half-year ended 31 December 2010, net investments were valued at \$37,105,068 (June 2010: \$29,840,857).

FINANCIAL POSITION

The net asset value of the Company for the half-year ended 31 December 2010 was \$34,187,223 (June 2010: \$27,506,039).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

As disclosed in the Annual Financial Report for the year ended 30 June 2010, during the previous financial year the Company signed a new prime brokerage and custodial facility with Citigroup replacing its previous facility with UBS AG. For further details on these facilities please do refer to Notes 12(a) and 14(b) in the Annual Financial Report for the year ended 30 June 2010.

DIVIDENDS PAID OR RECOMMENDED

An interim fully franked dividend of 3.0 cents per share has been declared by the Board and will be paid on the 14 March 2011.

Dividends paid are as follows:	\$
Fully franked 2010 final dividend of 2.0 cents per share was paid on 24 June 2010	542,966
Fully franked 2010 interim dividend of 2.0 cents per share was paid on 18 March 2010	540,917
Fully franked 2009 final dividend of 2.0 cents per share was paid on 25 August 2009	538,689

DIRECTORS

The names of the Directors in office at any time during or since the end of the half-year are as follows:-

Karl P. Siegling – Chairman
Geoffrey J. Wilson – Non Executive Director
James M. Chirnside – Non Executive Director

The Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'K. Sieglung', written in a cursive style.

K. SIEGLING Director
Dated at Sydney this 22nd February 2011

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

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA
Bob Webster FCA

Auditors' Independence Declaration

As auditor for the review of Cadence Capital Limited for the half-year ended 31 December 2010 I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cadence Capital Limited.

C CHANDRAN

Partner

Dated in Sydney this 22nd day of February 2010

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	December 2010 \$	December 2009 \$
INCOME			
Proceeds from sale of investments		14,467,851	18,365,897
Cost of investments sold		<u>(16,124,527)</u>	<u>(16,687,109)</u>
Realised (loss)/gain on investments		(1,656,676)	1,678,788
Unrealised gain on investments		12,553,618	5,313,181
Capital returns on investments		-	688,496
Dividends received		248,191	240,911
Interest received		28,674	49,346
Underwriting fees		<u>7,601</u>	<u>36,355</u>
Total Income		11,181,408	8,007,077
EXPENSES			
Finance costs		(17,323)	(108,349)
Management and performance fees		(1,592,120)	(497,267)
Dividends paid on short positions		-	(16,419)
Directors fees		(15,000)	(15,000)
Brokerage expenses on share purchases		(22,908)	(68,622)
Other expenses from ordinary activities		<u>(64,189)</u>	<u>(99,340)</u>
Total Expenses		(1,711,540)	(804,997)
Profit before income tax		9,469,868	7,202,080
Income tax (expense)		<u>(2,773,718)</u>	<u>(2,161,592)</u>
Profit attributable to members of the Company	4 (c)	<u>6,696,150</u>	<u>5,040,488</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>6,696,150</u>	<u>5,040,488</u>
Basic earnings per share		<u>24.5 cents</u>	<u>18.7 cents</u>
Diluted earnings per share		<u>24.5 cents</u>	<u>18.7 cents</u>

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	December 2010 \$	June 2010 \$
ASSETS			
Cash and cash equivalents		30,213	27,488
Trade and other receivables		11,556	655,855
Financial assets		37,569,276	30,360,857
Current tax asset		189,153	189,153
Deferred tax asset		2,157,355	1,165,394
TOTAL ASSETS		39,957,553	32,398,747
LIABILITIES			
Cash overdrafts		128,331	4,215,896
Trade and other payables		1,638,031	438,522
Deferred tax liabilities		4,003,968	238,290
TOTAL LIABILITIES		5,770,330	4,892,708
NET ASSETS		34,187,223	27,506,039
EQUITY			
Issued capital	3	29,538,003	29,552,969
Reserves	4 (b)	9,342,593	555,061
Accumulated losses	4 (c)	(4,693,373)	(2,601,991)
TOTAL EQUITY		34,187,223	27,506,039

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	December 2010 \$	December 2009 \$
Total equity as at 1 July 2010		27,506,039	25,146,864
Profit for the half-year attributable to members of the Company	4 (c)	6,696,150	5,040,488
Shares issued in the period	4 (a)	-	82,044
Shares bought back in buy-back programs during the period	4 (a)	(14,966)	-
Total other comprehensive income for the period		-	-
		34,187,223	30,269,396
Dividends paid or provided for	2	-	(538,689)
Total equity as at 31 December 2010 attributable to members of the Company		34,187,223	29,730,707

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	December 2010 \$	December 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	565,823	256,830
Interest received	28,674	49,346
Other income received	15,171	36,355
Management fees paid	(139,168)	(130,802)
Performance fees paid	(347,658)	-
Dividends paid on short positions	-	(22,400)
Brokerage expenses on share purchases	(22,908)	(68,622)
Interest paid	(17,323)	(108,349)
Income tax paid	-	-
Payments for administration expenses	(44,083)	(102,565)
NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES	38,528	(90,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	14,739,347	18,736,075
Payments for the purchase of investments	(10,672,620)	(33,187,329)
Capital return on investments	-	688,496
NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES	4,066,727	(13,762,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy backs	(14,965)	-
Dividends paid	-	(456,645)
NET CASH USED IN FINANCING ACTIVITIES	(14,965)	(456,645)
NET INCREASE /(DECREASE) IN CASH HELD	4,090,290	(14,309,610)
CASH AS AT BEGINNING OF THE PERIOD	(4,188,408)	7,690,016
CASH AS AT END OF THE PERIOD	(98,118)	(6,619,594)

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue on 22 February 2011 by the Board of Directors.

It is recommended that the half-year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2010 and any public announcements made by Cadence Capital Limited ("the Company") during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

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

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2010 Annual Financial Report.

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

(b) Details of Reporting Period

The current reporting period is the half-year ended 31 December 2010. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the period ended 31 December 2009. For the Statement of Financial Position, the previous corresponding date is 30 June 2010.

(c) Segment Reporting

The half-year financial report is for the individual entity Cadence Capital Limited. It is a publicly listed company limited by shares, incorporated and domiciled in Australia. The Company is engaged in investment activities conducted predominantly in Australia and derives revenue and investment income from listed and unlisted securities and fixed interest securities.

The Company has a diversified portfolio of investments, with only the Company's investments in RHG Limited, Bravura Solutions Limited and South Boulder Mines Limited comprising more than 10% of the company's income in 2010. (2009: Rio Tinto Limited and Dioro Exploration NL)

2. DIVIDENDS

(a) Ordinary dividends paid during the period

No dividends were paid during the period. (2009: 2.0 cents per share fully franked dividends paid 25th August 2009)

(b) Dividends not recognised during the period

Since the end of the half-year the Directors have declared an interim fully franked dividend of 3.0c per share payable on 14 March 2011 (2009: 2.0c per share payable on 17 March 2010).

	December 2010 \$	December 2009 \$
	-	538,689
	<u>819,649</u>	<u>540,917</u>

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. ISSUED CAPITAL

	December 2010	June 2010
Paid-up Capital	\$	\$
27,321,628 shares fully paid (June 2010: 27,341,628)	29,863,110	29,878,076
Costs of share issue	(464,437)	(464,437)
Deferred tax asset on capitalised costs of share issue	139,330	139,330
	<u>29,538,003</u>	<u>29,552,969</u>

4. MOVEMENTS IN EQUITY

(a) Movement in ordinary share capital December 2010

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			27,341,628	29,878,076
Up to 31 December 2010	On-Market Share Buy-Back	\$0.7483	(20,000)	(14,966)
At reporting date			<u>27,321,628</u>	<u>29,863,110</u>

June 2010

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			26,934,450	29,579,471
25 August 2009	DRP	\$0.73659	111,383	82,044
18 March 2010	DRP	\$0.76000	102,584	77,959
24 June 2010	DRP	\$0.71736	193,211	138,602
			<u>27,341,628</u>	<u>29,878,076</u>

(b) Movement in Asset Revaluation Reserve

	December 2010	June 2010
Opening balance	\$ 555,061	-
Transfer from retained earnings	8,787,532	555,061
	<u>9,342,593</u>	<u>555,061</u>

(c) Movement in Accumulated Losses

	\$	\$
Opening balance	(2,601,991)	(4,107,500)
Profit attributable to members of the company	6,696,150	3,683,142
Transfer to asset revaluation reserve	(8,787,532)	(555,061)
Dividends paid	-	(1,622,572)
	<u>(4,693,373)</u>	<u>(2,601,991)</u>

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

5. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a 3.0 cent per share fully franked dividend on 22 February 2011 payable on 14 March 2011. The Ex Date for the dividend is 1 March 2011.

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

6. CAPITAL COMMITMENTS

	December 2010	June 2010
	\$	\$
Capital commitments exist for placements entered into before 31 December 2010, which settle after balance sheet date.	<u>636,000</u>	<u>71,680</u>

CADENCE CAPITAL LIMITED

ABN: 17 112 870 096

DIRECTORS' DECLARATION

The Directors of Cadence Capital Limited declare that:

1. The financial statements and notes, as set out on pages 7 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



K. SIEGLING
Director

Dated at Sydney this 22nd February 2011