

CADENCE CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2007

	\$	up/down	% mvmt
Revenue from ordinary activities	(7,929,464)	down	218 %
Loss from ordinary activities before tax attributable to members	(8,436,121)	up	175 %
Loss from ordinary activities after tax attributable to members	(5,832,252)	up	191 %
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2008 Interim Dividend	2.5c	2.5c	30%
2009 Interim Dividend	nil	nil	Nil
		31 Dec 2008	31 Dec 2007
Net tangible asset backing after tax		\$0.86	\$1.20
<p><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 2008 Annual Financial Report.</i></p>			

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CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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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

CUSTODIAN OF THE FUND: UBS Nominees Limited
Level 16 Chifley Tower
2 Chifley Square
Sydney NSW 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 2008

The Directors present their report together with the financial report of Cadence Capital Limited (the Company) for the half year ended 31 December 2008.

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 half year resulted in an operating loss before tax of \$8,436,121 (December 2007: operating loss before tax of \$3,070,540) and an operating loss after tax of \$5,832,252 (December 2007: operating loss after tax \$2,003,415).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the half year ended 31 December 2008, net investments were valued at \$7,890,736 (June 2008: \$6,847,421).

FINANCIAL POSITION

The net asset value of the Company for the half year ended 31 December 2008 was \$23,042,811 (June 2008: \$29,268,891).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 29 August 2008 the Company announced an equal access off-market share buy-back program. On 3 November 2008 the Company announced that it had bought back 398,070 of its own shares at a unit price of \$0.8736 per share.

DIVIDENDS PAID OR RECOMMENDED

Dividends of 2.5 cents per share have been paid in the period from 31 December 2007 to 31 December 2008. (6.0 cents per share from 31 December 2006 to 31 December 2007).

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.

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 5.

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



K. SIEGLING Director
Dated at Sydney this 25th February 2009

**Auditor's Independence Declaration
to the Directors of Cadence Capital Limited**

As lead auditor for the review of Cadence Capital Limited for the half year ended 31 December 2008, 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 during the period.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

C. Chandran

C. Chandran
Partner

Dated in Sydney this 25th day of February 2009.

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CADENCE CAPITAL LIMITED

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INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
Proceeds from sale of investments		22,654,833	39,824,162
Cost of investments sold		(26,551,672)	(39,072,638)
Unrealised (loss)/gain on investments		(5,072,587)	(4,070,818)
Dividends received		453,898	621,122
Dividends paid on short positions		(113,785)	(186,336)
Interest received		573,953	166,531
Finance costs		(65,568)	(23,280)
Underwriting fees		12,111	34,985
Management and performance fees		(126,436)	(184,280)
Directors fees		(15,000)	(15,000)
Brokerage expenses on share purchases		(91,761)	(72,911)
Other expenses from ordinary activities		(94,107)	(92,077)
Loss before income tax		(8,436,121)	(3,070,540)
Income tax benefit		2,603,869	1,067,125
Loss attributable to members of the Company	4 (c)	<u>(5,832,252)</u>	<u>(2,003,415)</u>
Basic earnings per share		<u>(21.4) cents</u>	<u>(7.3) cents</u>
Diluted earnings per share		<u>(21.4) cents</u>	<u>(7.3) cents</u>

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	December 2008 \$	June 2008 \$
ASSETS			
Cash and cash equivalents		14,535,240	21,320,352
Trade and other receivables		51,035	1,003,536
Financial assets		10,669,207	17,844,779
Deferred tax asset		3,017,054	416,359
Current tax asset		52,943	-
TOTAL ASSETS		28,325,479	40,585,026
LIABILITIES			
Cash overdrafts		2,403,616	-
Trade and other payables		100,581	198,146
Financial liabilities		2,778,471	10,997,358
Current tax liabilities		-	117,457
Deferred tax liabilities		-	3,174
TOTAL LIABILITIES		5,282,668	11,316,135
NET ASSETS		23,042,811	29,268,891
EQUITY			
Issued capital	3	29,254,364	29,648,192
Reserves	4 (b)	-	-
Retained earnings	4 (c)	(6,211,553)	(379,301)
TOTAL EQUITY		23,042,811	29,268,891

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
Total equity as at 1 July 2008		29,268,891	35,114,205
Loss for the half year attributable to members of the Company	4 (c)	(5,832,252)	(2,003,415)
Shares issued in the year	4 (a)	-	669,545
Shares bought back in buy-back programs during the year	4 (a)	(393,828)	-
Costs of the share issue, net of deferred tax assets		-	(13,642)
		23,042,811	33,766,693
Dividends paid or provided for	2	-	(813,646)
Total equity as at 31 December 2008 attributable to members of the Company		23,042,811	32,953,047

The accompanying notes form part of these financial statements.

CADENCE CAPITAL LIMITED

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	December 2008 \$	December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	506,423	833,395
Interest received	573,953	121,273
Other income received	12,111	33,307
Management fees paid	(135,843)	(189,936)
Performance fees paid	-	(430,412)
Dividends paid on short positions	(200,986)	(119,669)
Brokerage expenses on share purchases	(91,761)	(72,911)
Interest paid	(65,568)	(23,280)
Income tax paid	(170,400)	(327,159)
Payments for administration expenses	(77,802)	(65,637)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	350,127	(241,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	23,561,966	45,767,513
Payments for the purchase of investments	(32,706,993)	(30,026,400)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(9,145,027)	15,741,113
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from options exercised	-	669,545
Payments for share buy backs	(393,828)	-
Dividends paid	-	(813,646)
Share issue costs paid	-	(19,488)
NET CASH USED IN FINANCING ACTIVITIES	(393,828)	(163,589)
NET (DECREASE)/INCREASE IN CASH HELD	(9,188,728)	15,336,495
CASH AS AT BEGINNING OF THE FINANCIAL YEAR	21,320,352	(5,472,157)
CASH AS AT END OF THE FINANCIAL YEAR	12,131,624	9,864,338

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 2008

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.

It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 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 accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2008 Annual Financial Report.

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.

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2008. For the Income Statement, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the period ended 31 December 2007. For the Balance Sheet, the previous corresponding date is 30 June 2008.

(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.

2. DIVIDENDS

	December 2008 \$	December 2007 \$
Dividends paid by the Company	-	<u>813,646</u>

Dividends paid by the Company for the half year ended 31 December 2007	Cents Per Share	Total Amount \$	Date of payment	Tax Rate for franking Credit	% franked
Final 2007 - Ordinary	2.0	542,431	18 October 2007	30%	100%
Final 2007 - Special	1.0	271,215	18 October 2007	30%	100%
Total Amount		<u><u>813,646</u></u>			

The Directors have not declared an interim dividend for 2009. (2008: 2.5 cents)

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

3. ISSUED CAPITAL

	December 2008	June 2008
	\$	\$
Paid-up Capital		
26,934,450 shares fully paid (June 2008: 27,388,020)	29,579,471	29,973,299
Costs of share issue	(464,437)	(464,437)
Deferred tax asset on capitalised costs of share issue	139,330	139,330
	<u>29,254,364</u>	<u>29,648,192</u>

4. MOVEMENTS IN EQUITY

(a) Movement in ordinary share capital December 2008

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			27,388,020	29,973,299
Up to 31 December 2008	On-Market Share Buy-Back	\$0.8302	(55,500)	(46,074)
Up to 31 December 2008	Off-Market Share Buy-Back	\$0.8736	(398,070)	(347,754)
At reporting date			<u>26,934,450</u>	<u>29,579,471</u>

June 2008

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			26,783,953	29,283,243
July 2007	Options exercised	\$1.16	31,551	36,599
August 2007	Options exercised	\$1.16	34,138	39,600
September 2007	Options exercised	\$1.16	137,238	159,196
October 2007	Options exercised	\$1.16	234,635	272,178
18 October 2007	DRP	\$1.1212	144,430	161,972
9 April 2008	DRP	\$0.95	147,575	140,190
Up to 30 June 2008	Share Buy-Back	\$0.9536	(125,500)	(119,679)
			<u>27,388,020</u>	<u>29,973,299</u>

	December 2008	June 2008
	\$	\$
(b) Movement in Asset Revaluation Reserve		
Opening balance	-	5,481,305
Transfer to retained earnings	-	(5,481,305)
	<u>-</u>	<u>-</u>
(c) Movement in Retained Earnings		
Opening balance	(379,301)	661,121
Loss attributable to members of the company	(5,832,252)	(5,025,170)
Transfer from asset revaluation reserve	-	5,481,305
Dividends paid	-	(1,496,557)
	<u>(6,211,553)</u>	<u>(379,301)</u>

CADENCE CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

5. EVENTS SUBSEQUENT TO REPORTING DATE

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.

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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 6 to 12, 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 2008 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 25th February 2009

**Independent Auditor's Review Report
to the Members of Cadence Capital Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cadence Capital Limited ("the company"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*. As the auditor of Cadence Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cadence Capital Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



C. Chandran
Partner

Dated in Sydney this 25th day of February 2009.

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