

**CADENCE CAPITAL LIMITED**  
**APPENDIX 4D**  
**HALF YEAR REPORT**  
for the half year ended 31 December 2007

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
*All comparisons to the half year ended 31 December 2006*

	\$	up/down	% mvmt
Revenue from ordinary activities	(2,496,656)	down	146 %
Loss from ordinary activities before tax attributable to members	(3,070,540)	down	168 %
Loss from ordinary activities after tax attributable to members	(2,003,415)	down	163 %
<b>Dividend Information</b>	<b>Amt per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2007 Interim Dividend	2.0c	2.0c	30%
2007 Interim Special Dividend	1.0c	1.0c	30%
2007 Final Dividend	2.0c	2.0c	30%
2007 Final Special Dividend	1.0c	1.0c	30%
2008 Interim Dividend	2.5c	2.5c	30%
<b>Interim dividend dates</b>			
Ex dividend date			27 March 2008
Record date			2 April 2008
Payment date			9 April 2008
		<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Net tangible asset backing after tax		\$1.20	\$1.22
<p><i>This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2007 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 2007**

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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](mailto:info@cadencecapital.com.au)  
Website: [www.cadencecapital.com.au](http://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](http://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: PO Box R67 Royal Exchange  
Sydney NSW 1223  
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 2007

The Directors present their report together with the financial report of Cadence Capital Limited (the Company) for the half year ended 31 December 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, dealt in equity index futures for hedging purposes 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 \$3,070,540 (December 2006: operating profit of \$4,548,287) and an operating loss after tax of \$2,003,415 (December 2006: operating profit after tax \$3,183,802).

### REVIEW OF OPERATIONS AND OPERATING RESULTS

Investments are revalued continuously to market value. For the half year ended 31 December 2007, investments were revalued downwards by \$4,070,818 (December 2006: revalued upwards \$5,200,678), after an adjustment for deferred tax on unrealised gains, a net decrement of \$2,823,691 (December 2006: increment of \$3,034,142 was transferred to) was transferred from the Asset Revaluation Reserve.

Net tangible asset backing for each ordinary share at 31 December 2007 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.20 per share (December 2006: \$1.22).

Dividends of 6 cents per share have been paid in the period 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 29th February 2008

**PARTNERS:**

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

**CONSULTANTS:**

Anja Dorrell CA  
 Brett Sato CA  
 Bob Webster FCA

**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 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 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 29<sup>th</sup> day of February 2008.

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# CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

## INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Notes	December 2007 \$	December 2006 \$
Proceeds from sale of investments		39,824,162	20,863,300
Cost of investments sold		(39,072,638)	(20,886,189)
Unrealised (loss)/gain on investments		(4,070,818)	5,200,678
Dividends received		621,122	160,841
Other revenue from ordinary activities	2	201,516	110,150
Management and performance fees		(184,280)	(594,650)
Dividends paid on short positions		(186,336)	(82,992)
Finance costs		(23,280)	-
Directors fees		(15,000)	-
Brokerage expenses on share purchases		(72,911)	(156,375)
Other expenses from ordinary activities		(92,077)	(66,476)
<b>(Loss)/profit before income tax</b>		<b>(3,070,540)</b>	<b>4,548,287</b>
Income tax benefit/(expense)		1,067,125	(1,364,485)
<b>(Loss)/profit attributable to members of the Company</b>	5 (c)	<b>(2,003,415)</b>	<b>3,183,802</b>
<b>Basic earnings per share</b>		<b>(7.3) cents</b>	<b>12.0 cents</b>
<b>Diluted earnings per share</b>		<b>(7.3) cents</b>	<b>12.0 cents</b>

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 2007

	Note	December 2007 \$	June 2007 \$
<b>ASSETS</b>			
Cash and cash equivalents		9,864,338	13,422
Trade and other receivables		109,969	1,048,300
Financial assets		30,319,967	50,083,313
Deferred tax asset		82,562	100,484
<b>TOTAL ASSETS</b>		<b>40,376,836</b>	<b>51,245,519</b>
<b>LIABILITIES</b>			
Cash overdrafts		-	5,485,579
Trade and other payables		134,557	1,755,439
Financial liabilities		6,067,956	6,250,968
Current tax liabilities		74,674	221,375
Deferred tax liabilities		1,146,602	2,417,953
<b>TOTAL LIABILITIES</b>		<b>7,423,789</b>	<b>16,131,314</b>
<b>NET ASSETS</b>		<b>32,953,047</b>	<b>35,114,205</b>
<b>EQUITY</b>			
Issued capital	4	29,627,682	28,971,779
Reserves	5 (b)	2,657,614	5,481,305
Retained earnings	5 (c)	667,751	661,121
<b>TOTAL EQUITY</b>		<b>32,953,047</b>	<b>35,114,205</b>

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 2007

	Notes	December 2007 \$	December 2006 \$
<b>Total equity as at 1 July 2007</b>		<b>35,114,205</b>	<b>7,407,928</b>
(Loss)/Profit for the half year attributable to members of the Company	<b>5 (c)</b>	(2,003,415)	3,183,802
Shares issued in the year	<b>5 (a)</b>	669,545	22,516,244
Costs of the share issue, net of deferred tax assets		<u>(13,642)</u>	<u>(227,607)</u>
		<b>33,766,693</b>	<b>32,880,367</b>
Dividends paid or provided for	<b>3</b>	<u>(813,646)</u>	<u>(528,055)</u>
<b>Total equity as at 31 December 2007 attributable to members of the Company</b>		<b><u>32,953,047</u></b>	<b><u>32,352,312</u></b>

The accompanying notes form part of these financial statements.



# CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

## CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	December 2007 \$	December 2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends received	833,395	95,555
Interest received	121,273	70,959
Other income received	33,307	7,124
Management fees paid	(189,936)	(46,812)
Performance fees paid	(430,412)	(176,857)
Dividends paid on short positions	(119,669)	-
Brokerage expenses on share purchases	(72,911)	(156,375)
Interest paid	(23,280)	-
Income tax paid	(327,159)	-
Payments for administration expenses	(65,637)	(78,553)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(241,029)</b>	<b>(284,959)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	45,767,513	21,980,457
Payments for the purchase of investments	(30,026,400)	(38,640,558)
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>15,741,113</b>	<b>(16,660,101)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from public offering	-	15,568,744
Proceeds from options exercised	669,545	6,421,189
Proceeds from allotments	-	304,000
Dividends paid	(813,646)	(528,055)
Share issue costs paid	(19,488)	(241,393)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(163,589)</b>	<b>21,524,485</b>
<b>NET INCREASE IN CASH HELD</b>	<b>15,336,495</b>	<b>4,579,425</b>
<b>CASH AS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>(5,472,157)</b>	<b>1,209,782</b>
<b>CASH AS AT END OF THE FINANCIAL YEAR</b>	<b>9,864,338</b>	<b>5,789,207</b>

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 2007

### 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 2007 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 2007 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 2007. For the Income Statement, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the period ended 31 December 2006. For the Balance Sheet, the previous corresponding date is 30 June 2007.

#### (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. OTHER REVENUE FROM ORDINARY ACTIVITIES

	December 2007	December 2006
	\$	\$
Interest received	166,531	105,268
Underwriting fees	34,985	4,882
	<u>201,516</u>	<u>110,150</u>

### 3. DIVIDENDS

Dividends paid by the Company	<u>813,646</u>	<u>528,055</u>
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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%
<b>Total Amount</b>		<u><b>813,646</b></u>			

# CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

### 3. DIVIDENDS (CONTINUED)

Dividends paid by the Company for the half year ended 31 December 2006	Cents Per Share	Total Amount \$	Date of payment	Tax Rate for franking Credit	% franked
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%
<b>Total Amount</b>		<b>528,055</b>			

Since the end of the half year, the Directors have declared an interim dividend of 2.5 cents (December 2006: 2.0 cents) per share fully franked at 30% payable on 9 April 2008 (December 2006: 18 April 2008).

The interim dividend has not been brought to account in the financial statements for the half year ended 31 December 2007 but will be recognised in subsequent financial reports.

### 4. ISSUED CAPITAL

	December 2007	June 2007
	\$	\$
<b>Paid-up Capital</b>		
27,365,945 shares fully paid (June 2007: 26,783,953)	29,952,788	29,283,243
Costs of share issue	(464,437)	(444,949)
Deferred tax asset on capitalised costs of share issue	127,639	133,485
	<b>29,627,682</b>	<b>28,971,779</b>

### 5. MOVEMENTS IN EQUITY

#### (a) Movement in ordinary share capital

##### December 2007

Date	Details of issue	Share Price \$	No. of Shares	Issue value \$
Balance at the beginning of the year			26,783,953	29,283,243
18 October 2007	DRP	\$1.1212	144,430	161,972
Up to 31 December 2007	Options exercised	\$1.1600	437,562	507,573
<b>At reporting date</b>			<b>27,365,945</b>	<b>29,952,788</b>

##### June 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 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 June 2007	Options exercised	\$1.1600	109,717	127,271
27 April 2006	DRP	\$1.1967	90,534	108,358
			<b>26,783,953</b>	<b>29,283,243</b>

# CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

### 5. MOVEMENTS IN EQUITY (CONTINUED)

	December 2007	June 2007
<b>(b) Movement in Asset Revaluation Reserve</b>	\$	\$
Opening balance	5,481,305	606,332
Transfer from retained earnings	(2,823,691)	4,874,973
	<u>2,657,614</u>	<u>5,481,305</u>
<b>(c) Movement in Retained Earnings</b>		
Opening balance	661,121	363,157
(Loss)/Profit for the year attributable to members of the company	(2,003,415)	6,501,548
Transfer from/ (to) asset revaluation reserve	2,823,691	(4,874,972)
Dividends paid	(813,646)	(1,328,612)
	<u>667,751</u>	<u>661,121</u>

### 6. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared a 2.5 cent per share fully franked dividend on the 29 February 2008 payable on the 9 April 2008. The Ex Date for the dividend is 27 March 2008.

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.

# 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 2007 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 29th February 2008

## PARTNERS:

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

## CONSULTANTS:

Anja Dorrell CA  
 Brett Sato CA  
 Bob Webster FCA

## 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 2007, 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 of the company.

### 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 2007 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 2007 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, the 29<sup>th</sup> day of February 2008.

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