

**CADENCE CAPITAL LIMITED**  
**A.B.N. 17 112 870 096**

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**  
**for the year ended 30 June 2020**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
*All comparisons to the year ended 30 June 2019*

	\$	up/down	% mvmt
Revenue from ordinary activities	(10,589,449)	up	87 %
Loss from ordinary activities before tax attributable to members	(16,882,749)	up	81%
Loss from ordinary activities after tax attributable to members	(10,878,268)	up	82%
<b>Dividend Information</b>	<b>Amt per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2020 Final dividend per share (declared)	2.0c	2.0c	30%
2020 Interim dividend per share (paid)	2.0c	2.0c	30%
2019 Final dividend per share (paid)	2.0c	2.0c	30%
2019 Interim dividend per share (paid)	3.0c	3.0c	30%
<b>Final dividend dates</b>			
The Board has declared a 2.0 cent per share fully franked final dividend payable on 30 <sup>th</sup> October 2020. The Ex-Date for the dividend is 19 <sup>th</sup> October 2020 and the Record Date is 20 <sup>th</sup> October 2020.			
The Dividend Re-Investment Plan ("DRP") will not be in operation for the final dividend of 2.0c per share as the Company's shares are trading at a large discount to the Company's NTA per share.			
	<b>30 June 2020</b>	<b>30 June 2019</b>	
Net tangible asset backing after tax	\$0.98	\$1.04	
<i>This report is based on the 2020 Financial Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i>			

# CADENCE CAPITAL LIMITED

A.B.N. 17 112 870 096

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>INCOME</b>			
Net realised and unrealised loss on investments		(15,731,004)	(91,366,977)
Dividends received		4,685,227	10,178,069
Interest received		437,734	1,168,298
Other income		18,594	102,452
<b>Total Loss</b>		<b>(10,589,449)</b>	<b>(79,918,158)</b>
<b>EXPENSES</b>			
Finance costs		(1,198,880)	(1,676,631)
Management fees		(2,626,434)	(3,214,744)
Assignment fees		(110,860)	(135,693)
Directors fees		(75,000)	(75,000)
Dividends on short positions		(209,704)	(574,516)
Stock loan fees		(55,147)	(316,589)
Brokerage expenses on share purchases		(1,482,155)	(1,161,478)
ASX fees		(73,845)	(92,973)
Registry fees		(114,221)	(130,901)
Legal fees		(5,902)	(2,094)
Custody fees		(187,347)	(113,492)
Audit and taxation fees		(76,825)	(78,222)
Other expenses from ordinary activities		(76,980)	(80,462)
<b>Total Expenses</b>		<b>(6,293,300)</b>	<b>(7,652,795)</b>
<b>Loss before income tax</b>		<b>(16,882,749)</b>	<b>(87,570,953)</b>
Income tax benefit	2(a)	6,004,481	28,263,135
<b>Loss attributable to members of the Company</b>	11	<b>(10,878,268)</b>	<b>(59,307,818)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(10,878,268)</b>	<b>(59,307,818)</b>
<b>Basic loss per share</b>	12	<b>(3.4) cents</b>	<b>(18.3) cents</b>
<b>Diluted loss per share</b>	12	<b>(3.4) cents</b>	<b>(18.3) cents</b>

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 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
Cash and cash equivalents	4	19,458,443	74,779,920
Trade and other receivables	5	17,386,421	1,094,986
Financial assets	6	277,442,708	267,850,966
Deferred tax asset	2(b)	58,062,357	47,562,766
<b>TOTAL ASSETS</b>		<b>372,349,929</b>	<b>391,288,638</b>
<b>LIABILITIES</b>			
Cash overdrafts	4	55,185,767	50,158,911
Trade and other payables	7	5,229,083	517,599
Financial liabilities	8	7,553,990	7,020,695
Current tax liability	2(c)	4,026,570	-
<b>TOTAL LIABILITIES</b>		<b>71,995,410</b>	<b>57,697,205</b>
<b>NET ASSETS</b>		<b>300,354,519</b>	<b>333,591,433</b>
<b>EQUITY</b>			
Issued capital	9	419,919,254	429,797,443
Profits reserve	10	9,723,976	16,938,027
Accumulated losses	11	(129,288,711)	(113,144,037)
<b>TOTAL EQUITY</b>		<b>300,354,519</b>	<b>333,591,433</b>

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 2020

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2018</b>		<b>427,219,613</b>	<b>(53,836,219)</b>	<b>39,265,003</b>	<b>412,648,397</b>
Loss for the year	11	-	(59,307,818)	-	(59,307,818)
Transfer to profits reserve	10	-	-	-	-
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners:</b>					
Shares issued via dividend reinvestment plan	9	2,781,914	-	-	2,781,914
On-market share buy-back	9	(204,084)			(204,084)
Dividends paid	3(a)	-	-	(22,326,976)	(22,326,976)
<b>Balance at 30 June 2019</b>		<b>429,797,443</b>	<b>(113,144,037)</b>	<b>16,938,027</b>	<b>333,591,433</b>
Loss for the year	11	-	(10,878,268)	-	(10,878,268)
Transfer to profits reserve	10	-	(5,266,406)	5,266,406	-
Other comprehensive income for the year		-	-	-	-
<b>Transactions with owners:</b>					
On-market share buy-back	9	(9,878,189)			(9,878,189)
Dividends paid	3(a)	-	-	(12,480,457)	(12,480,457)
<b>Balance at 30 June 2020</b>		<b>419,919,254</b>	<b>(129,288,711)</b>	<b>9,723,976</b>	<b>300,354,519</b>

The accompanying notes form part of these financial statements.

# CADENCE CAPITAL LIMITED

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## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from the sale of investments		646,388,667	491,850,840
Payments for the purchase of investments		(682,903,190)	(544,247,687)
Dividends received		4,947,339	10,433,469
Interest received		437,734	1,168,298
Other income received		18,594	102,452
Management fees paid		(2,614,376)	(3,298,224)
Performance fees paid		-	(2,979,620)
Brokerage expenses on share purchases		(1,482,154)	(1,161,478)
Interest paid		(1,198,880)	(1,676,630)
Dividends paid on shorts		(209,704)	(574,516)
Payments for administration expenses		(905,181)	(863,929)
Income tax paid		(468,535)	(4,233,822)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(37,989,686)</b>	<b>(55,480,847)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(12,480,457)	(19,545,058)
On-market share buy-back		(9,878,190)	(204,084)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(22,358,647)</b>	<b>(19,749,142)</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(60,348,333)</b>	<b>(75,229,989)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR</b>	4	<b>24,621,009</b>	<b>99,850,998</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR</b>	4	<b>(35,727,324)</b>	<b>24,621,009</b>
<b>NON-CASH TRANSACTIONS:</b>			
Shares issued via dividend reinvestment plan		-	2,781,914

The accompanying notes form part of these financial statements.

# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Cadence Capital Limited ("the Company") is a listed public company, incorporated and domiciled in Australia.

#### **Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements have been consistently applied unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for, where applicable, cash flow information, "held-for-trading" financial assets and certain other financial assets and liabilities, which have been measured at fair value.

The accounting policies are consistent with those applied in the 30 June 2019 Annual Report.

This preliminary report was authorised by the Directors on 25 August 2020.

# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2. TAXATION

#### (a) Current Income Tax Benefit

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows:

	2020 \$	2019 \$
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(5,064,825)	(26,271,286)
Imputation credit gross up	452,802	923,945
Franked dividends receivable – prior year	92,588	99,447
Franked dividends receivable – current year	-	(92,588)
Franking credits on dividends received	(1,509,338)	(3,079,817)
Prior years under/over	24,287	159,174
Other	5	(2,010)
	<b>(6,004,481)</b>	<b>(28,263,135)</b>
Effective tax rate	(35.6%)	(32.3%)

The effective tax rate for FY2020 is (35.6%) reflecting the benefit to the Company of franking credits received on dividend income during the year.

#### Total income tax benefit results in a:

Current tax liability/(asset)	4,519,398	(33,424,300)
Movement in deferred tax assets	(10,523,879)	5,161,165
	<b>(6,004,481)</b>	<b>(28,263,135)</b>

#### (b) Deferred Tax Assets

Provisions	10,140	8,790
Capitalised share issue costs	81,811	147,132
Fair value adjustments	14,151,456	10,633,019
Tax losses	36,749,539	36,773,825
Trading stock election	7,069,411	-
	<b>58,062,357</b>	<b>47,562,766</b>

#### Movement in deferred tax assets

Balance at the beginning of the period	47,562,766	19,283,217
Credited to the profit or loss	10,523,878	28,263,135
Movement relating to under/(over) adjustment	(24,287)	16,414
	<b>58,062,357</b>	<b>47,562,766</b>

#### (c) Current Tax Liabilities/(Assets)

##### Movement in current tax liabilities/(assets)

Balance at the beginning of the period	-	4,217,408
Current year income tax on operating profit	6,004,443	-
Income tax paid	(468,535)	(4,233,822)
Franking credits	(1,509,338)	-
Prior year under/(over)	-	16,414
At reporting date	<b>4,026,570</b>	<b>-</b>

# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3. DIVIDENDS

#### (a) Dividends paid

	2020 \$	2019 \$
Dividends paid by the Company	<u>12,480,457</u>	<u>22,326,976</u>

#### 2020

Dividends paid by the Company for the year ended 30 June 2020	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2020 Ordinary	2.0	13 May 20	30%	100%	6,166,630
Final 2019 Ordinary	2.0	30 October 19	30%	100%	6,313,827
<b>Total Amount</b>					<u><b>12,480,457</b></u>

Subsequent to 30<sup>th</sup> June 2020, the Board have declared a 2.0 cent per share fully franked final dividend payable on 30<sup>th</sup> October 2020. The Ex-Date for the dividend is 19<sup>th</sup> October 2020.

#### 2019

Dividends paid by the Company for the year ended 30 June 2019	Cents Per Share	Date of payment	Tax Rate for franking Credit	% franked	Total Amount \$
Interim 2019 Ordinary	3.0	13 May 19	30%	100%	9,608,670
Final 2018 Ordinary	4.0	17 September 18	30%	100%	12,718,306
<b>Total Amount</b>					<u><b>22,326,976</b></u>

#### (b) Dividend franking account

The balance of the franking account at year end is adjusted for franking credits and debits arising from receipts or payments of income tax and franking credits arising from dividends receivable. This franking balance is after taking into account the payment of the current tax liability of \$4,026,570. (Refer Note 2c)

<u><b>5,290,059</b></u>	<u><b>4,634,383</b></u>
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Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in (a). 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.

### 4. CASH AND CASH EQUIVALENTS

Cash at bank	19,458,443	74,779,920
Cash overdrafts	<u>(55,185,767)</u>	<u>(50,158,911)</u>
	<u><b>(35,727,324)</b></u>	<u><b>24,621,009</b></u>

### 5. TRADE AND OTHER RECEIVABLES

Trade debtors	16,934,910	419,364
Income receivable	289,850	551,963
Sundry debtors	<u>161,661</u>	<u>123,659</u>
	<u><b>17,386,421</b></u>	<u><b>1,094,986</b></u>

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 non-interest bearing and is unsecured.



# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>6. FINANCIAL ASSETS</b>		
Investments at fair value	<u>277,442,708</u>	<u>267,850,966</u>
<b>7. TRADE AND OTHER PAYABLES</b>		
Trade creditors	4,790,477	48,395
Sundry creditors - related parties	128,426	119,868
Sundry creditors – other	310,180	349,336
	<u>5,229,083</u>	<u>517,599</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 fees payable of \$128,426 (inclusive of GST) (2019: \$119,868) to the manager, Cadence Asset Management Pty Limited.

### 8. FINANCIAL LIABILITIES

Short positions - held for trading financial liabilities:

Listed investments at fair value	<u>7,553,990</u>	<u>7,020,695</u>
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The Company's Financial Assets and Cash are used as collateral for its Financial Liabilities.

### 9. ISSUED CAPITAL

#### (a) Paid-up Capital

Ordinary shares fully paid	422,815,683	432,693,872
Capitalised share issue costs	(4,137,756)	(4,137,756)
Deferred tax asset on capitalised share issue costs	1,241,327	1,241,327
	<u>419,919,254</u>	<u>429,797,443</u>

#### 2020

Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			<b>320,027,168</b>	<b>432,693,872</b>
July 2019	On-market share buy-back	\$0.77244	(1,123,851)	(868,109)
August 2019	On-market share buy-back	\$0.75667	(1,465,019)	(1,108,536)
September 2019	On-market share buy-back	\$0.79378	(1,400,443)	(1,111,643)
October 2019	On-market share buy-back	\$0.77872	(912,681)	(710,726)
November 2019	On-market share buy-back	\$0.75355	(1,365,053)	(1,028,639)
December 2019	On-market share buy-back	\$0.74711	(1,036,309)	(774,238)
January 2020	On-market share buy-back	\$0.75902	(1,314,272)	(997,561)
February 2020	On-market share buy-back	\$0.71184	(2,258,209)	(1,607,493)
March 2020	On-market share buy-back	\$0.53746	(819,850)	(440,640)
May 2020	On-market share buy-back	\$0.56011	(1,033,978)	(579,145)
June 2020	On-market share buy-back	\$0.62778	(1,037,723)	(651,459)
			<u>306,259,780</u>	<u>422,815,683</u>

# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 9. ISSUED CAPITAL (Continued)

#### (a) Paid-up Capital (Continued)

2019 Date	Details	Share Price \$	No. of Shares	Value \$
Balance at the beginning of the year			<b>317,957,644</b>	<b>430,116,042</b>
17 September 2018	DRP	\$1.19326	2,331,352	2,781,914
June 2019	On-market share buy-back	\$0.77946	(261,828)	(204,084)
			<b>320,027,168</b>	<b>432,693,872</b>

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.

#### (b) Capital Management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There has been no change in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

On the 15<sup>th</sup> May 2019 the Company approved an on-market share buy-back of up to 31.79 million of its ordinary shares. The share buy-back period commenced on the 1<sup>st</sup> June 2019 and finished on the 31<sup>st</sup> May 2020. On the 20<sup>th</sup> May 2020 the Company announced the approval of a further on-market share buy-back of up to 30.7 million of its ordinary shares. The share buy-back period commenced on the 5<sup>th</sup> June 2020 and will finish no later than the 4<sup>th</sup> June 2021.

### 10. PROFITS RESERVE

	2020 \$	2019 \$
Profits Reserve	<b>9,723,976</b>	<b>16,938,027</b>
<b>Movement in Profits Reserve:</b>		
Opening balance	16,938,027	39,265,003
Transfer from Accumulated Losses	5,266,406	-
Dividends paid (Note 3)	(12,480,457)	(22,326,976)
	<b>9,723,976</b>	<b>16,938,027</b>

The Profit Reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### 11. ACCUMULATED LOSSES

Opening balance	(113,144,037)	(53,836,219)
Loss attributable to members of the Company	(10,878,268)	(59,307,818)
Transfer to Profits Reserve	(5,266,406)	-
	<b>129,288,711</b>	<b>(113,144,037)</b>

# CADENCE CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
<b>12. EARNINGS PER SHARE</b>		
Loss after income tax used in the calculation of earnings per share	<u>(10,778,268)</u>	<u>(59,307,818)</u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>312,694,333</u>	<u>323,943,616</u>
Weighted average number of ordinary shares and options outstanding during the year used in calculation of diluted earnings per share	<u>312,694,333</u>	<u>323,943,616</u>
<u>Reconciliation of weighted average number of shares:</u>		
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>312,694,333</u>	<u>323,943,616</u>
Add:		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	<u>-</u>	<u>-</u>
Weighted average number of shares used in the calculation of diluted earnings per share	<u><b>312,694,333</b></u>	<u><b>323,943,616</b></u>

As at the end of the year, there are no outstanding securities that are potentially dilutive in nature for the Company.

### 13. EVENTS AFTER THE REPORTING PERIOD

The Board have declared a 2.0 cent per share fully franked final dividend payable on 30<sup>th</sup> October 2020. The Ex-Date for the dividend is 19<sup>th</sup> October 2020.

Other than the above there has not arisen in the interval between the end of the financial year and the date of this report any other 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.

### 14. CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2020 (2019: nil).

### 15. CAPITAL COMMITMENTS

	2020 \$	2019 \$
Capital commitments exist for placements entered into before 30 June 2020, which settle after year end.	<u>628,000</u>	<u>-</u>

### 16. SEGMENT REPORTING

The Company has only one segment. The Company operates predominately in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its financial assets at fair value through profit or loss, however the Company has foreign exposures as it invests in companies which operate internationally.