

Appendix 4E
Preliminary Final Report
Lodged with the ASX under Listing Rule 4.3A

Year Ended 30 June 2017
(Previous corresponding period – 30 June 2016)

Results for Announcement to the Market

Revenue from ordinary activities	up	3,258%	\$7,823,477
Profit before tax attributable to members	up	478%	\$6,400,566
Profit after tax attributable to members	up	906%	\$5,150,809

	Amount per security	Franked amount per security
<i>Dividends per share – Fully Paid Ordinary Shares</i>		
Interim Dividend – FY17 (paid 21 October 2016)	1.20 cents	1.20 cents
Interim Dividend – FY17 (paid 25 January 2017)	1.20 cents	1.20 cents
Interim Dividend – FY17 (paid 28 April 2017)	1.20 cents	1.20 cents
Final Dividend – FY17 (paid 28 July 2017)	1.25 cents	1.25 cents
Total Dividends paid on Ordinary Shares	4.85 cents	4.85 cents
<i>Dividends per share – Converting Preference Shares</i>		
July to Sep 16 – Quarterly Dividend (paid 20 October 2016)	4.50 cents	4.50 cents
Oct to Dec 16 – Quarterly Dividend (paid 24 January 2017)	4.50 cents	4.50 cents
Jan to Mar 17 – Quarterly Dividend (paid 27 April 2017)	4.50 cents	4.50 cents
Apr 17 – Final Dividend (paid 12 May 2017)	1.50 cents	1.50 cents
Total Dividends paid on Converting Preference Shares	15.00 cents	15.00 cents

Explanation of revenue from ordinary activities

Revenues for the period increased to \$7,823,477 (FY16: \$247,717 loss). This increase was primarily caused by an increase in unrealised gains on financial assets held by the Company.

Explanation of profit from ordinary activities after tax attributable to members

Profit after tax attributable to members was \$5,150,809 (FY16: \$639,220 loss).

COMMENTARY ON RESULTS

FINANCIAL YEAR ENDED 30 JUNE 2017

It is pleasing to reflect on the solid recovery in performance by Clime Capital Limited (Clime) in FY 17 with pre-tax profit reported at \$6.4 million.

The accompanying financial accounts for FY 17 disclose that Clime made both a solid profit and maintained franked dividends on both the issued ordinary shares and the recently converted preference shares. It is also pleasing to report that the buyback of shares offered at a significant discount to the stated NTA added to the company's shareholder returns.

The Board reports that Clime has achieved 7.24% p.a. **pre-fees and taxes** and 6.14% p.a. **pre-tax return** on its capital over the last 5 years. These calculations are after the payment of preference shares dividends of 7.5% p.a.

What follows is an outline of the movements in shareholders' equity (after tax) and the payments of dividends (including preference shares) net of dividend re-investment plan over the last 5 years as reported in our annual results.

12 months ending (in millions)	June 2013 \$	June 2014 \$	June 2015 \$	June 2016 \$	June 2017 \$	Aggregated summary \$
Opening equity	60.90	81.04	92.54	87.57	79.48	60.90
Profit after tax	6.20	5.12	(0.12)	(0.64)	5.15	15.71
Cash dividends paid – ordinary	(1.64)	(2.40)	(3.01)	(3.12)	(3.11)	(13.28)
Cash dividends paid – preference	(1.46)	(1.46)	(1.46)	(1.36)	(1.39)	(7.13)
Taxes paid	(0.90)	(1.88)	(1.46)	(0.67)	(0.66)	(5.57)
Capital raised	17.20	10.41	-	-	-	27.61
Buy backs	-	-	(0.36)	(3.02)	(0.41)	(3.79)
Balance sheet adjustments	0.74	1.71	1.43	0.73	0.81	5.42
Closing Equity	81.04	92.54	87.57	79.48	79.87	79.87

Dividend Policy and Capital Management

The Board intends to maintain its policy of declaring ordinary dividends each quarter. The current portfolio has a high level of income generation from its shares and yielding investments. The portfolio also generates franking credits which are beneficial to shareholders.

Converting preference shares (CPS)

In April 2017 the Company's CPS were converted into ordinary shares at a ratio of 1.387118 to 1. Based on the number of CPS on issue the Company mandatorily converted these into 9,919,524 ordinary shares. The immediate impact of this conversion is to save the Company around \$900k in franked dividends per annum based on the current rate of ordinary dividends.

The Board has implemented a buyback policy covering ordinary shares. In 2016/17, 379,668 ordinary shares were bought back and cancelled. The average discount to Net Tangible Asset backing per share has on average been greater than 10%.

Supplementary Appendix 4E information

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2017 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend	Franked amount per security	Foreign sourced dividend amount per security
Fully Paid Ordinary Shares						
05 Oct 2016	21 Oct 2016	Interim	1.20 cents	\$948,336	1.20 cents	-
04 Jan 2017	25 Jan 2017	Interim	1.20 cents	\$950,351	1.20 cents	-
05 April 2017	28 April 2017	Interim	1.20 cents	\$952,702	1.20 cents	-
07 July 2017	28 July 2017	Final	1.25 cents	\$1,118,752	1.25 cents	-
		Total	4.85 cents	\$3,970,141	4.85 cents	
Converting Preference Shares						
05 Oct 2016	20 Oct 2016	Quarterly	4.50 cents	\$321,796	4.50 cents	-
04 Jan 2017	24 Jan 2017	Quarterly	4.50 cents	\$321,796	4.50 cents	-
05 April 2017	27 April 2017	Quarterly	4.50 cents	\$321,796	4.50 cents	-
28 April 2017	12 May 2017	Final	1.50 cents	\$107,266	1.50 cents	-
		Total	15.00 cents	\$1,072,654	15.00 cents	

Dividend/distribution reinvestment plan

The company operates a dividend reinvestment plan.

Net tangible assets per security (Cum-Dividend)

	2017 \$	2016 \$
Fully diluted net tangible asset backing per ordinary share – pre-tax	\$0.89	\$0.88
Fully diluted net tangible asset backing per ordinary share – post-tax	\$0.90	\$0.89

Controlled Entities

The company did not gain or lose control over any entities during the 12 months ended 30 June 2017.

Associates and Joint Venture entities

The company does not have any interests in associates or joint venture entities.

Foreign Accounting standards

Not applicable.

Audit

This report is based on the Annual Report which is audited.



Clime Capital Limited

ABN 99 106 282 777

Annual Report

For the Year Ended
30 June 2017

www.climecapital.com.au



CLIME CAPITAL LIMITED

ABN 99 106 282 777

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CHAIRMANS LETTER

Dear Fellow Shareholder,

It is pleasing to reflect on the solid recovery in the performance by Clime Capital Limited (Clime) in FY 17 with pre-tax profit reported at \$6.4 million.

The accompanying financial accounts for FY 17 disclose that Clime made both a solid profit and maintained franked dividends on both the issued ordinary shares and the recently converted preference shares. It is also pleasing to report that the buyback of shares offered at a significant discount to the stated NTA added to the company's shareholder returns.

The conversion of the converting preference shares in late April 2017 is an important event for Clime. These shares, issued over ten years ago, included a significant obligation on the company to pay approximately \$1.4 million of fully franked dividends per annum to the owners of the security. Their conversion into ordinary shares has allowed the Clime board to review the level of dividends to be paid on the expanded ordinary share base.

It was therefore pleasing for the Board to announce an increase June quarter ordinary share dividend to 1.25 cents per share. Our intention is to maintain this rate of dividend, subject to market conditions and portfolio performance, throughout FY18.

This leads me to offer some analysis of the current investment climate and the outlook for FY 18.

At the outset I continue to believe that logical investment thought and therefore investment process continues to be upset by the interest rate policies across the world. The major central banks in Europe, Japan and the US are maintaining policies that are not justified given the clear recovery in economic growth across much of the developed world. Indeed it seems to me that the covert reasoning for the unchecked QE policies in Europe and Japan are that their government debt loads are simply unmanageable without substantial monetary support. However you will never see these entities disclose this unfortunate truth.

The maintenance of cash rates and bond yields below inflation is no longer necessary. This is clearly shown by the economic and market reactions to the recent cash rate adjustments by the US Federal Reserve. The lift in cash rates by about 1% has not resulted in any cataclysmic effect on either equity or bond markets. Whilst this is early in the adjustment or normalisation process, the evidence suggests that rates can and should be adjusted upwards. Further it would be preferable if it was done in a co-ordinated fashion across Europe, Japan and Northern America. Without support from other major central banks then the US Federal Reserve will stall and the consequences of cheap or free money will continue to permeate through markets. More importantly, Australia's RBA will be hamstrung and Australian investors penalised by negative real interest rates.

Looking forward I perceive that the sustained maintenance of negative cash rates and unrelenting QE could create some unsavoury outcomes.

In the context of Australia is the risk of an inflated exchange rate. This will be caused by either an interest rate carry trade or a momentum trade. The later may break out at any time due to the excess availability of free money. An overvalued currency will impede Australia's economic growth and check economic activity.

Another risk is the continued downward pressure on inflation caused by interest rates that are too low. This creates a loop of deflationary pressure that central banks are caught in. This will flow to Australia and more so if the \$A stays elevated. There is no doubt that mild inflation is good for businesses and that deflationary pressures fuelled by negative real yields are destructive.

A continuing issue in this cycle is the inflation of asset prices caused by investors driven to chase yield. Meanwhile speculators whom can access cheap and abundant leverage will inflate assets that are bid by retail investors. The inflation of assets if sustained through a long period of low interest rates ultimately dilutes the focus on value. Sustained low interest rates can act like a drug on investment markets and participants.

On a slightly more positive note I suspect that negative real interest rates have supported the emergence of many technological advancements and technology companies. The supply of capital to technological advancement has been significant in the United States and there is evidence that it is increasing dramatically in China. The hurdle rate on this capital, driven from desperately low bond yields, supports this era of high risk investments. However, success brings tremendous advancements for society, productivity for a range of businesses but huge disruption for many businesses.

Whilst I perceive that the current risk of investing in equity markets is elevated, I do not see any warning signs that the depression of interest rates will end anytime soon. Therefore I suggest that a listed investment company managed by a competent team of managers is an excellent vehicle for investors to navigate this period. Clime's closed end structure with permanent capital allows the investment manager to maintain a rational investment approach unencumbered by a necessity to provide redeeming investors with liquidity. Should attractive long term investments become available then we can access them. Alternatively should there be a need to raise cash levels the manager can move on this quickly with no requirement to be invested in a falling market.

I note that listed investment companies are becoming an investment of choice for many retail investors and I believe that Clime deserves to be considered if we can maintain adequate returns to investors in a highly uncertain world.

I look forward to meeting with many of you in coming months and particularly those that can attend the AGM in November.

A handwritten signature in black ink, appearing to read 'John Abernethy'.

John Abernethy
Chairman

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE DIRECTORY

Clime Capital Limited

Clime Capital Limited is a listed investment company and is a reporting entity. It is primarily an investor in Securities listed on Australian and International Securities Exchange.

Directors

John Abernethy (Chairman)
Geoffrey Wilson
Julian Gosse
Brett Spork

Company Secretary

Biju Vikraman

Investment Manager

Clime Asset Management Pty Limited
Level 7, 1 Market Street
Sydney NSW 2000

Registered Office

Level 7
1 Market Street
Sydney NSW 2000

Contact Details

Postal Address:
P.O. Box Q1286
Queen Victoria Building
Sydney, NSW 1230
P: (02) 8917 2100
F: (02) 8917 2155
E: www.climecapital.com.au

Share Registry

Boardroom Pty Limited
Level 12
225 George Street, Sydney NSW 2000

P: 1300 737 760
F: 1300 653 459
W: www.boardroomlimited.com.au

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Auditor

Pitcher Partners
MLC Centre, 22/19 Martin Place
Sydney NSW 2000

Stock Exchange Listing

Clime Capital Limited securities are listed on the Australian Securities Exchange under the following exchange code:

Fully Paid Ordinary Shares	CAM
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CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Your directors present their report on Clime Capital Limited ("the Company") for the financial year ended 30 June 2017.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

Mr. John Abernethy
Mr. Geoffrey Wilson
Mr. Julian Gosse
Mr. Brett Spork

Information on Directors

Mr. John Abernethy

Chairman - Non-independent

Experience and expertise

Mr. John Abernethy was appointed director on 31 July 2009. Mr. Abernethy has over 30 years' funds management experience in Australia having been General Manager Investments of the NRMA. John holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Other current directorships

Mr. Abernethy is a non-executive director of WAM Research Limited, Australian Leaders Fund Limited, WAM Active Limited, Watermark Market Neutral Fund, Jasco Holdings Limited, Clime Private Limited and CBG Asset Management Limited.

Mr. Abernethy is also an executive director of Clime Investment Management Limited.

Former directorships in last 3 years

None.

Special responsibilities

Member of Remuneration Committee
Member of Nomination Committee

Interests in shares and options

790,000 ordinary shares in Clime Capital Limited.

Mr. Geoffrey Wilson

Director

Experience and expertise

Mr. Geoffrey Wilson has had 37 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.

Mr. Geoffrey Wilson was appointed as a non-executive director in November 2003.

Other current directorships

Mr. Wilson is the Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, WAM Microcap Limited and Australian Stock Brokers Foundation. He is a Director of Future Generation Investment Company Limited, Future Generation Global Investment Company Limited, Australian Leaders Fund Limited, Incubator Capital Limited, the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Global Value Fund Limited, Century Australia Investments Limited, Australian Children's Music Foundation, Odyssey House McGrath Foundation, Wilson Asset Management (International) Pty Limited and MAM Pty Ltd.

Former directorships in last 3 years

None.

Special responsibilities

None.

Interests in shares

756,274 ordinary shares in Clime Capital Limited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Information on directors (continued)

Mr. Julian Gosse

Independent Director

Experience and expertise

Mr. Julian Gosse was appointed non-executive director in November 2003. He has extensive experience in banking and broking both in Australia and overseas, having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. Mr. Gosse has also been involved in the establishment, operation and ownership of several small businesses.

Other current directorships

Mr. Gosse is a non-executive director of Iron Road Limited, Australian Leaders Fund Limited and WAM Research Limited.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of Audit Committee

Chairman of Remuneration Committee

Chairman of Nomination Committee

Interest in shares

None.

Mr. Brett Spork

Independent Director

Experience and expertise

Mr. Brett Spork was appointed independent Director of the Company in May 2011. Mr. Spork has extensive experience in the Funds Management, Banking and Financial Services sectors. Mr. Spork's previous roles include CEO of Investorfirst, CEO of E*Trade Australia and Executive Director with Macquarie Bank.

Mr. Spork holds a Degree in Business from Queensland University of Technology.

Other current directorships

Shell Cove Capital Management Limited, PM Capital Global Opportunities Fund Limited, PM Asian Opportunities Limited and Primary Markets.com.

Former directorships in last 3 years

None

Special responsibilities

Member of Audit Committee

Member of Remuneration Committee

Member of Nomination Committee

Interests in shares

100,000 ordinary shares in Clime Capital Limited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Information on directors (continued)

Company Secretary

Mr. Biju Vikraman was appointed to the position of Company Secretary on 28 September 2015.

Mr. Vikraman holds a Bachelor of Commerce from the University of Mumbai, India and is an Australian and Indian Chartered Accountant. Mr. Vikraman has over 15 years experience in audit and finance and had held senior roles with big 4 accounting firms and listed entities within Australia, India and Africa.

Mr. Vikraman also holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Meetings of directors

The numbers of meetings of the Company's board of directors, and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr. John Abernethy	5	5	2	2
Mr. Geoffrey Wilson	5	2	-	-
Mr. Julian Gosse	5	5	2	2
Mr. Brett Spork	5	5	2	2

Director	Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B
Mr. John Abernethy	2	2	1	1
Mr. Geoffrey Wilson	-	-	-	-
Mr. Julian Gosse	2	2	1	1
Mr. Brett Spork	2	2	1	1

A - Number of meetings eligible to attend

B - Number of meetings attended

Rotation and election of directors

The Company's Constitution requires directors to retire every three years. Mr. Abernethy and Mr. Wilson were reappointed in 2015; thus need not retire until 2018. Mr. Gosse was reappointed in 2016; thus need not retire until 2019. Mr. Spork retires by rotation and, being eligible offers himself for re-election.

Principal activities

The principal activity of the Company during the financial year was investing in securities listed on domestic and international Securities Exchanges.

There were no significant changes in these activities during the current financial year.

Operating result

The net profit after providing for tax amounted to \$5,150,809 (2016: loss of \$639,220).

Review of operations

Investment income from ordinary activities

Investment income for the year was \$7,823,477 (2016: loss of \$247,717). This increase was primarily caused by a increase in unrealised gains on financial assets held as at 30 June 2017, due to marked to market of the Company's financial assets.

Net profit attributable to members of the Company

Profit from ordinary activities after tax attributable to members was \$5,150,809 (2016: loss of \$639,220).

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 2 to 3 of the Annual report.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Dividends paid or recommended

Dividends paid or recommended during the financial year are as follows:

	2017	2016
	\$	\$
<i>Total dividends paid</i>		
Final ordinary dividend paid during the year in respect of the prior financial year	949,192	975,767
Converting preference share dividend paid during the year in respect of the prior financial year	326,033	344,906
Interim ordinary dividend paid in respect of the September 2016 and 2015 quarter	948,336	973,311
Converting preference share dividend paid in respect of the September 2016 and 2015 quarter	321,796	344,906
Interim ordinary dividend paid in respect of the December 2016 and 2015 quarter	950,351	969,625
Converting preference share dividend paid in respect of the December 2016 and 2015 quarter	321,796	344,906
Interim ordinary dividend paid in respect of the March 2017 and 2016 quarter	952,702	963,866
Converting preference share dividend paid in respect of the March 2017 and 2016 quarter	321,796	332,821
Final converting preference share dividend paid in respect of one month period ended in April 2017	107,266	-
Total dividends paid	5,199,268	5,250,108
<i>Total dividends declared not paid</i>		
Final ordinary dividend in respect of the current financial year	1,118,752	949,192
Converting preference share dividend paid in respect of the June 2017 and 2016 quarter	-	326,033
Total dividends declared not paid	1,118,752	1,275,225
Total dividends paid or recommended	6,318,020	6,525,333

Prior to the end of the financial year, the directors declared a fully franked dividend of 1.25 cents per share payable on 28 July 2017 on ordinary shares as at record date 7 July 2017.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Significant changes in state of affairs

In accordance with the original prospectus for converting preference shares (CAMPAs) dated 16 March 2007, the balance of outstanding CAMPAs were converted into ordinary shares on 30 April 2017. The conversion rate was 1.387118 ordinary shares for each CAMPA. The CAMPA conversion resulted in the issuance of 9,919,524 new ordinary shares. As a result of this conversion, CAMPAs ceased to trade on the ASX from the close of trading on 28 April 2017.

No other significant changes in the Company's state of affairs occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

The company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company - specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Other developments

On 29 July 2016 the Board announced its intention to refresh the share buy-back of its preference shares (within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*) which commenced on 15 August 2016 and ended on 30 April 2017 with the conversion of preference shares.

On 19 December 2016, the Board announced its intention to refresh the share buy-back (within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*) of 7,919,594 ordinary shares commencing on 6 January 2017 and ending on 5 January 2018.

Environmental issues

The Company's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

Insurance of officers

During the financial year, the Company paid a premium for an insurance policy insuring all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company is important.

During the year Pitcher Partners Sydney, the Company's auditor, did not perform any other non-assurance services in addition to their statutory duties for the Company. PPNSW Services Pty Limited, a related party of the Company's auditor, performed taxation services for the Company.

Details of the amounts paid to the auditors and their related parties are disclosed in Note 3 to the financial statements.

Unissued shares

There are nil (2016:10,049,915) unissued ordinary shares of Clime Capital as at the date of this report.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report is set out in the following sections:

- A Directors and other key management personnel details
- B Principles used to determine the nature and amount of remuneration
- C Details of remuneration
- D Service agreements
- E Related Parties Transactions
- F Additional information

The information provided in section A-E includes remuneration disclosures that are required under section 300A of the *Corporations Act 2001*.

A Directors and other key management personnel details

The following persons acted as directors and key management personnel of the company during or since the end of the financial year.

Directors

John Abernethy	Non-Executive Chairman
Geoffrey Wilson	Non-Executive Director
Julian Gosse	Independent, Non-Executive Director
Brett Spork	Independent, Non-Executive Director

There are no other key management personnel apart from the directors.

B Principles used to determine the nature and amount of remuneration

The Remuneration Committee is responsible for making recommendations to the board on remuneration policies and packages applicable to the board members and executives of the Company. The board's remuneration policy is to ensure the remuneration package properly reflects the person's duties, responsibilities and the level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Remuneration of non-executive directors is determined by the full board within the maximum amount approved by the shareholders from time to time. The payments to non-executive directors do not include retirement benefits other than statutory superannuation. Consultation with non-executive directors outside their duties as directors is treated as external consultation and is subject to additional fees by consent of the Board. The Company has a policy that non-executive directors are not entitled to retirement benefits and may not participate in any bonus scheme (where applicable).

Directors' fees

The current base remuneration was last reviewed with effect in August 2015. The non-executive directors' fees are inclusive of committee fees.

Non-executive directors' fees are determined within a non-executive directors' base remuneration pool, which is periodically recommended for approval by shareholders. The non-executive directors' base remuneration pool currently stands at \$150,000 per annum.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

C Details of remuneration

The Company's Chairman (Mr. John Abernethy) is employed by Clime Investment Management Ltd (the parent company of the Investment Manager) and do not receive any form of direct remuneration from the Company. Instead Clime Investment Management Limited receives fees from Clime Capital Ltd designed to cover the cost of provision of these services and Clime Investment Management Ltd. settles this amount directly with the Chairman. The Company has no other staff and no other key management personnel.

Amounts of remuneration

Details of the remuneration of the directors of Clime Capital Limited for services rendered to the Company are set out below. With the exception of the Company's directors, there are no key management personnel (as defined in AASB 124 Related Party Disclosures) employed by the Company.

Key management personnel and other key management personnel of Clime Capital Limited

2017

	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	\$
John Abernethy *	35,000	-	35,000
Geoffrey Wilson	9,132	868	10,000
Julian Gosse	31,963	3,037	35,000
Brett Spork	35,000	-	35,000
Total key management personnel	111,095	3,905	115,000

2016

	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	\$
John Abernethy*	35,000	-	35,000
Geoffrey Wilson	9,132	868	10,000
Julian Gosse	31,963	3,037	35,000
Brett Spork	35,000	-	35,000
Richard Proctor*	24,000	-	24,000
Total key management personnel	135,095	3,905	139,000

*Paid to Clime Investment Management Limited and not to John Abernethy and Richard Proctor .

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

D Service agreements

There are no other key management personnel apart from the directors.

E Related Parties Transactions

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

(a) Management and Performance Fees

Management and performance fees paid to companies related to the Directors were as follows:

	2017	2016
	\$	\$
Clime Asset Management Pty Ltd - note (c)(i)	620,894	645,020
Clime Investment Management Ltd - note (c)(ii)	59,000	59,000
Boutique Asset Management Pty Ltd - note (c)(iii)	206,965	215,007
	886,859	919,027

(b) Dividends

All dividends paid and payable by the Company to Directors and Director related entities are on the same basis as to other shareholders.

(c) Nature of Relationships

(i) Clime Asset Management Pty Ltd

Mr John Abernethy is the Director and Chief Investment Officer of the Investment Manager, Clime Asset Management Pty Ltd (a wholly-owned subsidiary of ASX listed company Clime Investment Management Limited). Clime Asset Management Pty Ltd receives management and performance fees as remuneration for managing the Company's investment portfolio.

(ii) Clime Investment Management Ltd

Mr John Abernethy is a Director in Clime Investment Management Ltd. Clime Investment Management Ltd receives management fees as remuneration for the employment of the Chairman and Secretary as detailed in Note 14. Clime Investment Management Ltd directly owns 6.24% of the share capital of the Company as at 30 June 2017. Clime Investment Management Limited through the Investment Manager has the indirect power to dispose 6.34% of the Company's shares held by the Investment Managers discretionary share portfolio clients.

(iii) Boutique Asset Management Pty Ltd

Boutique Asset Management Pty Ltd, a company in which Mr Geoffrey Wilson is a director, has an assignment from the Investment Manager to receive 25% of all management fees payable by the Company under the Management Agreement.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

(d) Shareholdings of Directors and Key Management Personnel
Shareholdings

	Balance at 1 July 2016	Shares acquired	Balance as at date
	(Nos)	(Nos)	(Nos)
Ordinary Shares			
John Abernethy (Chairman)	629,660	160,340	790,000
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	39,504	100,000
	1,446,430	199,844	1,646,274

F Additional Information

Performance of Clime Capital Limited

The tables below set out the summary information regarding the company's earnings and movements in shareholder wealth for the five years to 30 June 2017:

Performance result - historical analysis

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	\$	\$	\$	\$	\$
Investment gains/(losses)	7,823,477	(247,717)	457,148	7,882,452	9,109,186
Net profit/(loss) before tax	6,400,566	(1,691,060)	(1,033,869)	6,483,210	7,786,565
Net profit/(loss) after tax	5,150,809	(639,220)	(122,352)	5,121,328	6,203,262
Dividends paid/provided for	5,042,795	5,204,660	5,216,031	4,715,668	3,774,740

Movements in shareholder wealth - historical analysis

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Adjusted NTA cum dividend - pre tax ¹	\$0.89	\$0.88	\$0.97	\$1.05	\$1.06
Adjusted NTA cum dividend - post tax ¹	\$0.90	\$0.89	\$0.97	\$1.03	\$1.02
Interim dividends - ordinary shares ²	3.60cps	3.60cps	3.45cps	3.15cps	3.00cps
Final dividend - ordinary shares ²	1.25cps	1.20cps	1.20cps	1.15cps	1.00cps
Preference share dividends ²	15.00cps	18.00cps	18.75cps	19.00cps	19.00cps
Bonus share issue - ord. shares	-	-	-	1 for 25	1 for 20
Basic EPS ^{1,2}	4.98cps	(2.46cps)	(1.91cps)	5.00cps	8.30cps
Diluted EPS ^{1,2}	4.98cps	(2.46cps)	(1.91cps)	5.00cps	8.30cps

¹ Taking into account the dilutive effect of bonus and preference shares

² Fully franked dividends

END OF AUDITED REMUNERATION REPORT

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Proceedings on behalf of the Company

As at the date of this report, no person has applied for leave of Court to bring proceedings on behalf of the Company or to 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.

Class action against UGL

The Company will shortly commence a class action proceeding against UGL Limited (**UGL**) on its own behalf and on behalf of investors who acquired shares in UGL during the period from 8 August 2014 to 5 November 2014 inclusive (**claim period**). The proposed class action is funded by litigation funder IMF Bentham Limited.

The proposed class action will allege that during the claim period UGL failed to keep the market informed about problems relating to a major joint venture construction contract that it was undertaking. The problems were not disclosed by UGL until 6 November 2014, when it told the market that the forecast costs of the Ichthys project had increased and a provision against the contract would be immediately recognised. The UGL share price declined by more than 25% by close of trade on 11 November 2014. The class action will allege that UGL's conduct caused the Company and persons who acquired shares during the claim period to suffer loss.

Rounding off of amounts

In accordance with *Australian Securities and Investments Commission Corporation (Rounding in Financial/Director's report) instrument 2016/191*, the amounts in the director's report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

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 15.

Signed in accordance with a resolution of the directors.



John Abernethy

Director
Clime Capital Limited

Sydney, 16 August 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLIME CAPITAL LIMITED
ABN 99 106 282 777**

In relation to the independent audit for the year ended 30 June 2017, I declare to the best of my knowledge and belief there have been:

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

This declaration is in respect of Clime Capital Limited.



S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

16 August 2017

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Investment income			
Investment revenue	2	3,066,126	3,110,768
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(3,649,038)	1,094,461
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		8,566,602	(4,860,047)
Net foreign exchange (loss)/gain		(160,213)	407,101
Total investment income/(loss)		7,823,477	(247,717)
Expenses			
Management fees		(827,859)	(860,027)
Administrative expenses		(456,052)	(444,316)
Directors and company secretarial fees		(139,000)	(139,000)
Total expenses		(1,422,911)	(1,443,343)
Profit/(loss) for the year before income tax expense		6,400,566	(1,691,060)
Income tax (expense)/benefit	4(a)	(1,249,757)	1,051,840
Profit/(loss) for the year		5,150,809	(639,220)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		5,150,809	(639,220)
Basic earning/(loss) per share	6	4.98cps	(2.46cps)
Diluted earning/(loss) per share	6	4.98cps	(2.46cps)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Assets			
Cash and cash equivalents	12(a)	14,105,918	13,802,084
Trade and other receivables	7	586,736	436,276
Financial assets at fair value through profit or loss	8	66,273,851	68,794,890
Current tax benefit	4(b)	821,001	164,471
Deferred tax asset	4(c)	470,171	1,719,644
Prepayments		22,988	23,005
Total assets		82,280,665	84,940,370
Liabilities			
Financial liabilities at fair value through profit or loss	8	-	10,670
Trade and other payables	9	1,289,081	4,177,986
Dividends payable	5(b)	1,118,752	1,275,225
Total liabilities		2,407,833	5,463,881
Net assets		79,872,832	79,476,489
Equity			
Issued capital	10	81,447,946	81,159,617
Retained earnings	11(a)	(10,471,220)	(9,822,029)
Profit reserve	11(b)	8,896,106	8,138,901
Total equity		79,872,832	79,476,489

*The above Statement of Financial Position should be read in conjunction with
the Notes to the Financial Statements which follow.*

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued Capital	Retained Earnings	Profit Reserve	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2015		83,406,253	(6,182,809)	10,343,561	87,567,005
Loss for the year		-	(639,220)	-	(639,220)
Other comprehensive income/(loss) for the year		-	-	-	-
Total comprehensive loss for the year		-	(639,220)	-	(639,220)
Transactions with owners in their capacity as owners					
<i>Ordinary shares:</i>					
Issue of shares	10(a)	766,985	-	-	766,985
Options exercised	10(a)	934	-	-	934
Shares acquired under buy-back	10(a)	(2,502,767)	-	-	(2,502,767)
Transaction costs on shares acquired under buy-back	10(a)	(4,448)	-	-	(4,448)
Income tax on transaction costs	10(a)	1,568	-	-	1,568
Dividends provided for or paid	5	-	-	(3,855,994)	(3,855,994)
<i>Total ordinary shares</i>		(1,737,728)	-	(3,855,994)	(5,593,722)
<i>Preference shares:</i>					
Shares acquired under buy-back	10(c)	(508,334)	-	-	(508,334)
Transaction costs on shares acquired under buy-back	10(c)	(820)	-	-	(820)
Income tax on transaction costs	10(c)	246	-	-	246
Dividends provided for or paid	5	-	-	(1,348,666)	(1,348,666)
<i>Total preference shares</i>		(508,908)	-	(1,348,666)	(1,857,574)
Transfer to profit reserve		-	(3,000,000)	3,000,000	-
		(2,246,636)	(3,000,000)	(2,204,660)	(7,451,296)
Balance at 30 June 2016		81,159,617	(9,822,029)	8,138,901	79,476,489
Profit for the year		-	5,150,809	-	5,150,809
Other comprehensive income/(loss) for the year		-	-	-	-
Total comprehensive income for the year		-	5,150,809	-	5,150,809
Transactions with owners in their capacity as owners					
<i>Ordinary shares:</i>					
Issue of shares	10(a)	18,319,377	-	-	18,319,377
Shares acquired under buy-back	10(a)	(298,169)	-	-	(298,169)
Transaction costs on shares acquired under buy-back	10(a)	(794)	-	-	(794)
Income tax on transaction costs	10(a)	238	-	-	238
Dividends provided for or paid	5	-	-	(3,970,141)	(3,970,141)
<i>Total ordinary shares</i>		18,020,652	-	(3,970,141)	14,050,511
<i>Preference shares:</i>					
Shares acquired under buy-back	10(c)	(115,297)	-	-	(115,297)
Transaction costs on shares acquired under buy-back	10(c)	(149)	-	-	(149)
Income tax on transaction costs	10(c)	45	-	-	45
Dividends provided for or paid	5	-	-	(1,072,654)	(1,072,654)
Conversion of converting preference shares into ordinary shares	10(c)	(17,616,922)	-	-	(17,616,922)
<i>Total preference shares</i>		(17,732,323)	-	(1,072,654)	(18,804,977)
Transfer to profit reserve	11	-	(5,800,000)	5,800,000	-
		288,329	(5,800,000)	757,205	(4,754,466)
Balance at 30 June 2017		81,447,946	(10,471,220)	8,896,106	79,872,832

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Proceeds from sale of investments		86,554,350	87,537,326
Payments for purchase of investments		(82,480,693)	(79,367,295)
		4,073,657	8,170,031
Dividends and trust distributions received		2,829,341	2,434,198
Interest received		281,303	737,088
Payments for administrative and other expenses		(559,617)	(584,765)
Investment manager's fees paid		(826,975)	(868,519)
Income tax paid		(656,530)	(674,613)
Net cash inflow from operating activities	12(b)	5,141,179	9,213,420
Cash flows from financing activities			
Dividends paid net of dividend reinvestment		(4,496,813)	(4,483,123)
Net proceeds from exercise of options		-	934
Payment for shares buy-back including transaction costs		(414,409)	(3,016,369)
Net cash outflow from financing activities		(4,911,222)	(7,498,558)
Net increase in cash held		229,957	1,714,862
Effects of exchange rate movements on cash		73,877	(269,222)
Cash and cash equivalents at beginning of the financial year		13,802,084	12,356,444
Cash and cash equivalents at end of the financial year	12(a)	14,105,918	13,802,084

*The above Statement of Cash Flows should be read in conjunction with
the Notes to the Financial Statements which follow.*

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with applicable Accounting Standards, including Australian Accounting Interpretations, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Clime Capital Limited is a publicly listed company, incorporated and domiciled in Australia.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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. 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 are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The Directors revalue the trading portfolio on a daily basis.

The following are the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Investments

i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

- derivative financial instruments (options); and
- investments 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 Statement of Financial Position on a liquidity basis.

ii) Valuation

All investments are classified as "held-for-trading" investments and are recognised at fair value.

iii) Recognition/derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

iv) Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investments (continued)

iv) Measurement (continued)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

v) Investment income

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

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

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

vi) Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

(vii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in profit or loss unless the instrument is designated as a hedging instrument, in which case the recognition of the gain or loss will depend on the nature of the hedge relationship.

Where derivatives have been designated as a hedging instrument, their fair value will be disclosed in Note 16.

(viii) Bills of Exchange

Bills receivable are held at face value less unearned discount. Revenue and costs are recognised on an effective yield basis.

(c) Income tax

The charge for current income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences 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.

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. Current and deferred taxes are recognised in profit or loss except where they relate to items that may be recognised directly in equity, in which case they are 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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax (continued)

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.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as being part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

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

(f) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(h) Issued capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) New and revised accounting requirements applicable to the current year reporting period

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Company.

(j) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Company. The Company will not early adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
2. INVESTMENT REVENUE		
Dividends received	2,860,288	2,374,964
Interest	205,838	735,804
TOTAL	3,066,126	3,110,768
3. AUDITORS' REMUNERATION		
Remuneration of Pitcher Partners in relation to:		
Audit and review of the financial reports	36,064	25,166
Taxation	4,000	4,150
TOTAL	40,064	29,316
4. TAXATION		
(a) Income tax (benefit)/expense		
The prima facie tax on profit before income tax is reconciled to income tax expense as follows:		
Prima facie tax expense/(benefit) on profit/loss before income tax at 30%	1,920,170	(507,318)
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation gross up on dividends received	263,637	230,384
Franking credits on dividends received	(878,791)	(767,945)
Withholding tax on dividends received	(13,205)	(31,661)
Permanent differences	(42,054)	24,700
	1,249,757	(1,051,840)
Income tax expense/(benefit)	1,249,757	(1,051,840)
The applicable weighted average effective tax rates are as follows:	19.53%	(62.20%)
(b) Current tax benefit		
Income Tax	821,001	164,471

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
4. TAXATION (continued)		
(c) Net deferred tax liabilities		
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% on the following items:		
Tax on unrealised gains on investment portfolio	(851,590)	-
Other temporary differences	8,469	(44,919)
	<u>(843,121)</u>	<u>(44,919)</u>
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:		
Tax on unrealised losses on investment portfolio	-	1,720,429
Tax losses for the year	1,294,579	-
Costs associated with the issue of shares deductible in future years	18,713	44,134
	<u>1,313,292</u>	<u>1,764,563</u>
Net deferred tax assets	<u>470,171</u>	<u>1,719,644</u>
(d) Income tax benefit/(expense) recognised in the profit or loss		
Current income tax benefit/(expense)	1,920,170	(507,318)
Deferred tax relating to the origination and reversal of temporary differences	(670,413)	(544,522)
	<u>1,249,757</u>	<u>(1,051,840)</u>

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
5. DIVIDENDS		
(a) Paid in the current year		
Dividends paid in the current year		
A fully franked final dividend on ordinary shares in respect of the 2016 financial year of 1.2 cents per share was paid on 22 July 2016 (2015: A fully franked final dividend on ordinary shares in respect of the 2015 financial year of 1.2 cents per share was paid on 23 July 2015)	949,192	975,767
A fully franked dividend on converting preference shares in respect of the 2016 financial year of 4.5 cents per share was paid on 21 July 2016 (2015: A fully franked dividend on converting preference shares in respect of the 2015 financial year of 4.5 cents per share was paid on 22 July 2015)	326,033	344,906
A fully franked dividend on ordinary shares for the quarter ended 30 September 2016 of 1.2 cents per share was paid on 21 October 2016 (2015: A fully franked dividend on ordinary shares for the quarter ended 30 September 2015 of 1.2 cents per share was paid on 23 October 2015)	948,336	973,311
A fully franked dividend on converting preference shares for the quarter ended 30 September 2016 of 4.5 cents per share was paid on 20 October 2016 (2015: A fully franked dividend on converting preference shares for the quarter ended 30 September 2015 of 4.5 cents per share was paid on 22 October 2015)	321,796	344,906
A fully franked dividend on ordinary shares for the quarter ended 31 December 2016 of 1.2 cents per share was paid on 25 January 2017 (2015: A fully franked dividend on ordinary shares for the quarter ended 31 December 2015 of 1.2 cents per share was paid on 22 January 2016)	950,351	969,625
A fully franked dividend on converting preference shares for the quarter ended 31 December 2016 of 4.5 cents per share was paid on 24 January 2017 (2015: A fully franked dividend on converting preference shares for the quarter ended 31 December 2015 of 4.5 cents per share was paid on 21 January 2016)	321,796	344,906
A fully franked dividend on ordinary shares for the quarter ended 31 March 2017 of 1.2 cents per share was paid on 28 April 2017 (2016: A fully franked dividend on ordinary shares for the quarter ended 31 March 2016 of 1.2 cents per share was paid on 22 April 2016)	952,702	963,866
A fully franked dividend on converting preference shares for the quarter ended 31 March 2017 of 4.5 cents per share was paid on 27 April 2017 (2016: A fully franked dividend on converting preference shares for the quarter ended 31 March 2016 of 4.5 cents per share was paid on 21 April 2016)	321,796	332,821
A fully franked final dividend on converting preference shares for the period of one month ended 30 April 2017 of 1.5 cents per share was paid on 12 May 2017 (2016: \$nil)	107,266	-
	5,199,268	5,250,108

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
5. DIVIDENDS (CONTINUED)		
(b) Provided for in the current year		
A fully franked dividend in respect of the 2017 year of 1.25 cents per share was payable on ordinary shares as at 30 June 2017 (2016: A fully franked dividend in respect of the 2016 year of 1.2 cents per share was payable on ordinary shares as at 30 June 2016)	1,118,752	949,192
A fully franked dividend in respect of the 2016 year of 4.5 cents per share was payable on converting preference shares as at 30 June 2016.	-	326,033
	1,118,752	1,275,225
(c) Dividend franking account		
Franking account balance	1,020,047	1,713,987
Impact on franking account balance of dividends not recognised, paid on 28 July 2017 (2016: 21 and 22 July 2016)	(479,465)	(546,525)
	540,582	1,167,462
6. EARNINGS PER SHARE		
Basic earning/(loss) per share	4.98cps	(2.46cps)
Diluted earning/(loss) per share	4.98cps	(2.46cps)
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Total comprehensive income/(loss) for the year	5,150,809	(639,220)
Less: dividends provided or paid - converting preference shares	(1,072,654)	(1,348,666)
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the year)	4,078,155	(1,987,886)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	81,926,074	80,799,265

In accordance with the original prospectus for converting preference shares (CAMPAs) dated 16 March 2007, the balance of outstanding CAMPAs were converted into ordinary shares on 30 April 2017. Accordingly, 9,919,524 new ordinary shares were issued on conversion of CAMPAs.

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	2017	2016
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Unsettled trades	218,445	16,242
Income receivable	346,365	390,536
Other debtors	21,926	29,498
	586,736	436,276

Terms and conditions

Income receivable represents dividends and interest accrued and receivable at reporting date. Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the sale being executed. Other debtors consists of GST receivables that can be recovered from the Australian Tax Office. No interest is applicable to any of these amounts.

The maximum credit risk exposure in relation to receivables is the carrying amount.

8. INVESTMENTS

Financial assets at fair value through profit or loss

(1) Listed equities - domestic	48,250,097	49,892,225
Listed equities - international	5,755,512	12,548,510
(2) Interest bearing securities		
Listed convertible notes	-	4,094,794
Floating rate notes	-	2,259,361
(3) Trusts		
Listed unit trusts	6,874,177	-
Listed property unit trusts	3,394,065	-
Unlisted unit trusts	2,000,000	-

Total financial assets at fair value through profit or loss	66,273,851	68,794,890
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Financial liabilities at fair value through profit or loss

(1) Derivatives		
Stock covered call options	-	10,670

Total financial liabilities at fair value through profit or loss	-	10,670
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	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Accrued expenses	114,701	86,507
Amount payable to related parties	67,199	66,315
Unsettled trades	1,107,181	4,025,164
	1,289,081	4,177,986

Terms and conditions

Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed.

10. ISSUED CAPITAL

Issued and paid-up capital

(a) 89,500,008 (2016: 79,099,297) ordinary fully paid shares	81,447,946	63,427,294
(b) Nil (2016: 7,245,177) converting preference fully paid shares	-	17,732,323
Balance at the end of the year	81,447,946	81,159,617

	2017	2016	2017	2016
	Number of	Number of	\$	\$
	shares	shares		
(a) Movements in ordinary share capital				
Balance at beginning of the year	79,099,297	81,278,425	63,427,294	65,165,022
Shares issued on conversion of converting preference shares	9,919,524	-	17,616,922	-
Shares buy-back	(379,668)	(3,090,282)	(298,169)	(2,502,767)
Transaction cost on shares buy-back	-	-	(794)	(4,448)
Options exercised	-	898	-	934
Income tax relating to share issue costs	-	-	238	1,568
Dividend reinvestment plan	860,855	910,256	702,455	766,985
Balance at the end of the year	89,500,008	79,099,297	81,447,946	63,427,294

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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10. ISSUED CAPITAL (CONTINUED)

(a) Movements in ordinary share capital (continued)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

(b) On-market share buy-back

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 379,668 (2016: 3,090,282) ordinary shares during the year. The number of shares bought back and cancelled during the 12 month period was within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*, and as such, shareholder approval was not required. The shares were acquired at an average price of \$0.79 per share (2016: \$0.83), with prices ranging from \$0.765 cents to \$0.805 cents (2016: \$0.755 cents to \$0.92 cents). Cost of \$298,169 (2016: \$2,502,767), plus \$556 (2016: \$2,880) transaction costs net of tax, was deducted from contributed equity.

The shares bought back in the current year were cancelled immediately.

	2017	2016	2017	2016
	Number of	Number of	\$	\$
	shares	shares		
(c) Movements in converting preference share capital				
Balance at beginning of the year	7,245,177	7,664,573	17,732,323	18,241,231
Shares buy-back	(94,159)	(419,396)	(115,297)	(508,334)
Transaction cost on shares buy-back	-	-	(149)	(820)
Income tax relating to share issue costs	-	-	45	246
Conversion of converting preference shares into ordinary shares	(7,151,018)	-	(17,616,922)	-
Balance at the end of the year	-	7,245,177	-	17,732,323

In accordance with the original prospectus for converting preference shares (CAMPAs) dated 16 March 2007, the balance of outstanding CAMPAs were converted into ordinary shares on 30 April 2017. Accordingly, 9,919,524 new ordinary shares were issued on conversion of CAMPAs.

Prior to conversion, holders of converting preference shares carried a right to be paid a quarterly dividend equal to 7.5% of the issue price annually, subject to the availability of profits and the Directors, at their discretion, determining to pay that dividend. The dividends payable were non-cumulative.

(d) On-market share buy-back

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 94,159 (2016: 419,396) preference shares during the year. The number of shares bought back and cancelled during the 12 month period was within the '10/12 limit' imposed by s257B of the *Corporation Act 2001*, and as such, shareholder approval was not required. The shares were acquired at an average price of \$1.215 per share (2016: \$1.207), with prices ranging from \$1.20 cents to \$1.234 cents (2016: from \$1.15 cents to \$1.255 cents). Cost of \$115,297 (2016: \$508,334), plus \$104 (2016: \$574) transaction costs net of tax, was deducted from contributed equity.

(e) Capital risk management

The Company's capital structure currently consist of equity and retained earnings and there is no long term debt or short term debt. The operating cash flows of the Company are used to finance short term capital. The capital risk management is continuously reviewed as the Company has surplus cash available for investment.

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	2017 \$	2016 \$
11. RESERVES AND RETAINED PROFITS		
(a) Retained earnings		
Balance at the beginning of the year	(9,822,029)	(6,182,809)
Net profit/(loss) attributable to members of the Company	5,150,809	(639,220)
Transfer to profit reserve	(5,800,000)	(3,000,000)
Balance at end of financial year	(10,471,220)	(9,822,029)
(b) Profit reserve		
Balance at the beginning of the year	8,138,901	10,343,561
Transfer from retained earnings	5,800,000	3,000,000
Dividends provided for or paid	(5,042,795)	(5,204,660)
Balance at end of financial year	8,896,106	8,138,901
Profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.		
12. CASH FLOW INFORMATION		
(a) Reconciliation of cash		
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	14,105,918	13,802,084
Total cash and cash equivalents	14,105,918	13,802,084
(b) Reconciliation of net loss attributable to members of the Company to net cash inflow/(outflow) from operating activities		
Profit/(loss) attributable to members of the Company	5,150,809	(639,220)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(150,110)	709,563
Decrease in investments at fair value through profit or loss	2,436,491	10,261,998
Decrease in prepayments	17	1,450
Decrease in deferred tax asset	1,249,756	25,647
(Decrease)/increase in trade and other payables	(2,889,254)	606,082
Decrease in deferred tax liability	-	(1,466,485)
Increase in current tax benefit	(656,530)	(285,615)
Net cash inflow from operating activities	5,141,179	9,213,420
(c) Non-cash transaction		
During the current year the company entered in to the following financing activities which were not reflected in the cash flows.		
Dividends Reinvested	702,455	766,985
Conversion of converting preference shares into ordinary shares	17,616,922	-
Total non-cash transactions	18,319,377	766,985

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13. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

(a) Management and Performance Fees

Management and performance fees paid to companies related to the Directors were as follows:

	2017	2016
	\$	\$
Clime Asset Management Pty Ltd - note (c)(i)	620,894	645,020
Clime Investment Management Ltd - note (c)(ii)	59,000	59,000
Boutique Asset Management Pty Ltd - note (c)(iii)	206,965	215,007
	886,859	919,027

As at 30 June 2017, \$67,199 (2016: \$66,315) of the year's management fee remain unpaid and within payables.

(b) Dividends

All dividends paid and payable by the Company to Directors and Director related entities are on the same basis as to other shareholders.

(c) Nature of Relationships

(i) Clime Asset Management Pty Ltd

Mr John Abernethy is the Director and Chief Investment Officer of the Investment Manager, Clime Asset Management Pty Ltd (a wholly-owned subsidiary of ASX listed company Clime Investment Management Limited). Clime Asset Management Pty Ltd receives management and performance fees as remuneration for managing the Company's investment portfolio.

(ii) Clime Investment Management Ltd

Mr John Abernethy is a Director in Clime Investment Management Ltd. Clime Investment Management Ltd receives management fees as remuneration for the employment of the Chairman and Secretary as detailed in Note 14. Clime Investment Management Ltd directly owns 6.24% of the share capital of the Company as at 30 June 2017. Clime Investment Management Limited through the Investment Manager has the indirect power to dispose 6.34% of the Company's shares held by the Investment Managers discretionary share portfolio clients.

(iii) Boutique Asset Management Pty Ltd

Boutique Asset Management Pty Ltd, a company in which Mr Geoffrey Wilson is a director, has an assignment from the Investment Manager to receive 25% of all management fees payable by the Company under the Management Agreement.

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14. KEY MANAGEMENT PERSONNEL DISCLOSURE

The Company's Chairman (Mr. John B Abernethy) and Secretary (Mr. Biju Vikraman) are employed by Clime Investment Management Ltd and do not receive any form of direct remuneration from the Company. Instead Clime Investment Management Limited receives fees from the Company designed to cover the cost of provision of these services. Clime Asset Management Pty Ltd as the Manager receives a management and performance fee from the Company as detailed below. The Company has no other staff and therefore has no key management personnel other than the Directors.

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 13.

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

John Abernethy	- Non-Executive Chairman
Geoffrey Wilson	- Non-Executive Director
Julian Gosse	- Non-Executive Director
Brett Spork	- Non-Executive Director

(a) Remuneration of Directors and Other Key Management Personnel

In accordance with Section 300A of the *Corporations Act 2001*, all detailed information regarding the remuneration of Directors and other key management personnel has been included in the Remuneration Report in the Directors' Report of the Annual Report.

A summary of the remuneration of Directors and other key management personnel for the current and previous financial year is set out below:

	2017	2016
	\$	\$
Cash salary, fees and commissions	111,095	135,095
Short-term employee benefits	111,095	135,095
Superannuation	3,905	3,905
Post-employment benefits	3,905	3,905
Total employment benefits	115,000	139,000

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14. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(b) Shareholdings

2017

	Balance at 1 July 2016 (Nos)	Shares acquired (Nos)	Balance at 30 June 2017 (Nos)
Ordinary Shares			
John Abernethy (Chairman)	629,660	160,340	790,000
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	39,504	100,000
	1,446,430	199,844	1,646,274

2016

	Balance at 1 July 2015 (Nos)	Shares acquired (Nos)	Balance at 30 June 2016 (Nos)
Ordinary Shares			
John Abernethy (Chairman)	600,000	29,660	629,660
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	-	60,496
Richard Proctor	300,000	-	300,000
	1,716,770	29,660	1,746,430

(c) Options to acquire ordinary shares

There were no shares or options granted during the reporting period as compensation. The un-exercised options are nil as at 30 June 2017 and 30 June 2016.

15. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives, Policies and Procedures

The Company's accounting policies are included in Note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are included under the appropriate note for that instrument.

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk. The Company is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and equity of the Company from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Company. These mandate limits reflect the investment strategy of the Company, as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Company on a regular basis as deemed appropriate.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

Credit is not considered to be a material risk to the Company as any cash and fixed interest securities held by the Company or in its portfolios are invested with financial institutions that have a Standard and Poor's long term rating between BBB and AA-. Also the majority of maturities are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Accordingly, the entity is not considered to be exposed to material liquidity risks in relation to its financial instruments.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise trade and other payables which have no contractual maturities but are typically settled within 30 days.

(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 a listed investment company that invests in tradeable securities in various securities exchanges, the Company will always be subject to market risk and risks of changes in foreign currency exchange rates as it invests its capital in securities which are not risk free. The market prices of these securities can and do fluctuate in accordance with multiple factors.

The Company seeks to reduce market risk by attempting to invest in equity securities where there is a significant 'margin of safety' between the underlying companies' value and share price. The Company does not have set parameters as to a minimum or maximum margin of safety. The Company does set broad parameters regarding the maximum amount of the portfolio that can be invested in a single company or sector to ensure an appropriate level of diversification.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on page 36.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rates risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity date.

2017	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Fixed Interest Rate \$	Total \$
Financial Assets					
Cash and cash equivalents	0.92%	14,105,918	-	-	14,105,918
Trade and other receivables		-	566,062	-	566,062
Financial assets held at fair value through profit and loss		-	66,273,851	-	66,273,851
Total Financial Assets		14,105,918	66,839,913	-	80,945,831
Financial Liabilities					
Trade and other payables		-	1,174,380	-	1,174,380
Dividends payable		-	1,118,752	-	1,118,752
Total Financial Liabilities		-	2,293,132	-	2,293,132
2016	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Fixed Interest Rate \$	Total \$
Financial Assets					
Cash and cash equivalents	0.83%	13,802,084	-	-	13,802,084
Trade and other receivables		-	408,030	-	408,030
Financial assets held at fair value through profit and loss		6,354,155	62,440,735	-	68,794,890
Total Financial Assets		20,156,239	62,848,765	-	83,005,004
Financial Liabilities					
Trade and other payables		-	4,091,479	-	4,091,479
Dividends payable		-	1,275,225	-	1,275,225
Financial liabilities held at fair value through profit and loss		-	10,670	-	10,670
Total Financial Liabilities		-	5,377,374	-	5,377,374

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15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(ii) Other Price Risk

Other Price Risk is the risk that fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting the broader market. Other price risk exposure arises from the Company's investment portfolio.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and equity to other price risk, interest rate risk and foreign exchange rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the securities in which the Company invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Interest rate risk Impact on profit and loss/equity		Foreign exchange rate risk	
	-10%	+10%	-100 bps	+100 bps	-10%	+10%
30 June 2017	(6,627,385)	6,627,385	(150,129)	150,129	(819,011)	819,011
30 June 2016	(6,878,422)	6,878,422	(157,773)	157,773	(1,952,082)	1,952,082

No effect on other comprehensive income would result from price, interest rate or foreign exchange rate risk in 2017 or 2016.

16. FAIR VALUE MEASUREMENT

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(a) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 1 of the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Company is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

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16. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value in an active market (Level 1) (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

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16. FAIR VALUE MEASUREMENT (CONTINUED)

(c) Recognised fair value measurements

The carrying amounts of trade receivables and trade payables are reasonable approximations of their fair values due to their short-term nature.

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 30 June.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2017				
Financial assets at fair value through profit or loss				
Listed equities - domestic	48,250,097	-	-	48,250,097
Listed equities - international	5,755,512	-	-	5,755,512
Listed unit trusts	6,874,177	-	-	6,874,177
Listed property unit trusts	3,394,065	-	-	3,394,065
Unlisted unit trusts	-	2,000,000	-	2,000,000
Total financial assets at fair value through profit or loss	64,273,851	2,000,000	-	66,273,851
At 30 June 2016				
Financial assets at fair value through profit or loss				
Listed equities - domestic	49,892,225	-	-	49,892,225
Listed equities - international	12,548,510	-	-	12,548,510
Listed convertible notes	4,094,794	-	-	4,094,794
Floating rate notes	2,259,361	-	-	2,259,361
Total financial assets at fair value through profit or loss	68,794,890	-	-	68,794,890
Financial liabilities at fair value through profit or loss				
Stock covered call options	10,670	-	-	10,670
Total financial liabilities at fair value through profit or loss	10,670	-	-	10,670

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(e) Fair value of financial instruments not carried at fair value

Receivables and payables are carried at amortised cost when the time value of money is material, otherwise they are carried at their nominal amounts. Due to their short-term natures, the carrying amounts of receivables and payables approximate their fair values.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

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17. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No assets and liabilities were offset in the statement of financial position as at 30 June 2017 and 30 June 2016.

18. SEGMENT INFORMATION

The Company is organised into one main segment which operates solely in the business of investment management within Australia.

The Company operates in Australia and holds all assets within Australia.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating segments identified above and as such no further disclosure has been provided.

19. CONTINGENT ASSETS AND LIABILITIES

Class action against UGL

The Company will shortly commence a class action proceeding against UGL Limited (**UGL**) on its own behalf and on behalf of investors who acquired shares in UGL during the period from 8 August 2014 to 5 November 2014 inclusive (**claim period**). The proposed class action is funded by litigation funder IMF Bentham Limited.

The proposed class action will allege that during the claim period UGL failed to keep the market informed about problems relating to a major joint venture construction contract that it was undertaking. The problems were not disclosed by UGL until 6 November 2014, when it told the market that the forecast costs of the Ichthys project had increased and a provision against the contract would be immediately recognised. The UGL share price declined by more than 25% by close of trade on 11 November 2014. The class action will allege that UGL's conduct caused the Company and persons who acquired shares during the claim period to suffer loss.

No provision has been made for any potential award of damages.

20. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 7
1 Market Street
Sydney NSW 2000

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2017

The directors declare that:

- (a) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position and performance of the Company;
- (b) 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;
- (c) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated on Note 1(a) of the financial statements;
- (d) The directors have been given the declarations required by S.295A of the *Corporations Act 2001*; and
- (e) The remuneration disclosures contained in the Remuneration Report comply with S300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to S.295(5) of the *Corporations Act 2001*.

On behalf of the directors



John Abernethy
Director

Sydney, 16 August 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME CAPITAL LIMITED
ABN 99 106 282 777**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Clime Capital Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Opinion

In our opinion

- a) the financial report of Clime Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those 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. Our responsibilities under those standards are further described in the *Auditor's Responsibility* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have communicated the key audit matters to the Audit and Risk Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<i>Existence, Completeness, Valuation, and Classification of Financial Assets and Financial Liabilities</i> <i>Refer to Note 8: Investments and Note 16: Fair value measurement</i>	
<p>We focused our audit effort on the valuation, existence and completeness of the Company's financial instruments as they are its largest assets and liabilities and represent the most significant driver of the Company's net tangible assets and profits.</p> <p>The quantum of investments held inherently makes financial assets and financial liabilities a key audit matter, in addition however, there may be judgements involved in determining the fair value of investments.</p> <p>In relation to investments, there can be a risk that these are not owned by the Company.</p> <p>We therefore identified the valuation, existence and completeness of investments as an area of focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the investment management process and controls; ▪ We reviewed the independent audit report on internal controls (ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>) for the period 1 April 2016 to 31 March 2017 for the Custodian, and obtained a bridging letter for the residual 3 months; ▪ We reviewed the independent audit report on internal controls (ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>) for the current financial year for the Investment Administrator; ▪ We agreed the investment holdings to a confirmation obtained directly from the Custodian; ▪ We assessed the Company's valuation of individual investment holdings to independent sources where readily observable data was available. For investments where there was little or less observable market data, we obtained and assessed other relevant valuation data; ▪ We evaluated the treatment of revaluations of financial instruments to ensure current/deferred tax and realised/unrealised gains or losses; ▪ We assessed the adequacy of disclosures in the financial statements.

Accuracy and Completeness of Management and Performance Fees Refer to Note 13: Related party transactions	
<p>We focused our audit effort on the accuracy and completeness of management and performance fees as they are significant expenses of the Company and their calculation may require adjustments for events such as payment of company dividends and taxes, capital raisings and capital reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>In addition to their quantum, as these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party.</p> <p>We therefore identified the accuracy and completeness of management and performance fees as an area of focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Making enquiries with the Investment Manager and the Directors with respect to any significant events during the period and associated adjustments made as a result, in addition to having reviewed ASX announcements; ▪ We reviewed the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the current financial year for the Investment Administrator; ▪ Considered the treatment of events that may be significant to the calculation of management and performance fees; ▪ In order to verify the Company's calculation, we recalculated management and performance fees in accordance with our understanding of the Investment Management Agreement; ▪ Tested key inputs used in the calculation of the management and performance fees and performed a reasonableness test; ▪ We also assessed the adequacy of disclosures made in the financial statements in relation to these related party transactions.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The Directors of Clime Capital Limited are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the Directors' Report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Clime Capital Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Clime Capital Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



S M WHIDDETT
Partner



PITCHER PARTNERS
Sydney

16 August 2017

CLIME CAPITAL LIMITED
ABN 99 106 282 777

ASX ADDITIONAL INFORMATION

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

A. Distribution of Equity and Preference Shareholders (as at 11 August 2017)

Analysis of numbers of equity security holders by size of holding:

<u>Ordinary Shares and Options</u>	<u>No. of Holders</u>
1 - 1,000	189
1,001 - 5,000	357
5,001 - 10,000	306
10,001 - 100,000	1,017
100,001 and over	138
	<u>2,007</u>

B. Equity Share Holders

The names of the twenty largest holders of quoted equity securities are listed below as at 11 August 2017.

Name	<u>Ordinary Shares</u>	
	No. of Shares	Percentage of issued shares
CLIME INVESTMENT MANAGEMENT LTD	5,586,182	6.227
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,582,650	6.223
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,961,877	3.302
DI IULIO HOMES PTY LIMITED <DI IULIO SUPER FUND A/C>	2,522,678	2.812
SANOLU PTY LIMITED	2,290,204	2.553
MR VICTOR JOHN PLUMMER	2,000,000	2.229
MR ORLANDO BERARDINO DI IULIO & MS CATHARINA MARIA KOOPMAN	1,508,068	1.681
HEATHERS SUPER PTY LTD <HEATHERS FAMILY S/F A/C>	1,129,268	1.259
JOHN E GILL OPERATIONS PTY LTD	1,123,258	1.252
GLEN RANELAGH PTY LTD	1,033,744	1.152
GLEN RANELAGH PTY LIMITED	939,420	1.047
DOUBLE PTY LIMITED & ABERNETHY SMSF PTY LTD <ABERNETHY SUPER FUND A/C>	790,000	0.881
DYNASTY PEAK PTY LTD <THE AVOCA SUPER FUND A/C> & MRS KAREN GREER	756,274	0.843
EMERALD SHARES PTY LIMITED <EMERALD UNIT A/C>	650,000	0.725
MRS MARITA TOOHER	641,158	0.715
HUDSON RETIREMENT PTY LTD <SEAGULLS SUPER A/C>	639,987	0.713
MR PAUL WILHELM MCCAULEY & MRS LISA-GAYE MCCAULEY <ASAP SUPER FUND A/C>	607,066	0.677
MR MARK JOHN TOYE & MR STEPHEN WILLIAM TOYE <SWT SUPER FUND A/C>	500,000	0.557
MR MICHAEL ANTHONY FOX & MRS SUSAN ELIZABETH FOX	500,000	0.557
BARRY GEORGE FORBES & CARLA FORBES <FORBES SUPER FUND A/C>	427,867	0.477
	<u>32,189,701</u>	<u>35.881</u>

Unquoted equity securities

There are no unquoted equity securities on issue as at the date of this report.

C. Substantial Holders

Substantial holders in the company are set out below (based on voting interest in fully paid ordinary shares) as at 11 August 2017

Name	No. of shares held	Percentage of issued shares
Clime Investment Management Limited - Direct	5,586,182	6.23%
Clime Investment Management Limited - Indirect	5,582,650	6.22%

CLIME CAPITAL LIMITED
ABN 99 106 282 777

ASX ADDITIONAL INFORMATION

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Fully Paid Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Investments held at the balance date

	No. of shares held	Fair Value at 30 June 2017
Domestic securities		
Afterpay Touch Group Ltd	97,900	288,805
APN Outdoor Group Limited	663,500	3,191,435
APN Property Group	3,840,646	1,555,461
Australia & New Zealand Banking Group Li	126,600	3,635,952
Automotive Holdings Group Limited	436,545	1,462,426
Bentham IMF Ltd	618,306	1,168,598
Betashares Australian Equities Strong Be	133,700	2,367,827
BetaShares US Dollar ETF	216,228	2,739,609
Citadel Group Ltd	389,855	1,984,362
Collins Food Ltd Placement	41,256	187,715
Collins Foods Ltd	456,611	2,694,005
Crown Limited	150,000	1,842,000
Elanor Commercial Property Fund	1,000,000	1,000,000
Elanor Investor Group	825,580	1,766,741
Folkestone Ltd	1,707,219	1,843,796
Gateway Lifestyle	1,456,700	2,840,565
HFA Holdings Limited	889,292	2,134,301
Hunters Plaza Syndicate	1,000,000	1,000,000
IPH Limited	381,034	1,828,963
Janus Henderson Group- GDI	85,100	3,693,340
Jumbo Interactive Ltd	400,834	1,066,218
Mantra Group Ltd	196,414	599,063
Mitula Group Ltd	1,559,009	1,512,239
National Australia Bank Limited	118,800	3,515,292
Nick Scali Ltd	290,063	1,766,484
Orora Ltd	260,000	743,600
Qube Holdings Limited	1,159,630	3,049,827
Ramsay Healthcare Limited	40,600	2,988,160
RCG Corporation Limited	290,191	249,564
Runge Ltd	473,829	258,237
Rural Funds Group	300,000	553,500
Seek Limited	145,000	2,451,950
Speedcast International Limited	493,662	1,885,789
Veris Ltd	4,350,099	652,515
		60,518,339
International securities		
Alphabet Inc Class A	600	727,212
Baidu.com Sponsored ADR's	1,625	378,916
China Mobile Ltd - Spons ADR's	11,000	761,345
Cognizant Tech Solutions	10,000	865,654
Medtronic PLC	8,400	971,905
Netease.com Inc - ADR	1,100	431,123
Priceline.com Inc	165	402,367
Proshares Short S&P500	6,500	283,880
Wells Fargo & Company	3,000	216,713
Yum! Brands Inc	7,450	716,397
		5,755,512
		66,273,851

CLIME CAPITAL LIMITED
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ASX ADDITIONAL INFORMATION

- F.** During the year ended 30 June 2017, the Company recorded 1,216 transactions in securities (including options). \$181,181 (excluding GST) in brokerage was paid or accrued for the year.

G. Investment Manager

The Company has an Investment Management Agreement with the Investment Manager, Clime Asset Management Pty Limited, a 100% subsidiary of Clime Investment Management Limited (ASX:CIW).

Base fee

The Investment Manager is entitled to a monthly base fee calculated as 0.08334% (excluding GST) of the market value of all assets less total indebtedness of the Company. The Investment Manager has excluded deferred tax assets from the calculation of the base fee, thereby reducing the base fee amount.

Performance fee

The Investment Manager is entitled to a performance fee calculated as 20% (excluding GST) of the amount by which the absolute dollar value of the investment performance (after deducting the base fee) exceeds the All Ordinaries Accumulation Index for the annual period, provided that the performance is positive.

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Clime Capital Limited

ABN 99 106 282 777



Level 7, 1 Market Street
Sydney NSW 2000 Australia



+61 2 8917 2100



PO Box Q1286 Queen Victoria Building
NSW 1230 Australia



+61 2 8917 2155



www.clime.com.au



info@clime.com.au

