

19th February 2018

Australian Stock Exchange
Company Announcement Officer

Subject – Announcement of Half Year results - December 2017

Dear Sir / Madam

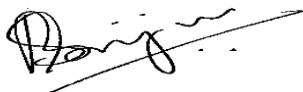
Half year information given to the ASX under Rule 4.2A

Please find attached the following documents with respect to the company's results for the half year period to 31st December 2017;

- Appendix 4D; and
- Interim Financial Report for the half year ended 31st December 2017 including the auditor's unqualified review report.

This information should be read in conjunction with the most recent Annual Report of the Company for the financial year ended 30th June 2017.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Biju', with a horizontal line drawn through it.

Biju Vikraman
Company Secretary

Appendix 4D

Lodged with the ASX under Listing Rule 4.2A.3
Results for Announcement to the Market

Half-Year Ended 31 December 2017

(Previous corresponding period – Half-Year Ended 31 December 2016)

				\$
Revenue from ordinary activities	Down	4%	to	\$8,362,101
Profit from ordinary activities before tax attributable to member	Down	5%	to	\$7,549,454
Profit from ordinary activities after tax attributable to members	Down	7%	to	\$5,574,136

	Amount per security	Franked amount per security
Dividends per share – Fully Paid Ordinary Shares		
Quarterly dividend – April to June 17 (paid)	1.25c	1.25c
Quarterly dividend – July to September 17 (paid)	1.25c	1.25c
Quarterly dividend – October to December 17 (paid on 25 January 2018)	1.25c	1.25c

Record date for determining entitlements to the interim dividend was

4 January 2018

Explanation of Revenue

Investment income for the half-year was \$8,362,101 compared to \$8,739,443 for the period ended 31 December 2016.

The result was derived from:

- Dividend and interest income \$1.47 million;
- Net realised and unrealised gain from the investment portfolio of \$6.89 million.

Explanation of Net Profit

The Company recorded an after-tax profit of \$5,574,136 for the half-year to 31 December 2017 compared to \$5,967,178 as at 31 December 2016. The decrease in after tax profit for the period was primarily due to lower unrealised gains on Company's investments compared to previous corresponding period.

Expenses during the period increased marginally from \$780,706 to \$812,647.

Explanation of Dividends

The Directors declared an interim dividend for the quarter ended 31 December 2017 on 29 November 2017 of 1.25 cents per share to ordinary shareholders. The record date for this dividend was 4 January 2018 and the dividend was paid on 25 January 2018.

Clime Capital Limited

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Net tangible assets (NTA) per security as at 31 December 2017 (cum-dividend)

	Current period	Previous corresponding period
NTA per ordinary share – pre-tax	\$0.95	\$0.94
NTA per ordinary share – post-tax	\$0.94	\$0.94

Fully diluted NTA per share incorporates the fully paid ordinary shares and convertible notes for the current period and converting preference shares on issue for the previous corresponding period.

Details of entities over which control has been gained during the period

The Company did not gain or lose control over any entities during the 6 months ended 31 December 2017.

Dividends

Details of dividends/distributions paid during the six months ended 31 December 2017 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend \$000's	Franked amount per security	Foreign sourced dividend amount per security
Fully Paid Ordinary Shares						
7 July 2017	28 July 2017	Final	1.25c	1,119	1,119	-
4 October 2017	27 October 2017	Interim	1.25c	1,121	1,121	-
		Total	2.50c	2,240	2,240	-

Dividend/Distribution Reinvestment Plans

The Company operates a dividend reinvestment plan, which has been applied to all dividends paid during the period and will continue to apply to any dividends declared for the financial year ending 30 June 2018.

Associates and Joint Venture entities

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

Review

This report is based on accounts that have been reviewed by the auditors, Pitcher Partners. The unqualified review report is attached on page 16 of the Half-Year Financial Report.



CLIME CAPITAL LIMITED

ABN 99 106 282 777

INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

CLIME CAPITAL LIMITED
INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Your directors present their report on Clime Capital Limited ("the Company") for the half-year ended 31 December 2017.

Directors

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

Mr. John Abernethy	- Chairman - Non-independent
Mr. Geoffrey Wilson	- Director
Mr. Julian Gosse	- Independent Director
Mr. Brett Spork	- Independent Director

Review of operations

The Company recorded an after tax profit of \$5,574,136 for the half-year ended 31 December 2017 compared to an after tax profit of \$5,967,178 for the half-year ended 31 December 2016. The result was primarily due to a decrease in unrealised gains on account of mark-to-market of companies investments.

During the half-year, cash investment revenue (dividends and interest received) plus realised gains on financial assets sold was a gain of \$1,810,947 compared to a loss of \$(657,904) for the half year ended on 31 December 2016. The unrealised gain on portfolio movements mark-to-market was \$6,641,330 compared to \$9,374,514 for the half year ended on 31 December 2016.

The Company has continued payment of quarterly dividends to its ordinary shareholders. Dividends declared during the period totalled \$2,244,527 (31 December 2016: \$1,898,687).

As at 31 December 2017 the Company has fully diluted Net Tangible Assets (NTA) of \$0.94 per share.

After balance date events

On 3 January 2018, the Company announced its intention on refreshing its ability to implement an on-market buy back (within the 10/12 limit) for a further 12 month period which will commence from 18 January 2018 and end on 17 January 2019. During this period, the Company has the ability to buy a maximum of 8,984,970 fully paid ordinary shares.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Company for the half-year ended on that date.

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 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 3.

Signed in accordance with a resolution of the Board of Directors and signed for and on behalf of the Directors by:



John Abernethy
Chairman
Clime Capital Limited

Sydney, 16 February 2018

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

In relation to the independent auditor's review for the half-year ended 31 December 2017, 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 in relation to the review.

This declaration is in respect of Clime Capital Limited during the period.



MARK GODLEWSKI
Partner

PITCHER PARTNERS
Sydney

16 February 2018

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Half-year ended	
	Note	31 December 2017 \$	31 December 2016 \$
Investment income			
Investment revenue	3	1,466,586	1,552,258
Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss		344,361	(2,210,162)
Net unrealised gain on financial assets at fair value through profit or loss		6,641,330	9,374,514
Net foreign exchange (loss)/gain		(90,176)	22,833
Total investment income		8,362,101	8,739,443
Expenses			
Management fees		(440,653)	(419,129)
Performance fees		(17,091)	(33,374)
Finance cost	7	(68,673)	-
Brokerage costs		(76,717)	(128,934)
Administrative expenses		(140,013)	(129,769)
Directors and company secretarial fees		(69,500)	(69,500)
Total expenses		(812,647)	(780,706)
Profit for the half-year before income tax expense		7,549,454	7,958,737
Income tax expense		(1,975,318)	(1,991,559)
Profit for the half-year		5,574,136	5,967,178
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		5,574,136	5,967,178
Basic earning per share	6	6.14cps	6.63cps
Diluted earning per share	6	6.05cps	6.63cps

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 31 DECEMBER 2017

		As at	
	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Cash and cash equivalents		15,079,483	14,105,918
Trade and other receivables		217,492	586,736
Financial assets at fair value through profit or loss	2	91,229,958	66,273,851
Current tax benefit		754,304	821,001
Deferred tax asset		-	470,171
Prepayments		34,354	22,988
Total assets		107,315,591	82,280,665
Liabilities			
Trade and other payables		251,765	1,289,081
Dividends payable	5	1,123,121	1,118,752
Deferred tax liability		1,589,206	-
Convertible notes	7	20,652,060	-
Total liabilities		23,616,152	2,407,833
Net assets		83,699,439	79,872,832
Equity			
Issued capital	4	81,748,692	81,447,946
Option premium on convertible notes		196,252	-
Retained earnings		(10,407,084)	(10,471,220)
Profit reserve		12,161,579	8,896,106
Total equity		83,699,439	79,872,832

*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 HALF-YEAR ENDED 31 DECEMBER 2017

Note	Issued Capital \$	Retained Earnings \$	Profit Reserve \$	Option premium on convertible notes	Total Equity \$
Balance at 1 July 2016	81,159,617	(9,822,029)	8,138,901	-	79,476,489
Profit for the half-year	-	5,967,178	-	-	5,967,178
Other comprehensive income for the half-year	-	-	-	-	-
Total comprehensive income for the half-year	-	5,967,178	-	-	5,967,178
Transactions with owners in their capacity as owners					
<i>Ordinary shares:</i>					
Issue of shares	367,650	-	-	-	367,650
Shares acquired under buy-back	(298,170)	-	-	-	(298,170)
Transaction costs on shares acquired under buy-back	(794)	-	-	-	(794)
Income tax on transaction costs	238	-	-	-	238
Dividends provided for or paid	-	-	(1,898,687)	-	(1,898,687)
<i>Total ordinary shares</i>	<i>68,924</i>	<i>-</i>	<i>(1,898,687)</i>	<i>-</i>	<i>(1,829,763)</i>
<i>Preference shares:</i>					
Shares acquired under buy-back	(115,297)	-	-	-	(115,297)
Transaction costs on shares acquired under buy-back	(149)	-	-	-	(149)
Income tax on transaction costs	45	-	-	-	45
Dividends provided for or paid	-	-	(643,592)	-	(643,592)
<i>Total preference shares</i>	<i>(115,401)</i>	<i>-</i>	<i>(643,592)</i>	<i>-</i>	<i>(758,993)</i>
Transfer to profit reserve	-	(5,800,000)	5,800,000	-	-
	(46,477)	(5,800,000)	3,257,721	-	(2,588,756)
Balance at 31 December 2016	81,113,140	(9,654,851)	11,396,622	-	82,854,911
Balance at 30 June 2017	81,447,946	(10,471,220)	8,896,106	-	79,872,832
Profit for the half-year	-	5,574,136	-	-	5,574,136
Other comprehensive income for the half-year	-	-	-	-	-
Total comprehensive income for the half-year	-	5,574,136	-	-	5,574,136
Transactions with owners in their capacity as owners					
<i>Ordinary shares:</i>					
Issue of shares	4 367,176	-	-	-	367,176
Issue of convertible notes	7 -	-	-	280,360	280,360
Deferred tax on issue of convertible notes	-	-	-	(84,108)	(84,108)
Shares acquired under buy-back	4 (66,314)	-	-	-	(66,314)
Transaction costs on shares acquired under buy-back	4 (165)	-	-	-	(165)
Income tax on transaction costs	4 49	-	-	-	49
Dividends provided for or paid	-	-	(2,244,527)	-	(2,244,527)
<i>Total ordinary shares</i>	<i>300,746</i>	<i>-</i>	<i>(2,244,527)</i>	<i>196,252</i>	<i>(1,747,529)</i>
Transfer to profit reserve	-	(5,510,000)	5,510,000	-	-
	300,746	(5,510,000)	3,265,473	196,252	(1,747,529)
Balance at 31 December 2017	81,748,692	(10,407,084)	12,161,579	196,252	83,699,439

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 HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended	
	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Proceeds from sale of investments	24,286,756	64,021,500
Payments for purchase of investments	(43,265,749)	(53,786,295)
	(18,978,993)	10,235,205
Dividends and trust distributions received	1,599,773	1,608,421
Interest received	45,008	163,214
Payments for administrative and other expenses	(221,041)	(191,439)
Investment manager's fees paid	(414,789)	(412,467)
Brokerage costs paid	(76,717)	(128,934)
Income tax received/(paid)	66,697	(288,160)
Net cash (outflow)/inflow from operating activities	(17,980,062)	10,985,840
Cash flows from financing activities		
Dividends paid net of dividend reinvestment	(1,872,982)	(2,177,707)
Proceeds from issue of convertible notes (net of raising costs)	20,863,747	-
Payment for shares buy-back including transaction costs	(66,479)	(414,410)
Net cash inflow/(outflow) from financing activities	18,924,286	(2,592,117)
Net increase in cash held	944,224	8,393,723
Effects of exchange rate movements on cash	29,341	166,527
Cash and cash equivalents at beginning of the financial half-year	14,105,918	13,802,084
Cash and cash equivalents at end of the financial half-year	15,079,483	22,362,334

*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 HALF-YEAR ENDED 31 DECEMBER 2017

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of accounting

These condensed half-year financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

The half-year financial statements are prepared in accordance with the historical cost convention with the exception of the valuation of investments described in Note 2 below.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide full understanding of the financial performance, financial position and financing and investing activities of the Company as the annual financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(ii) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not yet been applied in the financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018) will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Company's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements. The Company has not yet decided when to adopt AASB 15. There are no 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.

Details of reporting period

The current reporting period is the half-year ended 31 December 2017. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2016. For the Statement of Financial Position, the previous corresponding date is 30 June 2017.

(b) Accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2017.

The half-year financial report was authorised for issue on 16 February 2018.

(c) 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.

2. 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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

2. FAIR VALUE MEASUREMENT (CONTINUED)

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.

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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

2. 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 31 December 2017.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2017				
Financial assets at fair value through profit or loss				
Listed equities - domestic	71,910,893	-	-	71,910,893
Listed equities - international	8,548,303	-	-	8,548,303
Listed unit trusts	4,770,762	-	-	4,770,762
Unlisted unit trusts	-	-	6,000,000	6,000,000
Total financial assets at fair value through profit or loss	85,229,958	-	6,000,000	91,229,958

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	10,268,242	-	-	10,268,242
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

(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.

At the end of 31 December 2017, the balance of \$2,000,000 in the unlisted unit trusts previously categorised as Level 2 has been transferred to Level 3.

(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.

3. INVESTMENT REVENUE

	Half-year ended 31 December 2017 \$	31 December 2016 \$
Dividends	1,415,792	1,445,125
Others	50,794	107,133
TOTAL	1,466,586	1,552,258

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	As at	
	31 December 2017 \$	30 June 2017 \$
4. ISSUED CAPITAL		
Issued and paid-up capital		
(a) 89,849,709 (30 June 2017: 89,500,008) ordinary fully paid shares	81,748,692	81,447,946
Balance at the end of the period	81,748,692	81,447,946

	31 December 2017 Number of shares	30 June 2017 Number of shares	31 December 2017 \$	30 June 2017 \$
(a) Movements in ordinary share capital				
Balance at beginning of the period	89,500,008	79,195,942	81,447,946	63,496,218
Shares issued on conversion of converting preference shares	-	9,919,524	-	17,616,922
Shares buy-back	(76,084)	-	(66,314)	-
Transaction cost on shares buy-back	-	-	(165)	-
Income tax on transaction costs	-	-	49	-
Dividend reinvestment plan	425,785	384,542	367,176	334,806
Balance at the end of the period	89,849,709	89,500,008	81,748,692	81,447,946

	Half-year ended	
	31 December 2017 \$	31 December 2016 \$
5. DIVIDENDS		
(a) Paid in the current period		
Dividends paid in the current period		
A fully franked final dividend on ordinary shares in respect of the 2017 financial year of 1.25 cents per share was paid on 28 July 2017 (2016: 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)	1,118,752	949,192
2017: Nil (2016: 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)	-	326,033
A fully franked dividend on ordinary shares for the quarter ended 30 September 2017 of 1.25 cents per share was paid on 27 October 2017 (2016: 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)	1,121,406	948,336
2017: Nil (2016: 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)	-	321,796
	2,240,158	2,545,357

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended 31 December 2017 \$	31 December 2016 \$
5. DIVIDENDS (CONTINUED)		
(b) Provided for in the current period		
A fully franked dividend on ordinary shares for the quarter ended 31 December 2017 of 1.25 cents per share was paid on 25 January 2018 (2016: 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)	1,123,121	950,351
2017: Nil (2016: 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)	-	321,796
	1,123,121	1,272,147
(c) Dividend franking account		
Franking account balance	496,116	1,416,334
Impact on franking account balance of dividends not recognised, paid on 25 January 2018 (2016: 24 and 25 January 2017)	(481,338)	(545,206)
	14,778	871,128
6. EARNINGS PER SHARE		
Basic earning per share	6.14cps	6.63cps
Diluted earning per share	6.05cps	6.63cps
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Basic earning per share		
Total comprehensive income for the half-year	5,574,136	5,967,178
Less: dividends provided or paid - converting preference shares	-	(643,592)
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the half-year)	5,574,136	5,323,586
Weighted average number of ordinary shares used in the calculation of basic earnings per share	90,800,134	80,279,696
Diluted earning per share		
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the half-year)	5,574,136	5,323,586
Add: interest expense on convertible notes (net of tax)	49,268	-
Earnings used in calculating diluted earnings per share	5,623,404	5,323,586
Weighted average number of ordinary shares used in the calculation of basic earnings per share	90,800,134	80,279,696
Adjustments for calculation of diluted earnings per share:		
-Convertible notes	2,191,491	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	92,991,626	80,279,696

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

7. CONVERTIBLE NOTES

On 14 December 2017, the Company issued of 22,280,162 unsecured convertible notes at face value of \$0.96 per note (14,988,496 notes under Entitlement Offer and 7,291,666 notes under Placement), with a term expiring on 30 November 2021 and fixed interest rate of 6.25% per annum payable quarterly in arrears.

Noteholders have the right to convert some or all of their notes to shares at any time before the maturity date on a one for one basis.

The equity element is presented in equity, under the heading of "option premium on convertible notes". The effective interest rate of the liability element on initial recognition is 7.35% per annum.

The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

The convertible notes are presented in the statement of financial position as follow:

	As at 31 December 2017 \$
Proceeds from issue of convertible notes (net of raising costs)	20,863,747
Liability component at the date of issue	<u>(20,583,387)</u>
Equity component	280,360
Liability component at the date of issue	20,583,387
Interest expense calculated at effective interest rate of 7.35%	68,673
Interest paid	<u>-</u>
Liability component at 31 December 2017	<u>20,652,060</u>

Fair value

Fair value of the convertible notes as at 31 December 2017 amounting to \$22,280,162 was determined by reference to published price quotation of convertible note ticker ASX:CAMG as at 31 December 2017.

8. CONTINGENT ASSETS AND LIABILITIES

Class action against UGL

On 18 December 2017, the Company commenced a class action proceeding against UGL Pty Limited (formerly UGL Limited) (UGL) on its own behalf and on behalf of persons who acquired in interest in ordinary shares in UGL during the period 8 August 2014 until close of trading on 5 November 2014 inclusive (**claim period**).

The proposed class action is funded by litigation funder IMF Bentham Limited. Phi Finney McDonald is representing the Company and class members in the class action. Executives of Clime Investment Management Limited will be involved in pursuing the claim.

The class action alleges 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 the joint venture had recognised a provision. The UGL share price declined by more than 25% by close of trade on 11 November 2014.

The class action alleges that UGL's conduct caused the Company and persons who acquired an interest in ordinary shares in UGL during the claim period to suffer loss.

No provision has been made for any potential award of damages. As at 31 December 2017, the Company has no contingent liabilities or commitments (2016: \$Nil).

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 January 2018, the Company announced its intention on refreshing its ability to implement an on-market buy back (within the 10/12 limit) for a further 12 month period which commences from 18 January 2018 and ends on 17 January 2019. During this period, the Company has the ability to buy a maximum of 8,984,970 fully paid ordinary shares.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Company for the half-year ended on that date.

10. 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.

11. 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 HALF-YEAR ENDED 31 DECEMBER 2017

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 4 to 14:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
- (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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



John Abernethy
Chairman

Sydney, 16 February 2018

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Clime Capital Limited ("the Company"), which comprises the statement of financial position as at 31 December 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the Company.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clime Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

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

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



Independence

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

Conclusion

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Mark Godlewski'.

MARK GODLEWSKI
Partner

16 February 2018

A handwritten signature in black ink that reads 'Pitcher Partners'.

PITCHER PARTNERS
Sydney