

21st February 2019

Australian Securities Exchange
Company Announcement Officer

Subject – Announcement of Half-Year Results - December 2018

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 2018;

- Appendix 4D; and
- Interim Financial Report for the half-year ended 31st December 2018 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 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Biju', with a long horizontal line extending to the right.

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 2018

(Previous corresponding period – Half-Year Ended 31 December 2017)

				\$
Revenue from ordinary activities	down	173%	to	(\$6,090,762)
Profit from ordinary activities before tax attributable to member	down	203%	to	(\$7,762,064)
Profit from ordinary activities after tax attributable to members	down	193%	to	(\$5,182,729)

	Amount per security	Franked amount per security
Dividends per share – Fully Paid Ordinary Shares		
Quarterly dividend – April to June 18 (paid)	1.25c	1.25c
Quarterly dividend – July to September 18 (paid)	1.25c	1.25c
Quarterly dividend – October to December 18 (paid on 24 January 2019)	1.25c	1.25c

Record date for determining entitlements to the interim dividend was

4 January 2019

Explanation of Revenue

Investment loss for the half-year was \$6,090,762 compared to an investment income of \$8,362,101 income for the period ended 31 December 2017.

The result was derived from:

- Dividend and interest income \$1.67 million;
- Net realised and unrealised losses from the investment portfolio of \$7.82 million.

Explanation of Net Profit

The Company recorded an after-tax loss of \$5,182,729 for the half-year to 31 December 2018 compared to an after-tax profit of \$5,574,136 for the half-year ended 31 December 2017. This result was primarily due to an unrealised loss on financial assets at fair value to profit or loss recognised during the period.

Total expenses during the period increased from \$812,647 to \$1,671,302 mainly due to recognition of full 6 months of finance costs on convertible notes of \$727,541 compared to \$68,673 for the half-year ended 31 December 2017.

It is worthy to note that the annualised Management Expense Ratio of the Company at 31 December 2018 decreased to 1.52% when compared to 1.58% of the comparative annualised period.

Clime Capital Limited

Level 7, 1 Market Street Sydney NSW 2000 Australia | PO Box Q1286 Queen Victoria Building NSW 1230
ABN 99 106 282 777 P 02 8917 2100 F 02 8917 2155 W www.climecapital.com.au T @climeinvest

Explanation of Dividends

The Directors declared an interim dividend for the quarter ended 31 December 2018 on 19 December 2018 of 1.25 cents per share to ordinary shareholders. The record date for this dividend was 4 January 2019 and the dividend was paid on 24 January 2019.

Net tangible assets (NTA) per security (Cum-dividend)

	December 2018 \$	December 2017 * \$
Fully diluted net tangible asset backing per ordinary share - pre-tax	\$0.83	\$0.93
Fully diluted net tangible asset backing per ordinary share - post-tax	\$0.83	\$0.92

* On September 24 2018, bonus shares were issued to existing shareholders on a 1 for 40 basis. The comparative numbers have been adjusted to reflect the impact of this bonus shares issue.

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 2018.

Dividends

Details of dividends/distributions paid during the six months ended 31 December 2018 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend \$000's	Franked amount \$000's	Foreign sourced dividend amount per security
Fully Paid Ordinary Shares						
6 July 2018	27 July 2018	Final	1.25c	1,117	1,117	-
8 October 2018	26 October 2018	Interim	1.25c	1,142	1,142	-
		Total	2.50c	2,259	2,259	-

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 2019.

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 17 of the Half-Year Financial Report.

CLIME CAPITAL LIMITED

ABN 99 106 282 777

INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

CLIME CAPITAL LIMITED
INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Contents

	Page
Half-Year Financial Report	
Directors' Report	2
Auditor's Independence Declaration	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	16
Independent Review Report to the Members	17

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Your directors present their report on Clime Capital Limited ("the Company") for the half-year ended 31 December 2018.

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. Julian Gosse	- Independent Director
Mr. Brett Spork	- Independent Director
Mr. Anthony Golowenko	- Director

Review of operations

The Company recorded an after tax loss of \$5,182,729 for the half-year ended 31 December 2018 compared to an after tax profit of \$5,574,136 for the half-year ended 31 December 2017. This result was primarily due to unrealised loss on financial assets at fair value to profit or loss recognised during the period.

During the half-year, cash investment revenue (dividends and interest received) plus realised gains on financial assets sold was a gain of \$1,874,294 compared to a gain of \$1,810,947 for the half-year ended on 31 December 2017. The unrealised loss on portfolio movements mark-to-market was \$8,032,729 compared to a \$6,641,330 gain for the half-year ended 31 December 2017.

The Company has continued payment of quarterly dividends to its ordinary shareholders. Dividends declared during the period totalled \$2,284,132 (31 December 2017: \$2,244,527).

As at 31 December 2018 the Company has fully diluted Net Tangible Assets (NTA) of \$0.83 per share.

Other developments

On 17 July 2018, the Board announced a bonus issue for ordinary shareholders, on a 1 for 40 basis, with an intention to maintain existing quarterly dividends of 1.25 cents per share.

In accordance with the terms of the Prospectus dated 17 November 2017, the Company's listed convertible notes (ASX: CAMG) will accrue the bonus issue and upon conversion will receive 1.025 cents Ordinary shares for every Convertible Note.

After balance date events

On 10 January 2019, 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 28 January 2019 and ends on 27 January 2020. During this period, the Company has the ability to buy a maximum of 9,139,999 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 2018 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 directors' 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, 21 February 2019

**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 2018, 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

21 February 2019

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Half-year ended	
	Note	31 December 2018 \$	31 December 2017 \$
Investment income			
Investment revenue	3	1,665,933	1,466,586
Net realised gain on disposal of financial assets at fair value through profit or loss		208,361	344,361
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		(8,032,729)	6,641,330
Net foreign exchange gain/(loss)		67,673	(90,176)
Total investment (loss)/income		(6,090,762)	8,362,101
Expenses			
Management fees		(546,221)	(440,653)
Performance fees		-	(17,091)
Brokerage costs		(137,277)	(76,717)
Accounting fees		(30,750)	(30,750)
Custody fees		(17,030)	(15,629)
ASX fees		(16,313)	(25,927)
Share registry fees		(59,052)	(34,676)
Directors and company secretarial fees		(82,271)	(69,500)
Other administrative expenses		(54,847)	(33,031)
Total expenses		(943,761)	(743,974)
Finance cost	7	(727,541)	(68,673)
(Loss)/profit for the half-year before income tax expense		(7,762,064)	7,549,454
Income tax benefit/(expense)		2,579,335	(1,975,318)
(Loss)/profit for the half-year		(5,182,729)	5,574,136
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		(5,182,729)	5,574,136
Basic (loss)/earning per share	6	(5.67)cps	5.99cps
Diluted (loss)/earning per share	6	(5.67)cps	5.90cps

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 2018

		As at	
	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Cash and cash equivalents		10,697,912	12,023,828
Trade and other receivables		135,751	587,483
Financial assets at fair value through profit or loss	2	85,721,384	94,308,137
Current tax benefit		238,035	34,931
Deferred tax assets		1,078,344	-
Prepayments		45,114	51,007
Total assets		97,916,540	107,005,386
Liabilities			
Trade and other payables		146,038	376,500
Dividends payable	5	1,142,503	1,116,704
Deferred tax liabilities		-	1,331,448
Convertible notes	7	20,843,156	20,774,019
Total liabilities		22,131,697	23,598,671
Net assets		75,784,843	83,406,715
Equity			
Issued capital	4	81,162,679	81,317,690
Option premium on convertible notes	7	196,351	196,351
Retained earnings		(20,138,613)	(10,443,884)
Profit reserve		14,564,426	12,336,558
Total equity		75,784,843	83,406,715

*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 2018

Note	Issued Capital \$	Retained Earnings \$	Profit Reserve \$	Option premium on convertible notes \$	Total Equity \$
Balance at 1 July 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					
Issue of ordinary shares	367,176	-	-	-	367,176
Issue of convertible notes	-	-	-	280,360	280,360
Deferred tax on issue of convertible notes	-	-	-	(84,108)	(84,108)
Shares acquired under buy-back	(66,314)	-	-	-	(66,314)
Transaction costs on shares acquired under buy-back	(165)	-	-	-	(165)
Income tax on transaction costs	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
Balance at 1 July 2018	81,317,690	(10,443,884)	12,336,558	196,351	83,406,715
Loss for the half-year	-	(5,182,729)	-	-	(5,182,729)
Other comprehensive income for the half-year	-	-	-	-	-
Total comprehensive loss for the half-year	-	(5,182,729)	-	-	(5,182,729)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	4 362,517	-	-	-	362,517
Shares acquired under buy-back	4 (516,947)	-	-	-	(516,947)
Transaction costs on shares acquired under buy-back	4 (830)	-	-	-	(830)
Income tax on transaction costs	4 249	-	-	-	249
Dividends provided for or paid	-	-	(2,284,132)	-	(2,284,132)
<i>Total ordinary shares</i>	<i>(155,011)</i>	<i>-</i>	<i>(2,284,132)</i>	<i>-</i>	<i>(2,439,143)</i>
Transfer to profit reserve	-	(4,512,000)	4,512,000	-	-
	(155,011)	(4,512,000)	2,227,868	-	(2,439,143)
Balance at 31 December 2018	81,162,679	(20,138,613)	14,564,426	196,351	75,784,843

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 2018

	Half-year ended 31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Proceeds from sale of investments	37,013,216	24,286,756
Payments for purchase of investments	(36,269,894)	(43,265,749)
	743,322	(18,978,993)
Dividends and trust distributions received	1,942,910	1,599,773
Interest received	42,555	45,008
Payments for administrative and other expenses	(416,000)	(297,758)
Investment manager's fees paid	(552,119)	(414,789)
Income tax (paid)/received	(33,312)	66,697
Net cash inflow/(outflow) from operating activities	1,727,356	(17,980,062)
Cash flows from financing activities		
Dividends paid net of dividend reinvestment	(1,895,816)	(1,872,982)
Proceeds from issue of convertible notes (net of raising costs)	-	20,863,747
Payment for shares buy-back including transaction costs	(517,777)	(66,479)
Finance costs paid on convertible notes	(658,404)	-
Net cash (outflow)/inflow from financing activities	(3,071,997)	18,924,286
Net (decrease)/increase in cash held	(1,344,641)	944,224
Effects of exchange rate movements on cash	18,725	29,341
Cash and cash equivalents at beginning of the financial half-year	12,023,828	14,105,918
Cash and cash equivalents at end of the financial half-year	10,697,912	15,079,483

*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 2018

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 2018 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*.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(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 make retrospective adjustments as a result of adopting these standards.

- AASB 9: Financial Instruments (effective 1 July 2018)

AASB 9 contains requirements in relation to the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets are replaced with three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. Financial assets can only be measured at amortised cost where very specific conditions are met.

AASB 9 introduces new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged, and disclosures.

There was no impact on the Company upon adoption of AASB 9 as the Company currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Company does not apply hedge accounting.

AASB 9 also introduces a new impairment model. However, as the Company's investments are all held at fair value through profit or loss, the change in impairment rules did not have a material impact on the Company.

- AASB 15: Revenue From Contracts With Customers (effective 1 July 2018)

AASB 15 supersedes AASB 18 *Revenue* and AASB 111 *Construction Contracts*. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risk and rewards.

There was no impact on the Company upon the adoption of AASB 15 as the Company's revenue recognition of interest, dividend, investment gains/(losses) and foreign exchange gains/(losses) were unaffected as these items are excluded from the scope of AASB 15.

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.

Details of reporting period

The current reporting period is the half-year ended 31 December 2018. 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 2017. For the Statement of Financial Position, the previous corresponding period is 30 June 2018.

(b) Accounting policies

The accounting policies applied in these interim financial statements have been applied consistently throughout the period.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(b) Accounting policies (continued)

Except as disclosed above, the accounting policies in these half-year financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2018.

The half-year financial report was authorised for issue on 21 February 2019.

(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 directors' 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.

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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

2. FAIR VALUE MEASUREMENT (CONTINUED)

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

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.

(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 2018.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 31 December 2018				
Financial assets at fair value through profit or loss				
Listed equities - domestic	73,110,470	-	-	73,110,470
Listed equities - international	1,710,699	-	-	1,710,699
Listed unit trusts	734,976	-	-	734,976
Unlisted unit trusts	-	-	10,165,239	10,165,239
Total financial assets at fair value through profit or loss	75,556,145	-	10,165,239	85,721,384
At 30 June 2018				
Financial assets at fair value through profit or loss				
Listed equities - domestic	82,288,152	-	-	82,288,152
Listed equities - international	3,199,653	-	-	3,199,653
Listed unit trusts	2,217,947	-	-	2,217,947
Unlisted unit trusts	-	-	6,602,385	6,602,385
Total financial assets at fair value through profit or loss	87,705,752	-	6,602,385	94,308,137

(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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

2. FAIR VALUE MEASUREMENT (CONTINUED)

(e) Reconciliation of recurring level 3 fair value movements

	Level 3 Unlisted unit trusts \$
Opening balance - 31 December 2017	6,000,000
Purchases	592,385
Net transfers into/out of	-
Total gains recognised in profit or loss	10,000
Closing balance - 30 June 2018	6,602,385
Purchases	3,644,854
Net transfers into/out of	-
Total gains/(losses) recognised in profit or loss	(82,000)
Closing balance - 31 December 2018	10,165,239

\$82,000 (30 June 2018: \$10,000) of the total gains and losses recognised in profit or loss in respect to level 3 fair value remeasurements are unrealised as they are attributable to assets and liabilities held at the end of the reporting period.

(f) Valuation processes used for level 3 fair value measurements

The Company Income Sleeve investments are typically unlisted syndicated investments with a medium term investment horizon. The value of investment was initially recorded at cost / acquisition price. The Manager of these unlisted funds issues periodic updates (quarterly or half yearly) to communicate the performance of underlying assets, summary financial information and periodically, independent valuation of the trust's underlying assets. An independent external valuation is generally done annually and communicated to the investors through the regular fund update. The Company reviews these updates and will reflect the investment valuation based on the independent valuation if and when it changes. Otherwise, investments in level 3 are stated at cost / acquisition price.

(g) 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.

	Half-year ended	
	31 December 2018 \$	31 December 2017 \$
3. INVESTMENT REVENUE		
Dividends received	1,606,878	1,415,792
Interest	59,055	50,794
TOTAL	1,665,933	1,466,586

	As at	
	31 December 2018 \$	30 June 2018 \$
4. ISSUED CAPITAL		
Issued and paid-up capital		
(a) 91,399,991 (30 June 2018: 89,336,308) ordinary fully paid shares	81,162,679	81,317,690
Balance at the end of the period	81,162,679	81,317,690

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

4. ISSUED CAPITAL (CONTINUED)

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Number of shares	Number of shares	\$	\$
(a) Movements in ordinary share capital				
Balance at beginning of the period	89,336,308	89,500,008	81,317,690	81,447,946
Shares acquired under buy-back	(571,996)	(1,009,641)	(516,947)	(864,146)
Issue of ordinary shares pursuant to a 1 for 40 bonus issue on 24 September 2018	2,229,124	-	-	-
Transaction costs on shares acquired under buy-back	-	-	(830)	(1,394)
Income tax on transaction costs	-	-	249	418
Dividend reinvestment plan	406,555	845,941	362,517	734,866
Balance at the end of the period	91,399,991	89,336,308	81,162,679	81,317,690

Half-year ended	
31 December 2018	31 December 2017
\$	\$

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 2018 financial year of 1.25 cents per share was paid on 27 July 2018 (2017: 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)

1,116,704 1,118,752

A fully franked dividend on ordinary shares for the quarter ended 30 September 2018 of 1.25 cents per share was paid on 26 October 2018 (2017: 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)

1,141,629 1,121,406

2,258,333 2,240,158

(b) Provided for in the current period

A fully franked dividend on ordinary shares for the quarter ended 31 December 2018 of 1.25 cents per share was paid on 24 January 2019 (2017: 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)

1,142,503 1,123,121

1,142,503 1,123,121

(c) Dividend franking account

Franking account balance
Impact on franking account balance of dividends not recognised, paid on 24 January 2019 (2017: 25 January 2018)

(473,020) 496,116

(489,644) (481,338)

(962,664) 14,778

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended	
	31 December 2018 \$	31 December 2017 \$
6. EARNINGS PER SHARE		
Basic (loss)/earning per share	(5.67)cps	5.99cps
Diluted (loss)/earning per share	(5.67)cps	5.90cps
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Basic (loss)/earning per share		
Total (loss)/profit for the half-year	(5,182,729)	5,574,136
Less: dividends provided or paid - converting preference shares	-	-
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the half-year)	(5,182,729)	5,574,136
Weighted average number of ordinary shares used in the calculation of basic earnings per share ⁽¹⁾	91,445,466	93,055,324
Diluted (loss)/earning per share		
(Losses)/earnings used in calculating basic earnings per share	(5,182,729)	5,574,136
Add: interest expense on convertible notes (net of tax)	509,279	49,268
(Losses)/earnings used in calculating diluted earnings per share	(4,673,450)	5,623,404
Weighted average number of ordinary shares used in the calculation of basic earnings per share	91,445,466	93,055,324
Adjustments for calculation of diluted earnings per share:		
-Convertible notes	22,280,162	2,191,491
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	113,725,628	95,246,815

⁽¹⁾ In accordance with AASB 133 *Earnings per Share* the comparative calculation has been adjusted to reflect the impact of the 1 for 40 bonus share issue which took place on 24 September 2018.

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. Convertible Noteholders should note that in accordance with the terms of the Prospectus dated 17 November 2017, CAMG Notes will accrue the bonus issue and upon conversion will receive 1.025 Ordinary shares for every Convertible Note.

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 7.27% 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.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

7. CONVERTIBLE NOTES (CONTINUED)

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

	As at 31 December 2018 \$	As at 30 June 2018 \$
Proceeds from issue of convertible notes (net of raising costs)	20,874,342	20,874,342
Liability component at the date of issue	(20,593,840)	(20,593,840)
Equity component at the date of issue	280,502	280,502
Deferred tax on issue of convertible notes	(84,151)	(84,151)
Equity component at the end of the period	196,351	196,351
Classification of liability component as at the end of the period:		
- Current	113,537	109,875
- Non-current	20,729,619	20,664,144
	20,843,156	20,774,019
	Half-year ended	Half-year ended
	31 December 2018 \$	31 December 2017 \$
Liability component at the beginning of the period/date of issue	20,774,019	20,583,387
Interest expense for the period calculated at effective interest rate of 7.27%	727,541	68,673
Finance costs paid	(658,404)	-
Liability component at the end of the period	20,843,156	20,652,060

Fair value

Fair value of the convertible notes as at 31 December 2018 amounting to \$22,057,360 (30 June 2018: \$21,834,559) was determined by reference to published price quotation \$0.99 (30 June 2018: \$0.98) of convertible note ticker ASX:CAMG as at 31 December 2018.

8. CONTINGENT ASSETS AND LIABILITIES

Class action against UGL

As previously advised, on 18 December 2017, CAM (on its own behalf and on behalf of group members in the proceeding) commenced a class action proceeding against UGL Pty Limited (formerly UGL Ltd) (UGL).

On 24 October 2018, CAM filed an Amended Statement of Claim, alleging that UGL engaged in unlawful conduct which caused CAM and other group members, being persons who acquired an interest in UGL shares during the period from 16 April 2014 to 5 November 2014 inclusive (claim period), to suffer loss. All acquisitions of UGL shares by CAM were made during the claim period.

The class action currently alleges that during the claim period, UGL failed to keep the market informed about problems relating to the Ichthys project, a major construction contract that it was undertaking under a joint venture arrangement. These problems were not disclosed by UGL until 6 November 2014, when it told the market that the forecast costs of the Ichthys project had significantly increased, and that the joint venture had recognised a provision.

Also on 24 October 2018, UGL filed a Further Amended Defence to the Amended Statement of Claim.

The Court has ordered that the class action be referred to mediation to be conducted by no later than 10 April 2019. Further, the Court has ordered that a trial hearing commence on 6 November 2019, with an estimated duration of six weeks.

The class action is funded by IMF Bentham Limited. Phi Finney McDonald is representing CAM and group members in the class action. Executives of Clime Investment Management Limited are involved in the conduct of the claim.

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

As at 31 December 2018, the Company has no contingent liabilities or commitments (2017: \$Nil).

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 January 2019, 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 28 January 2019 and ends on 27 January 2020. During this period, the Company has the ability to buy a maximum of 9,139,999 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 2018 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 2018

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 4 to 15:
 - (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 2018 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, 21 February 2019

**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 2018, 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 2018 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.

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 2018 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*.



MARK GODLEWSKI
Partner



PITCHER PARTNERS
Sydney

21 February 2019