



**CLIME CAPITAL LIMITED**

**ABN 99 106 282 777**

ANNUAL REPORT FOR THE YEAR ENDED

30 JUNE 2019



## **CLIME CAPITAL LIMITED**

**ABN 99 106 282 777**

<b>Contents</b>	<b>Page No</b>
Chairman's Letter	1
Corporate Directory	4
Director's Report	5
Auditor's Independence Declaration	14
Statement of Profit or Loss and Other Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Director's Declaration	38
Independent Audit Report	39
ASX Additional Information	44

## Chairman's Letter

**Dear Fellow Shareholder,**

The financial year 2019 was a volatile one for equity markets.

There was a torrid first half that took Clime Capital Limited (CAM) to an interim loss at 31 December 2018. However, this was followed by a sharp recovery in equity markets and CAM benefitted strongly and reported a full year profit before tax of \$8.5 million.

The extent of the volatility is shown by reviewing the company's gross portfolio return over the entire financial year and comparing it to the second half result. The gross portfolio return (pre-fees and tax) for the whole of FY19 was 13.3% whilst the second half gross return was 23.8%.

The gross return is generated from market value gains on the portfolio which are added to income received. The income received is generated from dividends, interest and trust distributions.

Dividend payments to shareholders amounted to 5 cents per share fully franked. The dividend increased by 2.5% a share on the previous year because the company declared a 1 for 40 bonus issue in FY18.

Approximately \$3.8 million of fully franked cash dividends (net of \$0.7 million Dividend Reinvestments) were paid to shareholders in FY19.

The company's net assets grew over the financial year from \$83.4 million to \$85.6 million. This growth was after payment of dividends (noted above) and reflected the growth in profit reserve of approximately \$1.9 million.

Issued capital Increased \$121k over the year as shares issued under the company's DRP were offset by buybacks. Over the financial year there were 813,294 DRP shares issued at an average of price of 87.8 cents. Over the year 658,689 shares were bought back at an average of 90.1 cents. The buybacks were undertaken at a discount to pretax Net Tangible Assets (NTA) per share.

In December 2017 the company issued \$20.75 million of listed unsecured convertible notes (CAMG). These notes were issued at 96 cents, mature in December 2021 and pay quarterly interest at the rate of 6.25% per annum. The notes also accrue the 1 for 40 bonus issue until and if they are converted by the holder into ordinary shares. This means that each CAMG converts into 1.025 CAM.

The Board believes the notes provides an attractive investment opportunity for investors and have increased the investable capital for the company's shareholders. The convertible debt introduced leverage into the company's portfolio however it is serviced by tax deductible interest payments. At 30 June 2019 convertible debt represented less than 20% of total assets.

**Takeover of CBG Limited (CBG)**

In June 2019 CAM announced a takeover bid for CBG Capital Limited (CBG).

The takeover, which has been recommended by CBG independent directors, will create a larger CAM (approximately \$138 million in gross assets) and this will benefit shareholders in several ways, and these include:

- a. A larger company with increased liquidity in its securities should attract more investor interest and particularly from the financial advisory sector;
- b. A lower Management Expense ratio will result from operating synergies. The MER is measured as the dollar expense over the gross assets of CAM presented as a percentage; and
- c. The expectation that the above two positives will combine to improve the CAM market rating so that it trades more consistently with NTA.

It is pleasing to report that following the takeover announcement and positive response from CBG's directors that the CAM share price moved higher and has traded at or about pretax NTA.

It is important for CAM shareholders to understand that the CAM and CBG portfolios were managed in a similar fashion except for the CAM unlisted income sleeve and the ability of CAM to invest in international equity markets.

The two investment management teams will blend seamlessly together as they have been working together for the last 2 years.

**CAM Portfolio Management outlook**

Over FY19 the manager rebalanced and reset CAM's portfolio so that at 30 June the following was evident:

- a. The Australian listed equity allocation was tactically structured across large, mid and small companies. A feature of FY19 was the strong capital returns generated from small and mid-cap stocks. Stocks in the larger capitalization sub portfolio generated good growth and income (dividend) returns;
- b. The International equity portfolio was liquidated. The manager's view was that the AUD had devalued to a level against the USD where capital risk was created. Re-entry into international markets will require a strong view that international stocks offer compelling better value than Australian securities and that the AUD will remain relatively weak against the USD; and

- c. The continued development of an Income Sleeve allocation currently comprised of syndicated unlisted funds focused on high quality property and select agriculture-based (poultry) assets. As at 30 June 2019, approximately 9% of the portfolio is in high yielding unlisted property trusts and 1% in a high yielding agricultural trust. Importantly, the yields generated from this Income Sleeve meaningfully exceeds the cost of the convertible debt and creates a positive yield spread, thus benefiting company shareholders.

The portfolio process and management has therefore created a unique style (compared to other Listed Investment Companies (LICs)) for our investment company. The broadening of Australian equity exposure, ability to harness international equity opportunities and introduction of direct syndicated property and income-generating operating assets present a diversity for investors that has many of the attributes of a well-constructed pension asset portfolio.

The active management style and ability to dynamically adjust portfolio positioning based on prevailing market and macro conditions enables the portfolio manager to adjust the asset allocations with the aim of generating a consistent return.

In conclusion, I note that year just passed was a good one and while global uncertainties remain, I expect the next year to also offer a range of attractive investment opportunities – more so because of the diversity of opportunity afforded to the portfolio manager.

On your behalf, I thank the staff of the Manager for their work during the year. I also thank shareholders for their support of the company over financial year 2019.

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) Julian Gosse Brett Spork					
Company Secretary	Biju Vikraman					
Investment Manager	Clime Asset Management Pty Limited Level 13, 20 Hunter Street Sydney NSW 2000					
Registered Office	Level 13 20 Hunter Street Sydney NSW 2000					
Contact Details	Postal Address: P.O. Box H90 Australia Square Sydney, NSW 1215 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 Level 16, Tower 2 Darling Park 201 Sussex Street Sydney NSW 2000					
Stock Exchange Listing	Clime Capital Limited securities are listed on the Australian Securities Exchange under the following exchange code:  <table><tr><td>Fully Paid Ordinary Shares</td><td>CAM</td></tr><tr><td>Convertible Notes</td><td>CAMG</td></tr></table>		Fully Paid Ordinary Shares	CAM	Convertible Notes	CAMG
Fully Paid Ordinary Shares	CAM					
Convertible Notes	CAMG					

Your directors present their report on Clime Capital Limited ("the Company") for the financial year ended 30 June 2019.

## **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. Julian Gosse  
Mr. Brett Spork  
Mr. Anthony Golowenko (resigned 1 July 2019)

## **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 35 years' funds management experience in Australia having been General Manager Investments of the NRMA. Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

#### ***Other current directorships***

WAM Research Limited, Australian Leaders Fund Limited and Clime Investment Management Ltd

#### ***Former directorships in last 3 years***

WAM Active Limited, Watermark Market Neutral Fund Limited, Watermark Global Limited and CBG Capital Limited

#### ***Special responsibilities***

Member of Remuneration Committee  
Member of Nomination Committee

#### ***Interests in shares***

990,000 ordinary shares in Clime Capital Limited.

#### ***Interests in convertible notes***

45,000 convertible notes in Clime Capital Limited.

### **Mr. Julian Gosse**

### **Independent Director**

#### ***Experience and expertise***

Julian Gosse was appointed Independent Director in September 2003. Mr. Gosse 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***

Australian Leaders Fund Limited and WAM Research Limited

#### ***Former directorships in last 3 years***

Iron Road Limited

#### ***Special responsibilities***

Chairman of Audit Committee  
Chairman of Remuneration Committee  
Chairman of Nomination Committee

#### ***Interest in shares***

None.

#### ***Interests in convertible notes***

None.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' REPORT**

**Information on directors (continued)**

**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 B.T.I.G., 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**

PM Capital Global Opportunities Fund Limited and PM Asian Opportunities Limited

**Former directorships in last 3 years**

None.

**Special responsibilities**

Member of Audit Committee  
Member of Remuneration Committee  
Member of Nomination Committee

**Interests in shares**

102,500 ordinary shares in Clime Capital Limited.

**Interests in convertible notes**

16,667 convertible notes in Clime Capital Limited.

**Mr. Anthony Golowenko**

**Director**

**Experience and expertise**

Mr. Anthony Golowenko was appointed a Director of the Company in March 2018. Mr. Golowenko has over 20 years investment experience in domestic and international equities, return enhancing and risk reducing overlays and objective based strategy development. He joined Clime Group in June of 2016 and subsequently implemented an objective-based investment approach and framework of purposeful asset allocation and portfolio design. Anthony holds a Bachelor of Mathematics and Finance degree with First Class Honours from the University of Technology, Sydney, and is a CFA charterholder.

**Other current directorships**

None.

**Former directorships in last 3 years**

None.

**Special responsibilities**

None.

**Interests in shares**

215,250 ordinary shares in Clime Capital Limited.

**Interests in convertible notes**

None.

**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 around 20 years experience in accounting, audit, finance and governance 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 2019, and the numbers of meetings attended by each director were:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr. John Abernethy	7	7	-	-
Mr. Julian Gosse	7	6	2	2
Mr. Brett Spork	7	7	2	2
Mr. Anthony Golowenko	7	7	-	-



**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' REPORT**

**Information on directors (continued)**

Director	Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B
Mr. John Abernethy	1	1	1	1
Mr. Julian Gosse	1	1	1	1
Mr. Brett Spork	1	1	1	1
Mr. Anthony Golowenko	-	-	-	-

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. Gosse 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, international Securities Exchanges and selected unlisted unit trusts.

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

**Review of operations**

**Investment income from ordinary activities**

Investment income for the year was \$11,976,963 (2018: \$12,952,194). This decrease was primarily due to a decrease in unrealised gains on financial assets held as at 30 June 2019.

**Net profit attributable to members of the Company**

Profit from ordinary activities after tax attributable to members was \$6,601,175 (2018: \$7,952,336).

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 1 to 3 of the Annual Report.

**Dividends paid or recommended**

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

	2019 \$	2018 \$
<b>Total dividends paid</b>		
Final ordinary dividend paid during the year in respect of the prior financial year	1,116,704	1,118,752
Interim ordinary dividend paid in respect of the September 2018 and 2017 quarter	1,141,629	1,121,406
Interim ordinary dividend paid in respect of the December 2018 and 2017 quarter	1,142,503	1,123,121
Interim ordinary dividend paid in respect of the March 2019 and 2018 quarter	1,145,052	1,123,317
<b>Total dividends paid</b>	<b>4,545,888</b>	<b>4,486,596</b>
<b>Total dividends declared not paid</b>		
Final ordinary dividend in respect of the current financial year	1,146,500	1,116,704
<b>Total dividends declared not paid</b>	<b>1,146,500</b>	<b>1,116,704</b>
<b>Total dividends paid or recommended</b>	<b>5,692,388</b>	<b>5,603,300</b>

Prior to the end of the financial year, the Directors declared a fully franked dividend of 1.25 cents per share payable on 26 July 2019 on ordinary shares as at record date 5 July 2019.

**Significant changes in state of affairs**

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. 2,229,124 shares were issued on 24 September 2018.

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 Ordinary shares for every Convertible Note.

On 18 June 2019, the Company proposed to make an offer to acquire all the shares in CBG Capital Limited (ASX: CBC) not currently owned by CAM under an off-market takeover bid. The Company offered 0.8441 fully paid ordinary shares in CAM (CAM shares) and 0.2740 listed convertible notes issued by CAM (CAM Notes) for each CBG share held, implying an offer value of \$1.0336 per CBG share.

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

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' REPORT**

**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 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. During the 2019 financial year, 658,689 ordinary shares were bought back and cancelled.

**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.

**Unissued shares**

There are 22,280,162 (2018: 22,280,162) unissued ordinary shares of Clime Capital in the form of convertible notes 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
Julian Gosse	Independent, Non-Executive Director
Brett Spork	Independent, Non-Executive Director
Anthony Golowenko	Non-Executive Director (resigned 1 July 2019)

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, and a director, Mr. Anthony Golowenko used to be employed by Clime Investment Management Limited (the parent company of the Investment Manager) and did not receive any form of direct remuneration from the Company. Instead Clime Investment Management Limited received fees from Clime Capital Limited designed to cover the cost of provision of these services and Clime Investment Management Limited settled this amount directly with the Chairman and the Director. The Company had 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**

2019	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	
John Abernethy *	30,000	-	30,000
Julian Gosse	36,530	3,470	40,000
Brett Spork	40,000	-	40,000
Anthony Golowenko * (resigned 1 July 2019)	30,000	-	30,000
<b>Total key management personnel</b>	<b>136,530</b>	<b>3,470</b>	<b>140,000</b>

2018	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	
John Abernethy *	33,750	-	33,750
Geoffrey Wilson (resigned 7 March 2018)	6,233	592	6,825
Julian Gosse	33,105	3,145	36,250
Brett Spork **	46,250	-	46,250
Anthony Golowenko *	8,175	-	8,175
<b>Total key management personnel</b>	<b>127,513</b>	<b>3,737</b>	<b>131,250</b>

\*Paid to Clime Investment Management Ltd and not to Mr. John Abernethy or Mr. Anthony Golowenko.

\*\* Includes \$10,000 paid as fees in connection with management of the Placement and the Entitlement Offer.

D Service agreements

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

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' REPORT**

**Remuneration report - audited (continued)**

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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Clime Asset Management Pty Limited - Note (c)(i)	814,881	733,709
Clime Investment Management Ltd - Note (c)(ii)	84,000	65,924
	<b>898,881</b>	<b>799,633</b>

**(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 Limited**

Mr. John Abernethy is a Director of the Investment Manager, Clime Asset Management Pty Limited (a wholly-owned subsidiary of ASX listed company Clime Investment Management Ltd). Clime Asset Management Pty Limited 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 of Clime Investment Management Ltd. Clime Investment Management Ltd received management fees as remuneration for the employment of the Chairman, a Director and the Company Secretary as detailed in Note 14. Clime Investment Management Ltd directly owns 6.28% of the share capital of the Company as at 30 June 2019. Clime Investment Management Ltd, through the Investment Manager, has the indirect power to dispose 5.26% of the Company's shares held by the Investment Manager's individually managed accounts.

**(d) Shareholdings of Directors and Key Management Personnel**

**Shareholdings**

**2019**

	<b>Balance at 1 July 2018</b>	<b>Shares acquired/ Bonus</b>	<b>Shares disposed</b>	<b>Balance at 30 June 2019</b>
	(Nos)	(Nos)	(Nos)	(Nos)
<b>Ordinary Shares</b>				
John Abernethy (Chairman)	900,000	90,000	-	990,000
Brett Spork	100,000	2,500	-	102,500
Anthony Golowenko (resigned 1 July 2019)	210,000	5,250	-	215,250
	<b>1,210,000</b>	<b>97,750</b>	<b>-</b>	<b>1,307,750</b>
<b>Convertible notes</b>				
	(Nos)	(Nos)	(Nos)	(Nos)
John Abernethy (Chairman)	45,000	-	-	45,000
Brett Spork	16,667	-	-	16,667
	<b>61,667</b>	<b>-</b>	<b>-</b>	<b>61,667</b>

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' REPORT**

**Remuneration report - audited (continued)**

**(d) Shareholdings of Directors and Key Management Personnel (continued)**

**2018**

	Balance at 1 July 2017 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2018 (Nos)
<b>Ordinary Shares</b>				
John Abernethy (Chairman)	790,000	110,000	-	900,000
Geoffrey Wilson (resigned 1 March 2018)	756,274	-	-	756,274
Brett Spork	100,000	-	-	100,000
Anthony Golowenko	-	210,000	-	210,000
	<b>1,646,274</b>	<b>320,000</b>	<b>-</b>	<b>1,966,274</b>

	Balance at 1 July 2018 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2018 (Nos)
<b>Convertible Notes</b>				
John Abernethy (Chairman)	-	137,500	(92,500)	45,000
Geoffrey Wilson (resigned 1 March 2018)	-	109,125	-	109,125
Brett Spork	-	16,667	-	16,667
Anthony Golowenko	-	25,000	(25,000)	-
	<b>-</b>	<b>288,292</b>	<b>(117,500)</b>	<b>170,792</b>

**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

**Performance result - historical analysis**

	30 June 2019 \$	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$	30 June 2015 \$
Investment gains/(losses)	11,976,963	12,952,194	7,823,477	(247,717)	457,148
Net profit/(loss) before tax	8,480,647	10,509,665	6,400,566	(1,691,060)	(1,033,869)
Net profit/(loss) after tax	6,601,175	7,952,336	5,150,809	(639,220)	(122,352)
Dividends paid/provided for	4,575,684	4,484,548	5,042,795	5,204,660	5,216,031

**Movements in shareholder wealth - historical analysis**

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Adjusted NTA cum dividend - pre tax <sup>1</sup>	\$0.97	\$0.94	\$0.87	\$0.86	\$0.95
Adjusted NTA cum dividend - post tax <sup>1</sup>	\$0.94	\$0.92	\$0.88	\$0.86	\$0.94
Interim dividends - ordinary shares <sup>2</sup>	3.75cps	3.75cps	3.60cps	3.60cps	3.45cps
Final dividend - ordinary shares <sup>2</sup>	1.25cps	1.25cps	1.25cps	1.20cps	1.20cps
Preference share dividends <sup>2</sup>	-	-	15.00cps	18.00cps	18.75cps
Bonus share issue - ord. shares	1 for 40	-	-	-	-
Basic EPS <sup>1,2</sup>	7.21cps	8.64cps	4.85cps	(2.39cps)	(1.86cps)
Diluted EPS <sup>1,2</sup>	6.71cps	8.17cps	4.85cps	(2.39cps)	(1.86cps)

<sup>1</sup> Taking into account the dilutive effect of bonus and preference shares

<sup>2</sup> 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**

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).

It is alleged that the problems relating to the Ichthys Project were not disclosed to the market until 6 November 2014. At this time, UGL informed the market about the significant cost overruns affecting the Ichthys Project, and that the joint venture had recognised a provision.

It is claimed that the unlawful conduct by UGL between 16 April 2014 to 5 November 2014 inclusive in failing to disclose the Ichthys Project issues, caused CAM and the other group members who had acquired an interest in UGL shares during this period, to suffer loss. All acquisitions of UGL shares by CAM were made during the claim period.

An in principle settlement has been reached by parties, with the key conditions being the parties reaching agreement on the terms of a deed of settlement and on the approval of the Federal Court of Australia.

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 30 June 2019, the Company has no contingent liabilities or commitments (2018: \$Nil).

**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 14.

Signed in accordance with a resolution of the directors.



John Abernethy  
Chairman

Sydney, 12 August 2019

Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

**p.** +61 2 9221 2099  
**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**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 2019, 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.



MARK GODLEWSKI  
Partner

PITCHER PARTNERS  
Sydney

12 August 2019



**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Investment income</b>			
Investment revenue	2	3,956,296	3,259,098
Net realised gain on disposal of financial assets at fair value through profit or loss		6,130,770	3,324,431
Net unrealised gain on financial assets at fair value through profit or loss		1,849,267	6,279,184
Net foreign exchange gain		40,630	89,481
<b>Total investment income</b>		<b>11,976,963</b>	<b>12,952,194</b>
<b>Expenses</b>			
Management fees		(1,086,508)	(978,277)
Brokerage costs		(343,497)	(178,446)
Accounting fees		(61,500)	(61,500)
Custody fees		(36,786)	(30,464)
ASX fees		(45,820)	(52,913)
Share registry fees		(83,356)	(67,887)
Directors and company secretarial fees	15(a)	(166,400)	(155,250)
Other administrative expenses		(146,863)	(118,670)
<b>Total expenses</b>		<b>(1,970,730)</b>	<b>(1,643,407)</b>
Finance costs	10	(1,525,586)	(799,122)
<b>Profit for the year before income tax expense</b>		<b>8,480,647</b>	<b>10,509,665</b>
Income tax expense	4(a)	(1,879,472)	(2,557,329)
<b>Profit for the year</b>		<b>6,601,175</b>	<b>7,952,336</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>6,601,175</b>	<b>7,952,336</b>
<b>Basic earning per share</b>	6	<b>7.21cps</b>	<b>8.64cps</b>
<b>Diluted earning per share</b>	6	<b>6.71cps</b>	<b>8.17cps</b>

*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 2019**

	Note	2019 \$	2018 \$
<b>Assets</b>			
Cash and cash equivalents	13(a)	4,584,628	12,023,828
Trade and other receivables	7	864,923	587,483
Financial assets at fair value through profit or loss	8	105,119,672	94,308,137
Current tax benefit	4(b)	-	34,931
Prepayments		4,123	51,007
<b>Total assets</b>		<b>110,573,346</b>	<b>107,005,386</b>
<b>Liabilities</b>			
Trade and other payables	9	747,117	376,500
Dividends payable	5(b)	1,146,500	1,116,704
Current tax liability	4(b)	360,531	-
Net deferred tax liabilities	4(c)	1,802,775	1,331,448
Convertible notes	10	20,963,020	20,774,019
<b>Total liabilities</b>		<b>25,019,943</b>	<b>23,598,671</b>
<b>Net assets</b>		<b>85,553,403</b>	<b>83,406,715</b>
<b>Equity</b>			
Issued capital	11	81,438,887	81,317,690
Option premium on convertible notes		196,351	196,351
Accumulated losses	12(a)	(10,361,709)	(10,443,884)
Profit reserve	12(b)	14,279,874	12,336,558
<b>Total equity</b>		<b>85,553,403</b>	<b>83,406,715</b>

*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 2019**

			Accumulated		Option	
	Note	Issued Capital	Losses	Profit Reserve	Premium on	Total Equity
		\$	\$	\$	Convertible	\$
					Notes	
					\$	
<b>Balance at 1 July 2017</b>		<b>81,447,946</b>	<b>(10,471,220)</b>	<b>8,896,106</b>	-	<b>79,872,832</b>
Profit for the year		-	7,952,336	-	-	7,952,336
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>7,952,336</b>	<b>-</b>	<b>-</b>	<b>7,952,336</b>
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares	11(a)	734,866	-	-	-	734,866
Issue of convertible notes	10	-	-	-	280,502	280,502
Deferred tax on issue of convertible notes		-	-	-	(84,151)	(84,151)
Shares acquired under buy-back	11(a)	(864,146)	-	-	-	(864,146)
Transaction costs on shares acquired under buy-back	11(a)	(1,394)	-	-	-	(1,394)
Income tax on transaction costs	11(a)	418	-	-	-	418
Dividends provided for or paid	5	-	-	(4,484,548)	-	(4,484,548)
		(130,256)	-	(4,484,548)	196,351	(4,418,453)
Transfer to profit reserve		-	(7,925,000)	7,925,000	-	-
		<b>(130,256)</b>	<b>(7,925,000)</b>	<b>3,440,452</b>	<b>196,351</b>	<b>(4,418,453)</b>
<b>Balance at 30 June 2018</b>		<b>81,317,690</b>	<b>(10,443,884)</b>	<b>12,336,558</b>	<b>196,351</b>	<b>83,406,715</b>
Profit for the year		-	6,601,175	-	-	6,601,175
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>6,601,175</b>	<b>-</b>	<b>-</b>	<b>6,601,175</b>
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares	11(a)	714,327	-	-	-	714,327
Shares acquired under buy-back	11(a)	(592,484)	-	-	-	(592,484)
Transaction costs on shares acquired under buy-back	11(a)	(923)	-	-	-	(923)
Income tax on transaction costs	11(a)	277	-	-	-	277
Dividends provided for or paid	5	-	-	(4,575,684)	-	(4,575,684)
		121,197	-	(4,575,684)	-	(4,454,487)
Transfer to profit reserve	12	-	(6,519,000)	6,519,000	-	-
		<b>121,197</b>	<b>(6,519,000)</b>	<b>1,943,316</b>	<b>-</b>	<b>(4,454,487)</b>
<b>Balance at 30 June 2019</b>		<b>81,438,887</b>	<b>(10,361,709)</b>	<b>14,279,874</b>	<b>196,351</b>	<b>85,553,403</b>

*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 2019**

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		86,262,720	59,387,008
Payments for purchase of investments		(89,166,340)	(78,654,057)
		(2,903,620)	(19,267,049)
Dividends and trust distributions received		3,981,170	3,079,973
Interest received		161,930	98,706
Payments for administrative and other expenses		(820,793)	(728,052)
Investment manager's fees paid		(1,083,928)	(955,207)
Income tax paid		(1,012,406)	(53,373)
<b>Net cash outflow from operating activities</b>	13(c)	<b>(1,677,647)</b>	<b>(17,825,002)</b>
<b>Cash flows from financing activities</b>			
Dividends paid net of dividend reinvestment		(3,831,561)	(3,751,730)
Proceeds from issue of convertible notes (net of raising costs)		-	20,874,342
Payment for share buy-back including transaction costs		(593,407)	(865,540)
Finance costs paid on convertible notes		(1,336,585)	(618,943)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(5,761,553)</b>	<b>15,638,129</b>
<b>Net decrease in cash held</b>		<b>(7,439,200)</b>	<b>(2,186,873)</b>
Effects of exchange rate movements on cash		-	104,783
Cash and cash equivalents at beginning of the financial year		12,023,828	14,105,918
<b>Cash and cash equivalents at end of the financial year</b>	13(a)	<b>4,584,628</b>	<b>12,023,828</b>

*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 2019**

**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**

***Financial instruments***

**i) Classification**

The Company's investments are categorised at fair value through profit or loss. They comprise investments in publicly listed and unlisted companies and listed 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 and by presenting the Statement of Financial Position on a liquidity basis.

**ii) Recognition/derecognition**

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

**iii) Measurement**

Financial assets 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. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

The fair value of financial assets 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.

***Convertible notes***

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in statement of changes in equity as an option premium on convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**(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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Income tax (continued)**

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.

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) Trade and other receivables**

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within a few days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on due date.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**(f) Trade and other payables**

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Amounts payable for securities purchased are recorded when the purchase has occurred.

**(g) 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Revenue**

**i) 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.

**(i) 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.

**(j) 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.

**(k) Profit reserve**

The profits reserve is made up of amounts transferred from current and retained earnings/accumulated losses that are preserved for future dividend payments.

**(l) 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.

**(m) 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) New and amended standards adopted by the Company (continued)**

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

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. The Company's receivables include dividend and settlement of share trade. As the settlement period is short, the change in impairment rules did not have a material impact.

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

AASB 15 superseded 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, dividends, 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.

**(n) New accounting standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**2. INVESTMENT REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Dividends and trust distributions	3,794,367	3,149,380
Interest	161,929	109,718
<b>TOTAL</b>	<b>3,956,296</b>	<b>3,259,098</b>

**3. AUDITORS' REMUNERATION**

Remuneration of Pitcher Partners in relation to:		
Audit and review of the financial reports	30,000	36,500
Taxation	5,200	5,200
<b>TOTAL</b>	<b>35,200</b>	<b>41,700</b>



**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4. TAXATION</b>		
<b>(a) Income tax expense</b>		
The prima facie tax on profit before income tax is reconciled to income tax expense as follows:		
Prima facie tax expense on profit/(loss) before income tax at 30%	2,544,194	3,152,900
Adjusted for tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Imputation gross up on dividends received	303,721	248,926
Franking credits on dividends received	(1,012,404)	(829,755)
Withholding tax on dividends received	(2,553)	(12,969)
Permanent differences	80,230	(1,773)
Prior year under/(over) provision	(33,716)	-
<b>Income tax expense</b>	<b>1,879,472</b>	<b>2,557,329</b>
The applicable weighted average effective tax rates are as follows:	22.16%	24.33%
<b>(b) Current tax (liability)/benefit</b>		
Income Tax	(360,531)	34,931
<b>(c) Net deferred tax (liabilities)/assets</b>		
<b>Deferred tax liabilities</b>		
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	(3,075,042)	(2,603,995)
Other temporary differences	(243,577)	(243,578)
	<b>(3,318,619)</b>	<b>(2,847,573)</b>
<b>Deferred tax assets</b>		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:		
Carried forward tax losses	1,355,924	1,355,924
Costs associated with the issue of shares deductible in future years	159,920	160,201
	<b>1,515,844</b>	<b>1,516,125</b>
<b>Net deferred tax (liabilities)</b>	<b>(1,802,775)</b>	<b>(1,331,448)</b>
<b>(d) Income tax expense recognised in the profit or loss</b>		
Current income tax expense	2,544,194	3,152,900
Deferred tax relating to the origination and reversal of temporary differences	(631,006)	(595,571)
Prior year under/(over) provision	(33,716)	-
	<b>1,879,472</b>	<b>2,557,329</b>

**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 2018 financial year of 1.25 cents per share was paid on 27 July 2018 (2018: 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
-----------	-----------

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	2019 \$	2018 \$
<b>5. DIVIDENDS (CONTINUED)</b>		
<b>(a) Paid in the current year (continued)</b>		
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 (2018: 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
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 (2018: 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
A fully franked dividend on ordinary shares for the quarter ended 31 March 2019 of 1.25 cents per share was paid on 26 April 2019 (2018: A fully franked dividend on ordinary shares for the quarter ended 31 March 2018 of 1.25 cents per share was paid on 27 April 2018)	1,145,052	1,123,317
	<b>4,545,888</b>	<b>4,486,596</b>
<b>(b) Provided for in the current year</b>		
A fully franked dividend in respect of the 2019 year of 1.25 cents per share was payable on ordinary shares as at 30 June 2019 (2018: A fully franked dividend in respect of the 2018 year of 1.25 cents per share was payable on ordinary shares as at 30 June 2018)	1,146,500	1,116,704
	<b>1,146,500</b>	<b>1,116,704</b>
<b>(c) Dividend franking account</b>		
Franking account balance	61,341	(21,034)
Impact on franking account balance of dividends not recognised, payable on 26 July 2019 (2018: 27 July 2018)	(491,357)	(478,588)
	<b>(430,016)</b>	<b>(499,622)</b>
<b>6. EARNINGS PER SHARE</b>		
<b>Basic earning per share</b>	<b>7.21cps</b>	<b>8.64cps</b>
<b>Diluted earning per share</b>	<b>6.71cps</b>	<b>8.17cps</b>
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
<b>Basic earning per share</b>		
Total comprehensive income for the year	\$ 6,601,175	7,952,336
Earnings used in calculating basic earnings per share	\$ 6,601,175	7,952,336
Weighted average number of ordinary shares used in the calculation of basic earnings per share <sup>(1)</sup>	Nos 91,535,709	92,037,579
<b>Diluted earning per share</b>		
Earnings used in calculating basic earnings per share	\$ 6,601,175	7,952,336
Add: interest expense on convertible notes (net of tax)	\$ 1,067,910	559,385
Earnings used in calculating diluted earnings per share	\$ 7,669,085	8,511,721
Weighted average number of ordinary shares used in the calculation of basic earnings per share <sup>(1)</sup>	Nos 91,535,709	92,037,579
Adjustments for calculation of diluted earnings per share:		
- Convertible notes	Nos 22,837,166	12,180,638
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	Nos 114,372,875	104,218,217

<sup>(1)</sup> In accordance with AASB 133 *Earnings per Share* the comparative calculation has been adjusted to reflect the impact of the 1 for 40 bonus shares issued by the company on 24 September 2018.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Unsettled trades	593,796	131,101
Income receivable	239,980	426,784
Other debtors	31,147	29,598
	<b>864,923</b>	<b>587,483</b>

**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 these amounts.

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

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

(1) Listed equities - domestic	90,148,514	82,288,152
Listed equities - international	-	3,199,653
Listed convertible notes	2,697,947	-
(2) Trusts		
Listed unit trusts	-	2,217,947
Unlisted unit trusts	12,273,211	6,602,385
	<b>105,119,672</b>	<b>94,308,137</b>

**9. TRADE AND OTHER PAYABLES**

Accrued expenses	105,216	87,122
Amount payable to related parties	92,849	90,269
Unsettled trades	549,052	199,109
	<b>747,117</b>	<b>376,500</b>

**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. 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**10. CONVERTIBLE NOTES (CONTINUED)**

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

	2019 \$	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)
<b>Equity component at the end of the year</b>	<b>196,351</b>	<b>196,351</b>
Classification of liability component at the end of the year:		
- Current	110,273	109,875
- Non-current	20,852,747	20,664,144
	<b>20,963,020</b>	<b>20,774,019</b>
Liability component at the beginning of the year	20,774,019	20,593,840
Interest expense for the year calculated at effective interest rate of 7.27%	1,525,586	799,122
Finance costs paid	(1,336,585)	(618,943)
<b>Liability component at the end of the year</b>	<b>20,963,020</b>	<b>20,774,019</b>

**Fair value**

Fair value of the convertible notes as at 30 June 2019 amounting to \$22,280,162 (30 June 2018: \$21,834,559) was determined by reference to published price quotation \$1.00 (30 June 2018: \$0.98) of convertible note ticker ASX:CAMG as at 30 June 2019.

**11. ISSUED CAPITAL**

Issued and paid-up capital		
91,720,037 (2018: 89,336,308) ordinary fully paid shares	81,438,887	81,317,690

	Number of shares 2019	Number of shares 2018	2019 \$	2018 \$
<b>(a) Movements in ordinary share capital</b>				
Balance at beginning of the year	89,336,308	89,500,008	81,317,690	81,447,946
Shares acquired under buy-back	(658,689)	(1,009,641)	(592,484)	(864,146)
Issue of shares pursuant to a 1 for 40 bonus issue on 24 September 2018	2,229,124	-	-	-
Transaction cost on shares acquired under buy-back	-	-	(923)	(1,394)
Income tax on transactions costs	-	-	277	418
Dividend reinvestment plan	813,294	845,941	714,327	734,866
Balance at the end of the year	<b>91,720,037</b>	<b>89,336,308</b>	<b>81,438,887</b>	<b>81,317,690</b>

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 noteholders and creditors and are fully entitled to any proceeds on liquidation.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**11. ISSUED CAPITAL (CONTINUED)**

**(b) On-market share buy-back - ordinary shares**

On 10 January 2019, the Company announced its intention to refresh 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.

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 658,689 (2018: 1,009,641) 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 \$0.90 per share (2018: \$0.86), with prices ranging from \$0.830 cents to \$0.935 cents (2018: \$0.840 cents to \$0.880 cents). Cost of \$592,484 (2018: \$864,146), plus \$646 (2018: \$976) transaction costs net of tax, was deducted from contributed equity.

The shares bought back in the years ended 30 June 2019 and 30 June 2018 were cancelled immediately.

**(c) Capital risk management**

The Company's capital structure currently consists of share capital, retained earnings/accumulated losses and convertible notes. 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.

	2019 \$	2018 \$
<b>12. RESERVES AND ACCUMULATED LOSSES</b>		
<b>(a) Accumulated losses</b>		
Balance at the beginning of the year	(10,443,884)	(10,471,220)
Net profit attributable to members of the Company	6,601,175	7,952,336
Transfer to profit reserve	(6,519,000)	(7,925,000)
<b>Balance at end of year</b>	<b>(10,361,709)</b>	<b>(10,443,884)</b>
<b>(b) Profit reserve</b>		
Balance at the beginning of the year	12,336,558	8,896,106
Transfer from accumulated losses	6,519,000	7,925,000
Dividends provided for or paid	(4,575,684)	(4,484,548)
<b>Balance at end of year</b>	<b>14,279,874</b>	<b>12,336,558</b>

Profit reserve is made up of amounts allocated from current and retained earnings/accumulated losses that are preserved for future dividend payments.

**13. 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	4,584,628	12,023,828
<b>Total cash and cash equivalents</b>	<b>4,584,628</b>	<b>12,023,828</b>

**(b) Reconciliation of liabilities arising from financing activities**

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amount of such liabilities, which comprise convertible notes, are summarised below.

	2019 \$	2018 \$
Balance at the beginning of the year	20,774,019	-
Convertible notes issued	-	20,593,840
Interest accrued	1,525,586	799,122
Payments made	(1,336,585)	(618,943)
<b>Balance at the end of the year</b>	<b>20,963,020</b>	<b>20,774,019</b>

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>13. CASH FLOW INFORMATION (CONTINUED)</b>		
<b>(c) Reconciliation of net profit attributable to members of the Company to net cash inflow/(outflow) from operating activities</b>		
Profit attributable to members of the Company	6,601,175	7,952,336
Adjustment:		
Finance costs	1,525,586	799,122
Changes in assets and liabilities:		
Increase in trade and other receivables	(277,440)	(1,095)
Increase in investments at fair value through profit or loss	(10,811,535)	(28,139,069)
(Increase)/decrease in prepayments	46,884	(28,019)
Increase/(decrease) in trade and other payables	370,617	(912,233)
Increase in net deferred tax liability	471,327	1,801,619
Increase in deferred tax option premium on convertible notes	-	(84,151)
Increase in income tax on transactions costs	277	418
Decrease in current tax benefit	34,931	786,070
Increase in current tax liability	360,531	-
<b>Net cash outflow from operating activities</b>	<b>(1,677,647)</b>	<b>(17,825,002)</b>
<b>(d) Non-cash transaction</b>		
During the current year the Company entered into the following financing activities which were not reflected in the cash flows.		
Dividends reinvested	714,327	734,866
<b>Total non-cash transactions</b>	<b>714,327</b>	<b>734,866</b>

**14. 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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Clime Asset Management Pty Limited - Note (c)(i)	814,881	733,709
Clime Investment Management Ltd - Note (c)(ii)	84,000	65,924
	<b>898,881</b>	<b>799,633</b>

As at 30 June 2019, \$92,849 (2018: \$90,269) 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 Limited**

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

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**14. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(c) Nature of Relationships (continued)**

**(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, one of the Directors (Mr. Anthony Golowenko) and the Company Secretary as detailed in Note 15. Clime Investment Management Ltd directly owns 6.28% of the share capital of the Company as at 30 June 2019. Clime Investment Management Ltd, through the Investment Manager, has the indirect power to dispose 5.26% of the Company's shares held by the Investment Manager's individually managed accounts.

**15. KEY MANAGEMENT PERSONNEL DISCLOSURE**

The Company has no 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 14.

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
Julian Gosse	- Non-Executive Director
Brett Spork	- Non-Executive Director
Anthony Golowenko	- Non-Executive Director (resigned 1 July 2019)

**(a) Remuneration of Directors and Other Key Management Personnel**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash salary, fees and commissions*	136,530	127,513
<b>Short-term employee benefits</b>	<b>136,530</b>	<b>127,513</b>
Superannuation	3,470	3,737
<b>Post-employment benefits</b>	<b>3,470</b>	<b>3,737</b>
<b>Total employment benefits</b>	<b>140,000</b>	<b>131,250</b>

\* Includes \$60,000 (2018: \$41,925) paid/payable to Clime Investment Management Ltd for the services rendered by the Chairman and one of the Directors. Also includes \$10,000 paid in 2018 as fees in connection with management of the Placement and the Entitlement Offer.

CLIME CAPITAL LIMITED  
ABN 99 106 282 777  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019

15. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(b) Shareholdings

2019

	Balance at 1 July 2018 (Nos)	Shares acquired/ Bonus (Nos)	Shares disposed (Nos)	Balance at 30 June 2019 (Nos)
<b>Ordinary Shares</b>				
John Abernethy (Chairman)	900,000	90,000	-	990,000
Brett Spork	100,000	2,500	-	102,500
Anthony Golowenko (resigned 1 July 2019)	210,000	5,250	-	215,250
	<b>1,210,000</b>	<b>97,750</b>	<b>-</b>	<b>1,307,750</b>

	Balance at 1 July 2018 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2019 (Nos)
<b>Convertible Notes</b>				
John Abernethy (Chairman)	45,000	-	-	45,000
Brett Spork	16,667	-	-	16,667
	<b>61,667</b>	<b>-</b>	<b>-</b>	<b>61,667</b>

2018

	Balance at 1 July 2017 (Nos)	Shares acquired (Nos)	Shares disposed (Nos)	Balance at 30 June 2018 (Nos)
<b>Ordinary Shares</b>				
John Abernethy (Chairman)	790,000	110,000	-	900,000
Geoffrey Wilson (resigned 7 March 2018)	756,274	-	-	756,274
Brett Spork	100,000	-	-	100,000
Anthony Golowenko	-	210,000	-	210,000
	<b>1,646,274</b>	<b>320,000</b>	<b>-</b>	<b>1,966,274</b>

	Balance at 1 July 2017 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2018 (Nos)
<b>Convertible Notes</b>				
John Abernethy (Chairman)	-	137,500	(92,500)	45,000
Geoffrey Wilson	-	109,125	-	109,125
Brett Spork	-	16,667	-	16,667
Anthony Golowenko	-	25,000	(25,000)	-
	<b>-</b>	<b>288,292</b>	<b>(117,500)</b>	<b>170,792</b>

(c) Options to acquire ordinary shares

There were no shares or options granted during the reporting period as compensation. There were no un-exercised options relating to compensation at 30 June 2019 and 30 June 2018.



**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**16. 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.

**(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 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**(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.

**(e) 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 Note 16(d)(iv).

Interest rate risk is actively managed by the Investment Manager. The majority of the Company's interest bearing assets are held with reputable banks to ensure the Company obtains competitive rates of return while providing sufficient liquidity to meet cash flow requirements.

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.

<b>2019</b>	<b>Average %</b>	<b>Interest Rate \$</b>	<b>Bearing \$</b>	<b>Rate \$</b>	<b>Total \$</b>
<b>Financial Assets</b>					
Cash and cash equivalents	1.04%	4,584,628	-	-	4,584,628
Trade and other receivables		-	833,776	-	833,776
Financial assets at fair value through profit or loss		-	105,119,672	-	105,119,672
<b>Total Financial Assets</b>		<b>4,584,628</b>	<b>105,953,448</b>	<b>-</b>	<b>110,538,076</b>
<b>Financial Liabilities</b>					
Management fee payable and unsettled trades		-	641,901	-	641,901
Dividends payable		-	1,146,500	-	1,146,500
Convertible notes	7.27%	-	-	20,963,020	20,963,020
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,788,401</b>	<b>20,963,020</b>	<b>22,751,421</b>
<b>2018</b>	<b>Average %</b>	<b>Interest Rate \$</b>	<b>Bearing \$</b>	<b>Rate \$</b>	<b>Total \$</b>
<b>Financial Assets</b>					
Cash and cash equivalents	1.15%	12,023,828	-	-	12,023,828
Trade and other receivables		-	557,885	-	557,885
Financial assets at fair value through profit or loss		-	94,308,137	-	94,308,137
<b>Total Financial Assets</b>		<b>12,023,828</b>	<b>94,866,022</b>	<b>-</b>	<b>106,889,850</b>
<b>Financial Liabilities</b>					
Management fee payable and unsettled trades		-	289,378	-	289,378
Dividends payable		-	1,116,704	-	1,116,704
Convertible notes	7.27%	-	-	20,774,019	20,774,019
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,406,082</b>	<b>20,774,019</b>	<b>22,180,101</b>

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**16. FINANCIAL INSTRUMENTS (CONTINUED)**

**(d) Market risk (continued)**

**(ii) Foreign exchange risk**

The Company usually holds both monetary and non-monetary assets dominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets.

As at 30 June 2019, the Company did not hold any monetary and non-monetary assets dominated in currencies other than the Australian dollar (30 June 2018: \$4,391,980).

**(iii) 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.

**(iv) 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.

**Impact on profit (pre-tax)**

	Price risk		Interest rate risk Impact on profit or loss/equity		Foreign exchange rate risk	
	-10%	+10%	-100 bps	+100 bps	-10%	+10%
<b>30 June 2019</b>	(10,511,967)	10,511,967	(92,208)	92,208	-	-
<b>30 June 2018</b>	(9,430,814)	9,430,814	(86,126)	86,126	(439,198)	439,198

No effect on other comprehensive income would result from price, interest rate or foreign exchange rate risk in 2019 or 2018.

**17. FAIR VALUE MEASUREMENT**

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

The Company has no assets 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 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 closing quoted last prices at the end of the reporting period. 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**17. 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 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.

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 measured and recognised at fair value as at 30 June.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 30 June 2019</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed equities - domestic	90,148,514	-	-	90,148,514
Unlisted unit trusts	-	-	12,273,211	12,273,211
Listed convertible notes	2,697,947	-	-	2,697,947
<b>Total financial assets at fair value through profit or loss</b>	<b>92,846,461</b>	<b>-</b>	<b>12,273,211</b>	<b>105,119,672</b>
<b>At 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss</b>				
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
<b>Total financial assets at fair value through profit or loss</b>	<b>87,705,752</b>	<b>-</b>	<b>6,602,385</b>	<b>94,308,137</b>

**(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 YEAR ENDED 30 JUNE 2019**

**17. FAIR VALUE MEASUREMENT (CONTINUED)**

**(e) Reconciliation of recurring level 3 fair value movements**

	<b>Level 3 Unlisted unit trusts \$</b>
Opening balance - 1 July 2017	-
Purchases	4,592,385
Transfers in	2,000,000
Total gains recognised in profit or loss	10,000
<b>Closing balance - 30 June 2018</b>	<b>6,602,385</b>
Purchases	5,644,853
Total gains recognised in profit or loss	25,973
<b>Closing balance - 30 June 2019</b>	<b>12,273,211</b>

\$25,973 (30 June 2018: \$10,000) of the total gains and losses recognised in profit or loss in respect to level 3 fair value measurements are unrealised as they are attributable to assets held at the end of the reporting period.

**(f) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (a) and (b) above for the valuation techniques adopted.

Description	Fair value \$'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationships of unobservable inputs to fair value
<b>As at 30 June 2019</b>		Reported net asset value by investment manager		
Unlisted unit trusts	12,273,211		N/A	Direct
<b>As at 30 June 2018</b>		Reported net asset value by investment manager		
Unlisted unit trusts	6,602,385		N/A	Direct

**(g) Valuation processes used for level 3 fair value measurements**

The Company's 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. As observable prices are not available for these securities, the Company has relied on valuations provided by managers of the underlying funds, based on the net asset value per unit reported by those trusts, in order to derive the fair value of the units.

**(h) Sensitivity analysis for recurring level 3 fair value measurements**

Significant observable and unobservable inputs which affect the valuation of the underlying business of the syndicated unlisted investments include interest rates and general economic condition, including but not limited to level of economic growth, inflation, wage data, terms of trade, business activity and business and consumer confidence. To illustrate, when interest rates go up, all else being equal and in isolation, the value of the syndicated unlisted investment goes down. However, the interrelationship between key valuation inputs means individual measures do not generally move in isolation. For example, when general economic conditions such as the level of economic growth, business activity and consumer confidence improve, in isolation the value of the unlisted investment goes up. This may be offset by an accompanying increase in interest rates by Central Banks to moderate strong economic activity, which as outlined above would act to reduce the value of the syndicated unlisted investment.

**(i) 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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**18. 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 2019 and 30 June 2018.

**19. 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 through an Australian Custodian.

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.

**20. 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).

It is alleged that the problems relating to the Ichthys Project were not disclosed to the market until 6 November 2014. At this time, UGL informed the market about the significant cost overruns affecting the Ichthys Project, and that the joint venture had recognised a provision.

It is claimed that the unlawful conduct by UGL between 16 April 2014 to 5 November 2014 inclusive in failing to disclose the Ichthys Project issues, caused CAM and the other group members who had acquired an interest in UGL shares during this period, to suffer loss. All acquisitions of UGL shares by CAM were made during the claim period.

An in principle settlement has been reached by parties, with the key conditions being the parties reaching agreement on the terms of a deed of settlement and on the approval of the Federal Court of Australia.

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 30 June 2019, the Company has no contingent liabilities or commitments (2018: \$Nil).

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**21. 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.

**22. COMPANY DETAILS**

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

Level 13  
20 Hunter Street  
Sydney NSW 2000

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**  
**DIRECTORS' DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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  
Chairman

Sydney, 12 August 2019



Level 16, Tower 2 Darling Park  
201 Sussex Street  
Sydney NSW 2000

Postal Address  
GPO Box 1615  
Sydney NSW 2001

**p.** +61 2 9221 2099  
**e.** [sydneypartners@pitcher.com.au](mailto:sydneypartners@pitcher.com.au)

**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 2019, the statement of profit or loss and other 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 2019 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.

<b>Key audit matter</b>	<b>How our audit addressed the matter</b>
<b>Existence and valuation of Financial Assets</b> <b>Refer to Note 8: Financial Assets at Fair Value Through Profit or Loss and Note 17: Fair value measurement</b>	
<p>We focused our audit effort on the valuation and existence of the Company's financial assets as they are its largest asset and represent the most significant driver of the Company's Net Tangible Assets and Profits.</p> <p>At 30 June 2019, the statement of financial position includes financial assets at fair value through profit or loss of \$105,119,672.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as either "level 1" or "level 3". Level 1 is where the valuation is based on quoted prices in the market. Level 3 is where the financial asset is not traded in an active market and fair value is determined using valuation techniques and modelling the output of a valuation model is always an estimate or approximation of a value that cannot be determined with certainty.</p> <p>Given the significance of the balance, the key audit matters for us was whether the Company has accurately recorded the fair value of these financial assets and has ownership at year end.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding and evaluation of the investment management process and controls;</li> <li>▪ Reviewing and evaluating audit report on internal controls (ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>) for the current financial year for the Custodian and Investment Manager,</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness from the periods to which the audit reports relate to and obtain a bridging letter from the Custodian;</li> <li>▪ Obtaining a confirmation of the investment holdings directly from the Custodian;</li> <li>▪ Assessing the appropriateness of the Company's valuation of individual investment holdings with reference to independent sources;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial instruments to ensure current/deferred tax and realised/unrealised gains or losses;</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

**Accuracy and Completeness of Management and Performance Fees**
**Refer to Note 14: Related party transactions**

We focused our audit effort on the accuracy and completeness of management and performance fees as they are a significant expense of the Company and their calculation may require adjustments for events such as payment of company dividends and income tax, capital raisings and reductions in accordance with the Investment Management Agreement between the Company and the Investment Manager.

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 (e.g. fees charged in excess of those mandated under the management agreement).

Our procedures included, amongst others:

- Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;
- Making enquiries with the Investment Manager and the Directors with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;
- 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;
- Testing of adjustments such as company dividends, income tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;
- Testing of key inputs such as portfolio movements, application of the relevant index benchmarking, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreement;
- Assessing the adequacy of disclosures made in the financial statements.

**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 2019 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 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 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group'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 Group to cease to continue as a going concern.
- 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.

- 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.

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 the 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 9 to 12 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Clime Capital Limited for the year ended 30 June 2019, 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.

  
MARK GODLEWSKI  
Partner

12 August 2019

  
PITCHER PARTNERS  
Sydney

**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 Shareholders and Convertible Noteholders (as at 2 August 2019)**

Analysis of numbers of equity security holders & convertible note holders by size of holding:

	No. of Holders	
	Ordinary Shares	Convertible Note
1 - 1,000	276	51
1,001 - 5,000	422	87
5,001 - 10,000	371	59
10,001 - 100,000	1,204	186
100,001 and over	145	43
	<b>2,418</b>	<b>426</b>

**B. Equity Share Holders & Convertible Note Holders**

The names of the twenty largest holders of quoted equity securities are listed below as at 2 August 2019.

Name	Ordinary Shares	
	No. of Shares	Percentage of issued shares
CLIME INVESTMENT MANAGEMENT LTD	5,758,187	6.266
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,774,586	5.195
DI IULIO HOMES PTY LIMITED <DI IULIO SUPER FUND A/C>	2,585,745	2.814
SANOLU PTY LIMITED	2,347,460	2.554
MR ORLANDO BERARDINO DI IULIO & MS CATHARINA MARIA KOOPMAN	1,353,689	1.473
HEATHERS SUPER PTY LTD <HEATHERS FAMILY S/F A/C>	1,157,500	1.260
JOHN E GILL OPERATIONS PTY LTD	1,151,340	1.253
GLEN RANELAGH PTY LTD	1,059,588	1.153
DOUBLE PTY LIMITED & ABERNETHY SMSF PTY LTD <ABERNETHY SUPER FUND A/C>	990,000	1.077
GLEN RANELAGH PTY LIMITED	962,906	1.048
MR PAUL WILHELM MCCAULEY & MRS LISA-GAYE MCCAULEY <ASAP SUPER FUND A/C>	750,462	0.817
MRS MARITA TOOHER	657,187	0.715
HUDSON RETIREMENT PTY LTD <SEAGULLS SUPER A/C>	655,987	0.714
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	626,004	0.681
MR HUGH ROBINSON BEGGS <THE BEGGS A/C>	600,000	0.653
MR FRANCIS MAXWELL HOOPER	583,975	0.635
MR RICHARD MILLER	580,000	0.631
MR MICHAEL ANTHONY FOX & MRS SUSAN ELIZABETH FOX	562,500	0.612
IVES FAMILY INVESTMENTS PTY LTD <IVES SUPER FUND A/C>	516,718	0.562
SAOIRSE ROGHA PTY LTD <SAOIRSE SUPER FUND A/C>	501,406	0.546
	<b>28,175,240</b>	<b>30.659</b>

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**

**ASX ADDITIONAL INFORMATION**

The names of the twenty largest holders of quoted convertible notes are listed below as at 2 August 2019.

Name	Convertible Note	
	No. of Notes	Percentage of issued notes
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,778,627	16.960
NORA GOODRIDGE INVESTMENTS PTY LIMITED	2,083,333	9.351
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	634,711	2.849
DR GRAEME PETER DORAHY & MRS JEAN ELIZABETH DORAHY <DORAHY SUPER FUND A/C>	534,470	2.399
CLENDON HOUSE INVESTMENTS PTY LTD	429,166	1.926
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	416,667	1.870
MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN <C&R VAUGHAN SUPER FUND A/C>	381,632	1.713
HOMM PTY LTD <ROBBERG A/C>	313,948	1.409
JACQUELINE KAY PTY LTD <PAUL CHALMERS SUPER FUND A/C>	312,500	1.403
PETER JOHN PAUL FROHLICH & PETER RICHARD MOHAY <EST THOMAS FROHLICH A/C>	260,417	1.169
MR KYM GREGORY HAINES & MRS DEBORAH DIANNE HAINES <THE HAINES SUPER FUND A/C>	260,416	1.169
MR DICK ROBERT LISTER & MRS JAN LOUISE LISTER <LUMEN S/F A/C>	215,511	0.967
MR ELTON RICHARD EDWARDS & MRS JULIE MAE EDWARDS <EDWARDS SUPER FUND A/C>	213,541	0.958
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	212,500	0.954
MR ROBERT JOHN WILSON <WILSON PSHIP A LTD PSHIP A/C>	208,334	0.935
LAWSAM PTY LTD	208,333	0.935
JETOSEA PTY LTD	208,333	0.935
TORRES INDUSTRIES PTY LTD	208,333	0.935
P & J WALL PTY LTD <WALL FAMILY SUPER FUND A/C>	208,332	0.935
ABBAWOOD NOMINEES PTY LIMITED <ABBOTT FAMILY ACCOUNT>	200,000	0.898
	<b>11,289,104</b>	<b>50.670</b>

**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 2 August 2019.

Name	No. of shares held	Percentage of issued shares
Clime Investment Management Limited - Direct	5,758,187	6.27%
Clime Investment Management Limited - Indirect	4,700,058	5.11%

**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.

**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**

**ASX ADDITIONAL INFORMATION**

**E. Investments held at the balance date**

	<b>No. of shares held</b>	<b>Fair Value at 30 June 2019</b>
<b>Domestic securities</b>		
1300 Smiles Limited	190,862	1,211,974
Afterpay Touch Group Ltd	128,174	3,213,322
Amcor Limited	358,373	5,802,059
APN Property Group	3,482,894	1,741,447
Audinate Group Limited	320,305	2,559,237
Australia & New Zealand Banking Group Limited	127,345	3,592,402
BHP Billiton Limited	114,730	4,722,287
Bravura Solutions Limited	543,380	2,640,827
CBG Capital Ltd	391,419	395,333
Citadel Group Ltd	418,558	1,925,367
Collins Foods Ltd	154,649	1,283,587
Credit Corp Group	132,713	3,519,549
CSL Limited	15,590	3,351,850
Electro Optic System Holding	601,827	2,527,673
GUD Holdings Limited	339,992	3,403,320
Hansen Technologies Ltd	621,775	2,443,576
HELLOWORLD LTD	111,561	565,614
HUB24 Limited	128,079	1,521,579
Jumbo Interactive Ltd	80,919	1,630,518
Lovisa Holdings Ltd	159,929	1,816,793
Lycopodium Limited	146,651	709,791
Macquarie Group Limited	13,185	1,653,267
Macquarie Telcom Group Ltd	84,688	1,685,291
National Australia Bank Limited	222,490	5,944,933
Navigator Global Investments Limited	804,706	3,170,542
Orora Ltd	972,746	3,151,697
Premier Investments Limited	160,186	2,430,021
Rio Tinto Limited	15,667	1,625,608
Seek Limited	143,538	3,037,264
Treasury Wine Estate Ltd	243,375	3,631,155
Webjet Limited	263,449	3,582,906
Wesfarmers Limited	79,186	2,863,366
Westpac Banking Corporation	204,677	5,804,640
Woodside Petroleum	27,220	989,719
		<b>90,148,514</b>
<b>Income Sleeve - Syndicated listed/unlisted investments</b>		
APN Nowra Property Fund	1,500,000	1,579,200
APN Regional Property Fund	348,529	489,857
Bluewater Square Syndicate	1,500,000	1,440,000
Clime Fixed Interest Fund	1,499,151	1,512,044
Elanor Commercial Property Fund	2,232,910	2,232,910
Elanor Metro And Prime Regional Hotel Fund	1,820,000	1,929,200
Elanor Waverly Gardens Syndicate	1,000,000	1,000,000
Hunters Plaza Syndicate	1,000,000	1,000,000
Multiplex Convertible Note 31/12/2049	27,958	2,697,947
Southern Cross Poultry Fund Investment Trust	1,000,000	1,020,000
Southern Cross Poultry Fund Operating Trust	1,000,000	70,000
		<b>14,971,158</b>
		<b>105,119,672</b>



**CLIME CAPITAL LIMITED**  
**ABN 99 106 282 777**

**ASX ADDITIONAL INFORMATION**

- F.** During the year ended 30 June 2019, the Company recorded 1,829 transactions in securities. \$343,497 (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.