

Appendix 4D

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

Half-Year Ended 31 December 2019

(Previous corresponding period – Half-Year Ended 31 December 2018)

Revenue from ordinary activities	up	239%	to	\$8,460,334
Profit from ordinary activities before tax attributable to members	up	171%	to	\$5,482,525
Profit from ordinary activities after tax attributable to members	up	181%	to	\$4,203,491

<i>Dividends per share – Fully Paid Ordinary Shares</i>	<i>Amount per security</i>	<i>Franked amount per security</i>
Quarterly interim dividend – April to June 2019 (paid)	1.25c	1.25c
Quarterly interim dividend – July to September 2019 (paid)	1.25c	1.25c
Quarterly interim dividend – October to December 2019 (paid on 24 January 2020)	1.25c	1.25c
Quarterly interim dividend – January 2019 to March 2020 (payable on 24 April 2020)	1.30c	1.30c

Record date for determining entitlements to the March 2020 quarterly interim dividend is **6 April 2020**

Explanation of Revenue

Investment income for the half-year increased to \$8,460,334 (HY 18 loss: \$6,090,762). This increase was primarily due to higher unrealised and realised gains on the portfolio recognised during the half-year, a combined amount of \$6,369,183 for HY 19 (HY 18 loss: \$7,824,368).

Dividends, trust distributions, and interest income increased by 26% to \$2,091,151 compared with \$1,665,933 in HY 18.

Explanation of Net Profit to members

Profit after tax attributable to members was \$4,203,491 (HY 18 loss: \$5,182,729). This result was primarily due to higher unrealised and realised gains on portfolio recognised during the half-year.

Total operating expenses during the half-year increased from \$943,761 to \$2,085,278. This was due to performance fees accrued during the half-year and an increase in legal and professional fees in relation to the acquisition of CBG Capital Limited (CBC).

Finance costs increased from \$727,541 to \$892,531 on account of additional issue of convertible notes in relation to the CBC acquisition.

It is worthy to note that the annualised Management Expense Ratio of the Company at 31 December 2019 decreased to 1.34% when compared to 1.52% of the comparative annualised period.

Dividends

Details of dividends paid during the half-year ended 31 December 2019 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend	Franked amount per security	Foreign sourced dividend amount per security
<i>Fully Paid Ordinary Shares</i>						
5 July 2019	26 July 2019	Final	1.25 cents	\$1,146,503	1.25 cents	-
4 October 2019	25 October 2019	Interim	1.25 cents	\$1,411,475	1.25 cents	-
		Total	2.50 cents	\$2,557,978	2.50 cents	-
Grossed-up dividend yield including franking					3.57 cents	

Dividend/Distribution Reinvestment Plans

The Company operates a dividend reinvestment plan, which was available to all dividends paid during the half-year and will continue to apply to any future dividends declared.

Net tangible assets per security (Cum-Dividend)

	December 2019 \$	December 2018 \$
Net tangible asset backing per ordinary share – pre-tax	\$0.99	\$0.83
Net tangible asset backing per ordinary share – post-tax	\$0.96	\$0.83

Controlled Entities

During the half-year, the Company successfully completed its takeover offer for CBC. The Company has a relevant interest in 100% of the shares in CBC, which was delisted from the Australian Securities Exchange on 25 September 2019. As a result of the takeover offer, 21,775,883 new CAM shares and 7,068,567 new CAM convertible notes were issued as scrip consideration for the acquisition of CBC.

Associates and Joint Venture entities

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

Foreign Accounting standards

Not applicable.

Review

This report is based on the interim financial statements that have been reviewed by auditors, Pitcher Partners Sydney. The unqualified review report is attached on page 23 of the interim financial statements.



Clime Capital Limited

Interim Financial Statements For the half-year ended 31 December 2019

Clime Capital Limited

Level 13, 20 Hunter Street Sydney NSW 2000 Australia | PO Box H90 Australia Square NSW 1215
ACN 106 282 777 ABN 99 106 282 777 P +61 2 8917 2100 F +61 2 8917 2155

www.clime.com.au



Interim Financial Statements

For the half-year ended
31 December 2019

Contents

Directors' Report	5
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	22
Independent Review Report to the Members	23

Directors' Report

Your directors present their report on Clime Capital Limited ("the Company" or "CAM") for the half-year ended 31 December 2019.

Directors

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

Mr. John Abernethy
Chairman (Non-independent)

Mr. Julian Gosse
Independent Director

Mr. Brett Spork
Independent Director

Mr. Ronni Chalmers
Non-independent Director
(appointed 17 December 2019)

Mr. Anthony Golowenko
Director (resigned 1 July 2019)

Review of Operations

The Company recorded an after tax profit of \$4,203,491 for the half-year ended 31 December 2019 compared to an after tax loss of \$5,182,729 for the half-year ended 31 December 2018. This result was primarily due to unrealised gains on financial assets at fair value through profit or loss recognised during the period.

During the half-year, cash investment revenue (dividends and interest received) plus realised gains on financial assets sold was \$5,458,325 compared to \$1,874,294 for the half-year ended on 31 December 2018. The unrealised gain on portfolio movements mark-to-market was \$3,002,009 compared to a \$8,032,729 unrealised loss for the half-year ended 31 December 2018.

The Company has continued payment of quarterly dividends to its ordinary shareholders. Dividends declared during the period totalled \$2,832,890 (31 December 2018: \$2,284,132).

As at 31 December 2019 the Company has Net Tangible Assets (NTA) of \$0.99 per share (pre-tax and cum-dividend) and \$0.96 per share (post-tax and cum-dividend).

During the period, the Company successfully completed its takeover offer for CBG Capital Limited (CBC). CAM has a relevant interest in 100% of the shares in CBC, which was delisted from the Australian Securities Exchange on 25 September 2019. As a result of the takeover offer, 21,775,883 new CAM shares and 7,068,567 new CAM notes were issued as scrip consideration for the acquisition of CBC (refer to Note 4(b) of the Financial Statements for details).

After balance date events

On 10 January 2020, 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 commenced from 28 January 2020 and ends on 27 January 2021. During this period, the Company has the ability to buy a maximum of 11,371,317 fully paid ordinary shares.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2019 or on the results and cash flows of the Company for the half-year ended on that date.

Rounding off of amounts

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

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



John Abernethy
Chairman
Clime Capital Limited
Sydney, 20 February 2020



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

Auditor's Independence Declaration

To the Directors of Clime Capital Limited

ABN 99 106 282 777

In relation to the independent auditor's review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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

M Godlewski
Partner

Pitcher Partners
Sydney

20 February 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.
An independent New South Wales Partnership. ABN 17 795 780 962. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.
pitcher.com.au



INTERIM FINANCIAL STATEMENTS | Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

		Half-year ended	
	Note	31 December 2019 \$	31 December 2018 \$
Investment income			
Investment revenue	3	2,091,151	1,665,933
Net realised gain on disposal of financial assets at fair value through profit or loss		3,367,174	208,361
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		3,002,009	(8,032,729)
Net foreign exchange gain		-	67,673
Total investment income/(loss)		8,460,334	(6,090,762)
Expenses			
Management fees		(574,614)	(546,221)
Performance fees		(552,297)	-
Brokerage costs		(139,336)	(137,277)
Accounting fees		(28,290)	(30,750)
Custody fees		(14,500)	(17,030)
ASX fees	4(b)	(77,743)	(16,313)
Share registry fees	4(b)	(67,505)	(59,052)
Directors and company secretarial fees		(67,000)	(82,271)
Legal and professional fees	4(b)	(486,474)	(7,593)
Other administrative expenses	4(b)	(77,519)	(47,254)
Total expenses before finance costs		(2,085,278)	(943,761)
Finance costs	7	(892,531)	(727,541)
Profit/(loss) for the half-year before income tax expense		5,482,525	(7,762,064)
Income tax (expense)/benefit		(1,279,034)	2,579,335
Profit/(loss) for the half-year		4,203,491	(5,182,729)
Other comprehensive income for the half-year		-	-
Total comprehensive income/(loss) for the half-year		4,203,491	(5,182,729)
Basic earning/(loss) per share	6	4.01cps	(5.67)cps
Diluted earning/(loss) per share	6	3.68cps	(5.67)cps

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.

INTERIM FINANCIAL STATEMENTS | Statement of Financial Position
As at 31 December 2019

		As at	
	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
Cash and cash equivalents		3,428,306	4,584,628
Trade and other receivables		144,942	864,923
Financial assets at fair value through profit or loss	2	136,655,134	105,119,672
Current tax benefit		259,368	-
Prepayments		51,904	4,123
Total assets		140,539,654	110,573,346
Liabilities			
Trade and other payables		409,106	747,117
Dividends payable		1,421,415	1,146,500
Performance fees payable		552,297	-
Current tax liability		-	360,531
Deferred tax liabilities		2,527,580	1,802,775
Convertible notes	7	28,221,235	20,963,020
Total liabilities		33,131,633	25,019,943
Net assets		107,408,021	85,553,403
Equity			
Issued capital	4	101,891,351	81,438,887
Option premium on convertible notes	7	227,904	196,351
Accumulated losses		(10,622,218)	(10,361,709)
Profit reserve		15,910,984	14,279,874
Total equity		107,408,021	85,553,403

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

INTERIM FINANCIAL STATEMENTS | Statement of Changes in Equity
For the half-year ended 31 December 2019

	Note	Issued Capital	Accumulated Losses	Profit Reserve	Option Premium on Convertible Notes	Total
		\$	\$	\$	\$	\$
Balance as at 1 July 2018		81,317,690	(10,443,884)	12,336,558	196,351	83,406,715
Loss for the half-year		-	(5,182,729)	-	-	(5,182,729)
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive loss for the half-year		-	(5,182,729)	-	-	(5,182,729)
Transactions with owners in their capacity as owners						
Issue of ordinary shares		362,517	-	-	-	362,517
Shares acquired under buy-back		(516,947)	-	-	-	(516,947)
Transaction costs on shares acquired under buy-back		(830)	-	-	-	(830)
Income tax on transaction costs		249	-	-	-	249
Dividends provided for or paid		-	-	(2,284,132)	-	(2,284,132)
		(155,011)	-	(2,284,132)	-	(2,439,143)
Transfer to profit reserve		-	(4,512,000)	4,512,000	-	-
		(155,011)	(4,512,000)	2,227,868	-	(2,439,143)
Balance at 31 December 2018		81,162,679	(20,138,613)	14,564,426	196,351	75,784,843
Balance at 1 July 2019		81,438,887	(10,361,709)	14,279,874	196,351	85,553,403
Profit for the half-year		-	4,203,491	-	-	4,203,491
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive income for the half-year		-	4,203,491	-	-	4,203,491
Transactions with owners in their capacity as owners						
Issue of ordinary shares	4	331,239	-	-	-	331,239
Shares acquired under buy-back	4	(122,694)	-	-	-	(122,694)
Shares issued via scrip consideration for acquisition	4	20,243,983	-	-	-	20,243,983
Convertible notes issued via scrip consideration for acquisition	7	-	-	-	45,076	45,076
Deferred tax on issue of convertible notes	7	-	-	-	(13,523)	(13,523)
Transaction costs on shares acquired under buy-back	4	(92)	-	-	-	(92)
Income tax on transaction costs	4	28	-	-	-	28
Dividends provided for or paid		-	-	(2,832,890)	-	(2,832,890)
		20,452,464	-	(2,832,890)	31,553	17,651,127
Transfer to profit reserve		-	(4,464,000)	4,464,000	-	-
		20,452,464	(4,464,000)	1,631,110	31,553	17,651,127
Balance at 31 December 2019		101,891,351	(10,622,218)	15,910,984	227,904	107,408,021

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

INTERIM FINANCIAL STATEMENTS | Statement of Cash Flows
For the half-year ended 31 December 2019

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities		
Proceeds from sale of investments	44,411,381	37,013,216
Payments for purchase of investments	(41,890,427)	(36,269,894)
	2,520,954	743,322
Dividends and trust distributions received	2,186,564	1,942,910
Interest received	26,308	42,555
Payments for administrative, takeover and other expenses	(1,020,874)	(416,000)
Investment manager's fees paid	(569,525)	(552,119)
Income tax paid	(1,187,625)	(33,312)
Net cash inflow from operating activities	1,955,802	1,727,356
Cash flows from financing activities		
Dividends paid net of dividend reinvestment	(2,226,736)	(1,895,816)
Payment for share buy-back including transaction costs	(122,787)	(517,777)
Finance costs paid on convertible notes	(762,601)	(658,404)
Net cash outflow from financing activities	(3,112,124)	(3,071,997)
Net decrease in cash held	(1,156,322)	(1,344,641)
Effects of exchange rate movements on cash	-	18,725
Cash and cash equivalents at beginning of the financial half-year	4,584,628	12,023,828
Cash and cash equivalents at end of the financial half-year	3,428,306	10,697,912
Non-cash financing activities		
Shares issued via scrip consideration for acquisition	20,243,983	-
Convertible notes issued via scrip consideration for acquisition	7,173,364	-

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

NOTE 1

Statement of Accounting Policies

(a) Basis of accounting

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

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

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide full understanding of the financial performance, financial position and financing and investing activities of the Company as the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Details of Reporting Period

The current reporting period is the half-year ended 31 December 2019. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2018. For the Statement of Financial Position, the previous corresponding period is 30 June 2019.

(b) Accounting policies

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

The accounting policies in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2019.

The interim financial report was authorised for issue on 20 February 2020.

(c) Rounding off of amounts

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

(d) Key judgements and estimates

Investment entity

The Company owns 100% of the shares on issue in CBG Capital Limited. The Directors have assessed the requirements of AASB 10 *Consolidated Financial Statements* and have applied the criteria set out in that standard to the operations of the Company. Clime Capital Limited and CBG Capital Limited are considered to be investment entities and as a result, CBG Capital Limited is not consolidated into the financial statements of the Company, but rather accounted for as a financial asset at fair value through profit or loss.

NOTE 2

Fair Value Measurement

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

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

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

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

NOTE 2

Fair Value Measurement (continued)

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

The fair value of financial assets and liabilities traded in active markets (such as 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 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.

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

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

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

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

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

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

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.

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

NOTE 2

Fair Value Measurement (continued)

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

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 31 December 2019.

At 31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equities - domestic	98,249,324	1,797,102	-	100,046,426
Unlisted equities - domestic	-	28,402,613	-	28,402,613
Unlisted unit trusts	-	-	8,206,095	8,206,095
Total financial assets at fair value through profit or loss	98,249,324	30,199,715	8,206,095	136,655,134
At 30 June 2019				
Financial assets at fair value through profit or loss				
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
Total financial assets at fair value through profit or loss	92,846,461	-	12,273,211	105,119,672

NOTE 2

Fair Value Measurement (continued)

(c) 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.

The Company's wholly owned investment in CBG Capital Limited (CBC), included in Level 2 of the hierarchy, was acquired as a result of the successful takeover completed during the period. CBC was delisted from the ASX on 25 September 2019. The investment has been valued at its underlying net asset backing at the end of the reporting period. The Company's initial interest in CBC before the completion of the takeover bid, representing its holding in the entity previously listed on the ASX, was historically included in Level 1 of the hierarchy and valued using its quoted last price on the ASX. As a result of the takeover, the investment was transferred from Level 1 to Level 2 in the hierarchy during the period upon completion of the takeover.

At the end of the reporting period, management have transferred the Company's investments amounting to \$1,797,102 from Level 1 to Level 2 on the fair value hierarchy on the basis of investment price availability, and the amount of \$2,237,239 from Level 3 to Level 1 as Elanor Commercial Property Fund (ASX: ECF) was listed on ASX on 6 December 2019 and quoted market price was available at the end of the half-year.

No other transfers between levels have occurred during the half-year.

(d) Reconciliation of recurring Level 3 fair value movements

	Level 3 Unlisted unit trusts \$
Opening balance - 31 December 2018	10,165,239
Purchases	2,000,000
Total gains recognised in profit or loss	107,972
Closing balance - 30 June 2019	12,273,211
Purchases	2,231
Sales	(1,502,231)
Net transfers into/out of	(2,237,239)
Total losses recognised in profit or loss	(329,877)
Closing balance - 31 December 2019	8,206,095

\$329,877 (30 June 2019: \$107,972) of the total gains and losses recognised in profit or loss in respect to Level 3 fair value remeasurements are unrealised as they are attributable to assets and liabilities held at the end of the reporting period.

(e) 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
As at 31 December 2019				
Unlisted unit trusts	8,206,095	Reported net asset value by investment manager	N/A	Direct
As at 30 June 2019				
Unlisted unit trusts	12,273,211	Reported net asset value by investment manager	N/A	Direct

NOTE 2

Fair Value Measurement (continued)

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

The Company Income Sleeve investments are typically unlisted syndicated investments with a medium term investment horizon. The value of investment was initially recorded at cost / acquisition price.

The Manager of these unlisted funds issues periodic updates (quarterly or half yearly) to communicate the performance of underlying assets, summary financial information and periodically, independent valuation of the trust's underlying assets.

An independent external valuation is generally done annually and communicated to the investors through the regular fund update. The Company reviews these updates and will reflect the investment valuation based on the independent valuation if and when it changes.

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.

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

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

NOTE 3

Investment Revenue

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Dividends and trust distributions	2,064,843	1,606,878
Interest	26,308	59,055
Total	2,091,151	1,665,933

NOTE 4

Issued Capital

	As at	
	31 December 2019 \$	30 June 2019 \$
Issued and paid-up capital		
113,713,173 (30 June 2019: 91,720,037) ordinary fully paid shares	101,891,351	81,438,887

NOTE 4

Issued Capital (continued)

(a) Movements in ordinary share capital

	31 December 2019 Number of shares	30 June 2019 Number of shares	31 December 2019 \$	30 June 2019 \$
Balance at beginning of the period	91,720,037	89,336,308	81,438,887	81,317,690
Shares acquired under buy-back	(136,118)	(658,689)	(122,694)	(592,484)
Issue of ordinary shares pursuant to a 1 for 40 bonus issue on 24 September 2018	-	2,229,124	-	-
Issue of ordinary shares as scrip consideration for acquisition of CBG on 13 September 2019	21,017,112	-	19,545,914	-
Issue of ordinary shares as compulsory consideration for acquisition of CBG on 25 October 2019	758,771	-	698,069	-
Transaction costs on shares acquired under buy-back	-	-	(92)	(923)
Income tax on transaction costs	-	-	28	277
Dividend reinvestment plan	353,371	813,294	331,239	714,327
Balance at the end of the period	113,713,173	91,720,037	101,891,351	81,438,887

(b) Acquisition of CBG Capital Limited

During the period, Clime Capital Limited (CAM) successfully completed its takeover offer for CBG Capital Limited (CBC). The offer consideration was 0.8441 CAM share and 0.2740 CAM Convertible note for every CBC share. The Non-Executive Directors of CBC recommended that CBC shareholders accept the takeover offer on 18 June 2019.

On 30 August 2019, the takeover bid was declared free of the defeating conditions and the offer closed on 9 September 2019 with CAM receiving acceptances for 96.57% of the shares on issue in CBC. The Company subsequently proceeded with the compulsory acquisition of the remaining CBC shares. As a result, CAM has a relevant interest in 100% of the shares in CBC, which was delisted from the ASX on 25 September 2019.

CBC is a wholly owned subsidiary of CAM. The investment in CBC has been accounted for as a financial asset at fair value through profit or loss (FVTPL), consistent with the Company's accounting policies. See Note 1(d) for further information. Since acquisition until 31 December 2019, the net unrealised gain on the CBC investment amounted to \$671,168 and is included under net unrealised gain/(loss) on financial assets at fair value through profit or loss category of the Statement of Profit or Loss and Other Comprehensive Income.

The successful takeover of CBC resulted in the issuance of 21,775,883 new CAM shares and 7,068,567 new CAM convertible notes. Total takeover costs amounted to \$647,236 (inclusive of GST) for the half-year ended 31 December 2019.

NOTE 5

Dividends

(a) Paid in the current period

Dividends paid in the current period

A fully franked final dividend on ordinary shares in respect of the 2019 financial year of 1.25 cents per share was paid on 26 July 2019 (2018: 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)

A fully franked dividend on ordinary shares for the quarter ended 30 September 2019 of 1.25 cents per share was paid on 25 October 2019 (2018: 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)

Half-year ended	
31 December 2019 \$	31 December 2018 \$
1,146,503	1,116,704
1,411,475	1,141,629
2,557,978	2,258,333

(b) Provided for in the current period

A fully franked dividend on ordinary shares for the quarter ended 31 December 2019 of 1.25 cents per share was paid on 24 January 2020 (2018: 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)

1,421,415	1,142,503
1,421,415	1,142,503

(c) Dividend franking account

Franking account balance

Impact on franking account balance of dividends not recognised, paid on 24 January 2020 (2018: 24 January 2019)

727,319	(473,020)
(609,178)	(489,644)
118,141	(962,664)

NOTE 6

Earnings Per Share

	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Basic earning/(loss) per share	4.01cps	(5.67)cps
Diluted earning/(loss) per share	3.68cps	(5.67)cps

Reconciliation of earnings used in calculating basic and diluted earnings per share:

Basic earning/(loss) per share

Total comprehensive income/(loss) for the half-year	\$	4,203,491	(5,182,729)
Earnings used in calculating basic earnings per share	\$	4,203,491	(5,182,729)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	Nos	104,705,847	91,445,466

Diluted earning/(loss) per share

Earnings/(losses) used in calculating basic earnings per share	\$	4,203,491	(5,182,729)
Add: interest expense on convertible notes (net of tax)	\$	624,772	509,279
Earnings/(losses) used in calculating diluted earnings per share	\$	4,828,263	(4,673,450)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	Nos	104,705,847	91,445,466
Adjustments for calculation of diluted earnings per share:			
• Convertible notes	Nos	26,443,837	22,280,162
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	Nos	131,149,684	113,725,628

NOTE 7

Convertible Notes

Notes issued under Entitlement Offer and Placement

On 14 December 2017, the Company issued 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.

Notes issued under Takeover Bid Offer of CBG Capital Limited

On 13 September 2019, pursuant to the CBC Takeover Bid Offer guidelines, the Company issued 6,822,270 unsecured convertible notes to CBC shareholders who accepted this Offer. Subsequent to this, the Company issued 246,297 unsecured convertible notes to CBC shareholders who were compulsorily acquired. Both of these issuances operated on the same terms as the existing Notes.

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 6.22% per annum for those under the initial takeover and 5.74% per annum for those under the compulsory acquisition.

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

NOTE 7

Convertible Notes (continued)

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

	As at	
	31 December 2019 \$	30 June 2019 \$
Proceeds from issue of convertible notes (net of raising costs)	28,047,706	20,874,342
Liability component at the date of issue	(27,722,128)	(20,593,840)
Equity component at the date of issue	325,578	280,502
Deferred tax on issue of convertible notes	(97,674)	(84,151)
Equity component at the end of the period	227,904	196,351
Classification of liability component as at the end of the period:		
• Current	149,558	110,273
• Non-current	28,071,677	20,852,747
	28,221,235	20,963,020
	Half-year ended	
	31 December 2019 \$	31 December 2018 \$
Liability component at the beginning of the period/date of issue	20,963,020	20,774,019
Net proceeds from issue of convertible notes during the period	7,128,288	-
Interest expense for the period calculated at effective interest rates	892,531	727,541
Finance costs paid	(762,604)	(658,404)
Liability component at the end of the period	28,221,235	20,843,156

Fair value

Fair value of the convertible notes as at 31 December 2019 amounting to \$29,524,821 (30 June 2019: \$22,280,162) was determined by reference to published price quotation \$1.01 (30 June 2019: \$1.00) of convertible note ticker ASX:CAMG as at 31 December 2019.

NOTE 8

Contingent Assets and Liabilities

Settlement of 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).

On 9 August 2019, CAM announced that an in-principle settlement was reached by parties, with such settlement requiring an agreement of key terms and approval of the Federal Court of Australia. On or around 9 September 2019, an agreement was reached between the parties as to the key terms of the in-principle settlement. On 17 December 2019, the Federal Court of Australia approved the settlement, made orders providing for how the settlement sum is to be distributed and otherwise dismissed the proceeding. On 5 February 2020, the Federal Court of Australia handed down its judgment approving settlement.

The settlement resolves the proceeding on terms favourable to CAM and group members and will happen during the half-year ending 30 June 2020.

The class action involved extensive activity by executives of Clime Investment Management Limited in both the making of the claim and the negotiation and the settlement outcome.

NOTE 9

Events Subsequent to Reporting date

On 10 January 2020, 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 commenced from 28 January 2020 and ends on 27 January 2021. During this period, the Company has the ability to buy a maximum of 11,371,317 fully paid ordinary shares.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2019 or on the results and cash flows of the Company for the half-year ended on that date.

NOTE 10

Segment Information

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

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

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

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

NOTE 11

Company Details

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

Level 13
20 Hunter Street
Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 7 to 21:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Abernethy
Director

Sydney, 20 February 2020



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

Independent Auditor's Review Report

To the Members of Clime Capital Limited

ABN 99 106 282 777

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Clime Capital Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *"Review of a Financial Report Performed by the Independent Auditor of the Entity"*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: *"Interim Financial Reporting"* and the *Corporations Regulations 2001*. As the auditor of Clime Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

An independent New South Wales Partnership. ABN 17 795 780 962. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.
pitcher.com.au





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

Independent Auditor's Review Report

To the Members of Clime Capital Limited

ABN 99 106 282 777

Independence

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

Conclusion

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

M Godlewski
Partner

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

Pitcher Partners
Sydney

20 February 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

An independent New South Wales Partnership. ABN 17 795 780 962. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

pitcher.com.au





www.clime.com.au