



Clime Capital Limited

ABN 99 106 282 777

Annual Report

For the year ended 30 June 2020

Clime Capital Limited

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Clime Capital Limited

2020 Annual Report

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Chairman's Letter

Dear Fellow Shareholder,

The financial year 2020 will be of historic significance for it included the onset of the worldwide COVID outbreak and recession.

The year was also significant for Clime Capital Limited (CAM) as it merged with CBG Capital Limited (CBG). Consequently, I welcome the former CBG shareholders in this Chairman's letter.

After a strong first half performance and portfolio return, the second half bore the full brunt of the market correction. Whilst markets recovered from March lows (after a near 30% correction) the Australian equity market closed at 12% below its February peak and 7% below its FY19 close.

The extreme market moves during the year resulted in the half year reported profit before tax of \$5.5 million becoming a full year loss before tax of \$10.8 million.

The extent of the volatility is shown by reviewing the Company's gross portfolio return over the entire financial year and noting the very weak second half return. The gross portfolio return (pre-fees and tax) for the whole of FY20 was negative -9.4% whilst the second half gross return was a negative -13.2%.

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.

Dividends declared to shareholders amounted to 4.85 cents per share fully franked. Due to the rapid onset of the recession and the forward guidance for the lowering or passing of dividends made by many major listed companies, the CAM board determined that the final quarter (June) dividend should be reduced.

Approximately \$4.8 million of fully franked cash dividends (net of \$0.7 million dividend reinvestments) were paid to shareholders in FY20.

The Company's net assets grew over the financial year from \$85.6 million to \$93.7 million primarily due to the merger of CAM and CBG. This growth was after payment of dividends (noted above) and reflected the growth in profit reserve of approximately \$1.9 million net of dividend payments.

Issued capital increased \$20.0 million over the year as shares were pursuant to the merger with CBG. Shares were also issued under the company's DRP offset by buybacks. Over the financial year there were 800k DRP shares issued at an average of price of 87 cents. Over the year 1.1m shares were bought back at an average of 88 cents. The buybacks were undertaken at a discount to pre-tax Net Tangible Assets (NTA) per share at each time.

In December 2017 the Company issued \$20.75 million of listed unsecured convertible notes (CAMG). These notes were issued at 96 cents, mature in November 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.

CAM also issued 7,068,567 notes to CBG shareholders as part consideration pursuant to the merger. During the year and particularly when markets were very weak CAM undertook an on-market buyback of the notes (CAMG) at market prices that were a discount to the issue price. The Board believes the notes provide 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 2020 convertible debt represented around 22% of total assets.

CAM Portfolio Management outlook

Over FY20 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 cap companies. A feature towards the end of FY20 was the strong revaluation in both major resource-based companies and emerging growth companies outside the ASX 100. The manager has tactfully reduced exposure to major banks and positioned the portfolio more decisively into major iron ore exporters and a range of mid capitalisation growth companies;
- b. The International equity portfolio was not reset in FY20 as better opportunities in Australia presented for most of the year. Further, the sharp deterioration in the AUD is now reversing and the manager may reconsider investment in US markets should the AUD recover fully and above its long-term average of US75 cents;
- c. The unlisted Income Sleeve allocation has been maintained and tactfully added to. It comprises of syndicated unlisted funds focused on high quality property and select agriculture-based (poultry) assets. As at 30 June 2020, approximately 5.84% of the portfolio is in high yielding unlisted property trusts and 0.97% 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) 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 turned into a most difficult one and became most demanding for the Managers as the virus required a move to away from office management. It was pleasing to see that the management team adopted processes to adapt to the changing circumstances which still endure at the time of writing.

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 2020.



John Abernethy
Chairman

Corporate Directory

Clime Capital Limited

ABN 99 106 282 777

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 Securities Exchange.

Directors

John Abernethy (Chairman)
Julian Gosse
Brett Spork
Ronni Chalmers (appointed 17 December 2019)

Company Secretary

Biju Vikraman

Investment Managers

Clime Asset Management Pty Limited
CBG Asset Management Limited
Level 12, 20 Hunter Street
Sydney NSW 2000

Registered Office

Level 12
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:

Fully Paid Ordinary Shares	CAM
Convertible Notes	CAMG

Directors' Report

Your directors present their report on Clime Capital Limited ("the Company" or "CAM") for the financial year ended 30 June 2020.

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. Ronni Chalmers (appointed 17 December 2019)
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 for 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

1,100,000 ordinary shares in Clime Capital Limited.

Interests in convertible notes

2850 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, WAM Research Limited and Greenvale Energy Limited

Former directorships in last 3 years

Iron Road Limited

Special responsibilities

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

Interests in shares

None.

Interests in convertible notes

None.



Mr. Brett Spork
Independent Director

Experience and expertise

Mr. Brett Spork was appointed Independent Director of the Company in May 2011. Mr. Spork has extensive experience in the Funds Management, Banking and Financial Services sectors. Mr. Spork's previous roles include CEO of 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. Ronni Chalmers
Non-Independent Director
(appointed 17 December 2019)

Experience and expertise

Mr Chalmers has over 40 years of Australian equities investment management experience. He began his career as a graduate at Bankers Trust Australia rising to being an Associate Director during its rapid growth in the 1980s. After a decade at Bankers Trust he left and subsequently held senior Portfolio Manager / Investment Manager roles with several funds management and insurance companies before founding CBG Asset Management Limited in 2001. Mr Chalmers has a Bachelor of Commerce degree from the University of New South Wales and is a Fellow of the Financial Services Institute of Australasia.

Other current directorships

CBG Capital Limited.

Former directorships in last 3 years

None.

Special responsibilities

None.

Interests in shares

650,078 ordinary shares in Clime Capital Limited.

Interests in convertible notes

805,000 convertible notes in Clime Capital Limited.



Mr. Anthony Golowenko (resigned 1 July 2019)
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

None.

Interests in convertible notes

None.



Mr. Biju Vikraman
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 2020, 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	7	2	2
Mr. Brett Spork	7	7	2	2
Mr. Ronni Chalmers	3	3	-	-
Mr. Anthony Golowenko	-	-	-	-

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. Ronni Chalmers	-	-	-	-
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. Spork retires by rotation and, being eligible offers himself for re-election. Mr. Chalmers was appointed in 2019 and being eligible offers himself for election.

Principal activities

The principal activity of the Company during the financial year was investing in domestic securities and some 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 loss for the year was \$6,576,155 (2019: income of \$11,976,963). This decrease was primarily due to realised and unrealised losses incurred on financial assets during the year ended 30 June 2020.

Net profit attributable to members of the Company

Loss from ordinary activities after tax attributable to members was \$6,394,085 (2019: profit of \$6,601,175).

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 4 to 5 of the Annual Report.

Dividends paid or recommended

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

	2020 \$	2019 \$
<i>Total dividends paid</i>		
Final ordinary dividend paid during the year in respect of the prior financial year	1,146,503	1,116,704
Interim ordinary dividend paid in respect of the September 2019 and 2018 quarter	1,411,475	1,141,629
Interim ordinary dividend paid in respect of the December 2019 and 2018 quarter	1,421,415	1,142,503
Interim ordinary dividend paid in respect of the March 2020 and 2019 quarter	1,473,311	1,145,052
Total dividends paid	5,452,704	4,545,888
<i>Total dividends declared not paid</i>		
Final ordinary dividend in respect of the current financial year	1,188,964	1,146,500
Total dividends declared not paid	1,188,964	1,146,500
Total dividends paid or recommended	6,641,668	5,692,388

Prior to the end of the financial year, the Directors declared a fully franked dividend of 1.05 cents per share payable on 30 July 2020 on ordinary shares as at record date 13 July 2020.

Significant changes in state of affairs

During the year, the Company successfully completed its takeover for CBG Capital Limited (CBC). Clime Capital Limited (CAM) owns 100% of the shares of CBC after completing the compulsory acquisition process on 25 October 2019. CBC delisted from the Australian Securities Exchange on 25 September 2019. As a result of the takeover, 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 11(b) of the Financial Statements for details).

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. During the 2020 financial year, 1,104,298 ordinary shares were bought back and cancelled.

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

After balance date events

Effective 1 July 2020, the CBC investment portfolio was merged with the CAM investment portfolio.

No other 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 the impact of COVID-19, 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.

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 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 and Pitcher Partners Legal NSW Pty Ltd, related parties of the Company's auditor, performed taxation and corporate finance services for the Company.

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

The Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the Corporations Act 2001.

Unissued shares

There are 28,501,880 (2019: 22,280,162) unissued ordinary shares of Clime Capital in the form of convertible notes as at the date of this 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
- B. Principles used to determine the nature and amount of remuneration
- C. Details of remuneration
- D. Service agreements
- E. Related party 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

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

John Abernethy
Non-Executive Chairman

Julian Gosse
Independent, Non-Executive Director

Brett Spork
Independent, Non-Executive Director

Ronni Chalmers
Non-Independent Director
(appointed 17 December 2019)

Anthony Golowenko
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 November 2019. 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 \$180,000 per annum.

C. Details of remuneration

The Company's Chairman, Mr. John Abernethy, and a director, Mr. Ronni Chalmers are 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. A former director, Mr. Anthony Golowenko used to be employed by Clime Investment Management Limited 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 Directors. 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

2020	SHORT-TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL (\$)
	CASH SALARY AND FEES (\$)	SUPERANNUATION (\$)	
John Abernethy*	30,000	-	30,000
Julian Gosse	36,530	3,470	40,000
Brett Spork**	50,000	-	50,000
Ronni Chalmers (appointed 17 December 2019)*	16,233	-	16,233
Anthony Golowenko (resigned 1 July 2019)	-	-	-
Total key management personnel	132,763	3,470	136,233

2019	SHORT-TERM EMPLOYEE BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL (\$)
	CASH SALARY AND FEES (\$)	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
Total key management personnel	136,530	3,470	140,000

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

**Includes \$10,000 paid to Mr. Brett Spork for consultancy fees in relation to the Company's takeover of CBC.

D. Service agreements

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

E. 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, performance and other fees

	2020 \$	2019 \$
Clime Asset Management Pty Limited - Note (c)(i)	797,334	814,881
CBG Asset Management Limited - Note (c)(ii)	279,532	-
Clime Investment Management Ltd - Note (c)(iii)	90,233	84,000

As at 30 June 2020, \$78,309 (2019: \$92,849) of the Company's management fees 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

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

(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 fee as remuneration for managing the Company's investment portfolio.

Management and performance fees paid and payable are determined by the underlying Investment Management Agreement, the terms of which entitle the Investment Manager to a management fee, calculated as a percentage of funds under management, and a performance fee, should performance targets outlined in the Investment Management Agreement be achieved.

(ii) CBG Asset Management Limited

Mr. John Abernethy and Ronni Chalmers are Directors of CBC's Investment Manager, CBG Asset Management Limited (a wholly-owned subsidiary of ASX listed company Clime Investment Management Ltd). CBG Asset Management Limited receives management and performance fee as remuneration for managing CBC's investment portfolio. CBG Asset Management Limited became a related party on 25 October 2019 after the Company completed its compulsory acquisition of CBC.

Management and performance fees paid and payable are determined by the underlying Investment Management Agreement, the terms of which entitle the Investment Manager to a management fee, calculated as a percentage of funds under management, and a performance fee, should performance targets outlined in the Investment Management Agreement be achieved.

(iii) Clime Investment Management Ltd

Mr. John Abernethy is a Director of Clime Investment Management Ltd. As detailed in Note 14, Clime Investment Management Ltd received management fees as remuneration for the employment of the Chairman, a Director and the Company Secretary as well as reimbursement for marketing fees. Clime Investment Management Ltd directly owns 5.29% (2019: 6.28%) of the share capital of the Company as at 30 June 2020. Clime Investment Management Ltd, through the Investment Manager, has the indirect power to dispose 3.55% (2019: 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

2020	Balance at 1 July 2019	Shares acquired/ Bonus	Shares disposed	Other changes	Balance at 30 June 2020
	(Nos)	(Nos)	(Nos)	(Nos)	(Nos)
Ordinary Shares					
John Abernethy (Chairman)	990,000	22,000	-	-	1,012,000
Brett Spork	102,500	-	-	-	102,500
Ronni Chalmers (appointed 17 December 2019)*	-	-	-	650,078	650,078
Anthony Golowenko (resigned 1 July 2019)**	215,250	-	-	(215,250)	-
Julian Gosse	-	-	-	-	-
	1,307,750	22,000	-	434,828	1,764,578

	Balance at 1 July 2019	Convertible notes acquired	Convertible notes disposed	Other changes	Balance at 30 June 2020
	(Nos)	(Nos)	(Nos)	(Nos)	(Nos)
Convertible notes					
John Abernethy (Chairman)	45,000	2,850	-	-	47,850
Brett Spork	16,667	-	-	-	16,667
Ronni Chalmers (appointed 17 December 2019)*	-	-	-	805,000	805,000
Julian Gosse	-	-	-	-	-
	61,667	2,850	-	805,000	869,517

*Mr. Chalmers' holdings were acquired in relation to the scrip for scrip takeover of CBC.

**Mr. Golowenko ceased being a key management person on 1 July 2019.

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

Shareholdings

2019	Balance at 1 July 2018	Shares acquired/ Bonus	Shares disposed	Balance at 30 June 2019
	(Nos)	(Nos)	(Nos)	(Nos)
Ordinary Shares				
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
Julian Gosse	-	-	-	-
	1,210,000	97,750	-	1,307,750
	Balance at 1 July 2018	Convertible notes acquired	Convertible notes disposed	Balance at 30 June 2019
	(Nos)	(Nos)	(Nos)	(Nos)
Convertible notes				
John Abernethy (Chairman)	45,000	-	-	45,000
Brett Spork	16,667	-	-	16,667
Julian Gosse	-	-	-	-
	61,667	-	-	61,667

E. Additional information

Performance of Clime Capital Limited

The tables below set out the summary information regarding the Company's earnings and movements in shareholder wealth for the five years to 30 June 2020:

Performance result - historical analysis

	30 June 2020 \$	30 June 2019 \$	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$
Net investment gains/(losses)	(6,576,155)	11,976,963	12,952,194	7,823,477	(247,717)
Net profit/(loss) before tax	(10,819,064)	8,480,647	10,509,665	6,400,566	(1,691,060)
Net profit/(loss) after tax	(6,394,085)	6,601,175	7,952,336	5,150,809	(639,220)
Dividends paid/provided for	5,495,165	4,575,684	4,484,548	5,042,795	5,204,660

Movements in shareholder wealth - historical analysis

	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Adjusted NTA cum dividend - pre tax ¹	\$0.80	\$0.97	\$0.94	\$0.87	\$0.86
Adjusted NTA cum dividend - post tax ¹	\$0.82	\$0.94	\$0.92	\$0.88	\$0.86
Interim dividends - ordinary shares ²	3.80cps	3.75cps	3.75cps	3.60cps	3.60cps
Final dividend - ordinary shares ²	1.05cps	1.25cps	1.25cps	1.25cps	1.20cps
Preference share dividends ²	-	-	-	15.00cps	18.00cps
Bonus share issue - ord. shares	-	1 for 40	-	-	-
Basic EPS ^{1,2}	(5.85cps)	7.21cps	8.64cps	4.85cps	(2.39cps)
Diluted EPS ^{1,2}	(5.85cps)	6.71cps	8.17cps	4.85cps	(2.39cps)

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

² Fully franked dividends

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.

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. Distribution of the settlement sum to eligible group members took place prior to 30 June 2020.

As at 30 June 2020, the Company has no contingent liabilities or commitments (2019: \$Nil).

Rounding off of amounts

In accordance with ASIC Corporations (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 19.

Signed in accordance with a resolution of the directors.



John Abernethy
Chairman
Sydney, 14 September 2020



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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 2020, 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 APES 110 *Code of Ethics or Professional Accountants (including Independence Standards)*.

This declaration is in respect of Clime Capital Limited.

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

Mark Godlewski
Partner

Pitcher Partners
Sydney

14 September 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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Investment income			
Investment revenue	2	3,440,229	3,956,296
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(1,024,348)	6,130,770
Net unrealised (loss)/gain on financial assets at fair value through profit or loss		(8,996,579)	1,849,267
Gain on disposal of convertible notes		4,543	-
Net foreign exchange gain		-	40,630
Net investment (loss)/income		(6,576,155)	11,976,963
Other income			
Proceeds from settlement of UGL Class Action		144,013	-
Government subsidy		10,000	-
Total other income		154,013	-
Expenses			
Management fees		(1,063,112)	(1,086,508)
Brokerage costs		(342,477)	(343,497)
Accounting fees		(52,890)	(61,500)
Custody fees		(34,880)	(36,786)
ASX fees		(103,328)	(45,820)
Share registry fees		(116,488)	(83,356)
Directors and company secretarial fees	15(a)	(160,233)	(166,400)
Legal and professional fees		(497,723)	(53,240)
Other administrative expenses		(221,055)	(93,623)
Total expenses before finance costs		(2,592,186)	(1,970,730)
Finance costs	10	(1,804,736)	(1,525,586)
(Loss)/Profit for the year before income tax expense		(10,819,064)	8,480,647
Income tax benefit/(expense)	4(a)	4,424,979	(1,879,472)
(Loss)/Profit for the year		(6,394,085)	6,601,175
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(6,394,085)	6,601,175
Basic (losses)/earnings per share	6	(5.85cps)	7.21cps
Diluted (losses)/earnings per share	6	(5.85cps)	6.71cps

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.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Cash and cash equivalents	13(a)	8,268,698	4,584,628
Trade and other receivables	7	382,730	864,923
Financial assets at fair value through profit or loss	8	110,639,378	105,119,672
Current tax benefit	4(b)	929,502	-
Prepayments		76,599	4,123
Net deferred tax assets	4(c)	2,583,468	-
Total assets		122,880,375	110,573,346
Liabilities			
Trade and other payables	9	555,377	747,117
Dividends payable	5(b)	1,188,964	1,146,500
Current tax liability	4(b)	-	360,531
Net deferred tax liabilities	4(c)	-	1,802,775
Convertible notes	10	27,437,310	20,963,020
Total liabilities		29,181,651	25,019,943
Net assets		93,698,724	85,553,403
Equity			
Issued capital	11	101,441,905	81,438,887
Option premium on convertible notes	10	227,904	196,351
Accumulated losses	12(a)	(24,189,794)	(10,361,709)
Profit reserve	12(b)	16,218,709	14,279,874
Total equity		93,698,724	85,553,403

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Note	Issued capital	Accumulated Losses	Profit Reserve	Option Premium on Convertible Notes	Total Equity
		\$	\$	\$	\$	\$
Balance as at 1 July 2018		81,317,690	(10,443,884)	12,336,558	196,351	83,406,715
Profit for the year		-	6,601,175	-	-	6,601,175
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	6,601,175	-	-	6,601,175
Transactions with owners in their capacity as owners						
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	-	-
		121,197	(6,519,000)	1,943,316	-	(4,454,487)
Balance at 30 June 2019		81,438,887	(10,361,709)	14,279,874	196,351	85,553,403
Loss for the year		-	(6,394,085)	-	-	(6,394,085)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive loss for the year		-	(6,394,085)	-	-	(6,394,085)
Transactions with owners in their capacity as owners						
Issue of ordinary shares	11(a)	698,232	-	-	-	698,232
Shares acquired under buy-back	11(a)	(978,280)	-	-	-	(978,280)
Conversion of convertible notes into ordinary shares	11(a)	39,879	-	-	-	39,879
Shares issued via scrip consideration for acquisition	11(a)	19,545,914	-	-	-	19,545,914
Shares issued as consideration for compulsory acquisition	11(a)	698,069	-	-	-	698,069
Convertible notes issued via scrip consideration for acquisition		-	-	-	45,076	45,076
Deferred tax on issue of convertible notes		-	-	-	(13,523)	(13,523)
Transaction costs on shares acquired under buy-back	11(a)	(1,137)	-	-	-	(1,137)
Income tax on transaction costs	11(a)	341	-	-	-	341
Dividends provided for or paid	5	-	-	(5,495,165)	-	(5,495,165)
		20,003,018	-	(5,495,165)	31,553	14,539,406
Transfer to profit reserve	12	-	(7,434,000)	7,434,000	-	-
		20,003,018	(7,434,000)	1,938,835	31,553	14,539,406
Balance at 30 June 2020		101,441,905	(24,189,794)	16,218,709	227,904	93,698,724

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

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Proceeds from sale of investments		113,955,854	86,262,720
Payments for purchase of investments		(101,807,515)	(89,166,340)
		12,148,339	(2,903,620)
Dividends and trust distributions received		3,490,555	3,981,170
Interest received		32,793	161,930
Proceeds from settlement of UGL Class Action		144,013	-
Government subsidy received		10,000	-
Payments for administrative, takeover and other expenses		(1,651,299)	(820,793)
Investment manager's fees paid		(1,077,652)	(1,083,928)
Income tax paid		(1,264,478)	(1,012,406)
Net cash inflow/(outflow) from operating activities	13(c)	11,832,271	(1,677,647)
Cash flows from financing activities			
Dividends paid net of dividend reinvestment		(4,754,472)	(3,831,561)
Payment for share buy-back including transaction costs		(979,416)	(593,407)
Payments for buy-back of convertible notes including transaction costs		(768,553)	-
Finance costs paid on convertible notes		(1,645,760)	(1,336,585)
Net cash outflow from financing activities		(8,148,201)	(5,761,553)
Net increase/(decrease) in cash held		3,684,070	(7,439,200)
Effects of exchange rate movements on cash		-	-
Cash and cash equivalents at beginning of the financial year		4,584,628	12,023,828
Cash and cash equivalents at end of the financial year	13(a)	8,268,698	4,584,628
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	-
Dividends reinvested		698,232	714,327
Conversion of convertible notes into ordinary shares		39,879	-

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

NOTE 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 financial assets and financial liabilities.

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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

It is considered that the information needs of shareholders in a company of this type are better met 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.

Financial assets 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.

(b) Investments (continued)

Financial instruments

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.

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 the 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.

Clime Capital Limited and its wholly owned subsidiary (for income tax purposes), CBG Capital Limited, have implemented the tax consolidation legislation from the acquisition date of 25 October 2019. Clime Capital Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity.

(d) Cash and cash equivalents

Cash and cash equivalents include 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 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 credit 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 year 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.

(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' are included in profit or loss in the period in which they arise.

ii) Government subsidies

Government subsidies are recognised as revenue where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

ii) Other income

Other income relating to UGL settlement proceeds is recognised on cash basis.

(i) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) 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

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the Company.

(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 on or after 1 July 2020, 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.

(o) 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 2020 and 30 June 2019.

(p) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Director's report) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.



NOTE 2

Investment revenue

	2020 \$	2019 \$
Dividends and trust distributions	3,407,436	3,794,367
Interest	32,793	161,929
	3,440,229	3,956,296

NOTE 3

Auditor's remuneration

Remuneration of Pitcher Partners in relation to:

Audit and review of the financial reports	38,000	30,000
Taxation	27,450	5,200
Corporate Finance	20,000	-
TOTAL	85,450	35,200

NOTE 4

Taxation

(a) Income tax (benefit)/expense

The prima facie tax on profit before income tax is reconciled to income tax expense as follows:

Prima facie tax (benefit)/expense on profit/(loss) before income tax at 30%	(3,245,719)	2,544,194
Adjusted for tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Imputation gross up on dividends received	253,624	303,721
Franking credits on dividends received	(845,415)	(1,012,404)
Withholding tax on dividends received	-	(2,553)
Permanent differences	24,937	80,230
Effect of adjustment in cost base of CBC investments acquired	(624,053)	-
Others	37,557	-
Prior year under/(over) provision	(25,910)	(33,716)
Income tax (benefit)/expense	(4,424,979)	1,879,472
The applicable weighted average effective tax rates are as follows:	(40.90%)	22.16%

NOTE 4

Taxation (continued)

(b) Current tax benefit/(liability)

	2020 \$	2019 \$
Income Tax	929,502	(360,531)

(c) Net deferred tax assets/(liabilities)

Deferred tax assets

Deferred tax assets comprise the estimated tax deductible at the current income tax rate of 30% on the following items:

Carried forward tax losses	2,587,315	1,355,924
Other temporary differences	357,328	159,920
	<u>2,944,643</u>	<u>1,515,844</u>

Deferred tax liabilities

Deferred tax liabilities comprise the estimated tax payable at the current income tax rate of 30% on the following items:

Tax on net unrealised gains on investment portfolio	(359,221)	(3,075,042)
Other temporary differences	(1,954)	(243,577)
	<u>(361,175)</u>	<u>(3,318,619)</u>

Net deferred tax assets/(liabilities)

	<u>2,583,468</u>	<u>(1,802,775)</u>
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(d) Income tax (benefit)/expense recognised in the profit or loss

Current income tax (benefit)/expense	(3,245,719)	2,544,194
Deferred tax relating to the origination and reversal of temporary differences	(1,153,350)	(631,006)
Prior year under/(over) provision	(25,910)	(33,716)
	<u>(4,424,979)</u>	<u>1,879,472</u>

NOTE 5

Dividends

(a) Paid in the current year

	2020 \$	2019 \$
Dividends paid in the current year		
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 (2019: 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)	1,146,503	1,116,704
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 (2019: 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)	1,411,475	1,141,629
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 (2019: 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
A fully franked dividend on ordinary shares for the quarter ended 31 March 2020 of 1.3 cents per share was paid on 24 April 2020 (2019: 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)	1,473,311	1,145,052
	5,452,704	4,545,888

(b) Provided for in the current year

A fully franked dividend in respect of the 2020 year of 1.05 cents per share was payable on ordinary shares as at 30 June 2020 (2019: 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)	1,188,964	1,146,500
	1,188,964	1,146,500

(c) Dividend franking account

Franking account balance	176,152	61,341
Impact on franking account balance of dividends, payable on 30 July 2020 (2019: 26 July 2019)	(509,556)	(491,357)
	(333,404)	(430,016)

NOTE 6

(Losses)/Earnings per share

	2020 \$	2019 \$
Basic (losses)/earnings per share	(5.85cps)	7.21cps
Diluted (losses)/earnings per share	(5.85cps)	6.71cps

Reconciliation of (losses)/earnings used in calculating basic and diluted (losses)/earnings per share:

Basic (losses)/earnings per share

Total comprehensive (loss)/income for the year	\$	(6,394,085)	6,601,175
(Losses)/Earnings used in calculating basic earnings per share	\$	(6,394,085)	6,601,175
Weighted average number of ordinary shares used in the calculation of basic (losses)/earnings per share	Nos	109,245,331	91,535,709

Diluted (losses)/earnings per share

(Losses)/Earnings used in calculating basic earnings per share	\$	(6,394,085)	6,601,175
Add: interest expense on convertible notes (net of tax)	\$	1,263,315	1,067,910
(Losses)/Earnings used in calculating diluted earnings per share	\$	(5,130,770)	7,669,085
Weighted average number of ordinary shares used in the calculation of basic (losses)/earnings per share	Nos	109,245,331	91,535,709
Adjustments for calculation of diluted earnings per share:			
- Convertible notes	Nos	27,688,690	22,837,166
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (losses)/earnings per share	Nos	136,934,021	114,372,875

NOTE 7

Trade and other receivables

	2020 \$	2019 \$
Unsettled trades	198,153	593,796
Income receivable	156,861	239,980
Other debtors	27,716	31,147
	382,730	864,923

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 consist 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.

NOTE 8

Financial assets at fair value through profit or loss

	2020 \$	2019 \$
Listed equities - domestic	76,698,091	90,148,514
Unlisted equities - domestic	25,867,686	-
Listed convertible notes	-	2,697,947
Unlisted unit trusts	8,073,601	12,273,211
	110,639,378	105,119,672

NOTE 9

Trade and other payables

Accrued expenses	52,036	105,216
Amount payable to related parties	78,309	92,849
Unsettled trades	425,032	549,052
	555,377	747,117

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.

NOTE 10

Convertible notes

Notes issued under Entitlement Offer and Placement

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.

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 10

Convertible notes (continued)

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

	2020 \$	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 year	227,904	196,351
Classification of liability component at the end of the year:		
- Current	140,557	110,273
- Non-current	27,296,753	20,852,747
	27,437,310	20,963,020
Liability component at the beginning of the year	20,963,020	20,774,019
Interest expense for the year calculated at effective interest rates	1,804,736	1,525,586
Finance costs paid	(1,645,760)	(1,336,585)
Proceeds from issue of convertible notes (net of raising costs)	7,128,289	-
Convertible notes bought back	(773,096)	-
Conversion of convertible notes into ordinary shares	(39,879)	-
Liability component at the end of the year	27,437,310	20,963,020

Fair value

Fair value of the convertible notes as at 30 June 2020 amounting to \$27,817,835 (30 June 2019: \$22,280,162) was determined by reference to the published price quotation of \$0.976 (30 June 2019: \$1.00) on the convertible note ticker ASX:CAMG as at 30 June 2020.

NOTE 11

Issued capital

	2020 \$	2019 \$
Issued and paid-up capital		
113,234,687 (2019: 91,720,037) ordinary fully paid shares	101,441,905	81,438,887

(a) Movements in ordinary share capital

	Notes	Number of shares 2020	Number of shares 2019	2020 \$	2019 \$
Balance at beginning of the year		91,720,037	89,336,308	81,438,887	81,317,690
Shares acquired under buy-back	11 (c)	(1,104,298)	(658,689)	(978,280)	(592,484)
Conversion of convertible notes into ordinary shares		42,582	-	39,879	-
Issue of ordinary shares as scrip consideration for acquisition of CBG on 13 September 2019	11 (b)	21,017,112	-	19,545,914	-
Issue of ordinary shares as consideration for compulsory acquisition of CBG on 25 October 2019	11 (b)	758,771	-	698,069	-
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		-	-	(1,137)	(923)
Income tax on transactions costs		-	-	341	277
Dividend reinvestment plan		800,483	813,294	698,232	714,327
Balance at the end of the year		113,234,687	91,720,037	101,441,905	81,438,887

NOTE 11

Issued capital (continued)

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

(b) Acquisition of CBG Capital Limited

During the year, 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 which was completed on 25 October 2019. 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(a) for further information. Since acquisition until 30 June 2020, the net unrealised gain on the CBC investment amounted to \$680,951 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 \$689,578 (inclusive of GST) for the year ended 30 June 2020.

(c) On-market share buy-back - ordinary shares

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.

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 1,104,298 (2019: 658,689) 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 \$0.886 per share (2019: \$0.90), with prices ranging from \$0.730 cents to \$0.965 cents (2019: \$0.830 cents to \$0.935 cents). An amount of \$978,280 (2019: \$592,484), plus \$797 (2019: \$646) transaction costs net of tax, was deducted from contributed equity.

The shares bought back in the years ended 30 June 2020 and 30 June 2019 were cancelled immediately.

(d) 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 needs. The capital risk management is continuously reviewed throughout the year as the Company has surplus cash available for investment.

(e) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a price determined by the Director from time to time in accordance with the *Corporations Act 2001* and the ASX Listing Rules.

NOTE 12

Reserves and accumulated losses

(a) Accumulated losses

	2020 \$	2019 \$
Balance at the beginning of the year	(10,361,709)	(10,443,884)
Net (loss)/profit attributable to members of the Company	(6,394,085)	6,601,175
Transfer to profit reserve	(7,434,000)	(6,519,000)
Balance at end of year	(24,189,794)	(10,361,709)

(b) Profit reserve

	2020 \$	2019 \$
Balance at the beginning of the year	14,279,874	12,336,558
Transfer from accumulated losses	7,434,000	6,519,000
Dividends provided for or paid	(5,495,165)	(4,575,684)
Balance at end of year	16,218,709	14,279,874

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

NOTE 13

Cash flow information

(a) Reconciliation of cash

	2020 \$	2019 \$
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	8,268,698	4,584,628
Total cash and cash equivalents	8,268,698	4,584,628

(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 in Note 10.

(c) Reconciliation of net (loss)/profit attributable to members of the Company to net cash inflow/(outflow) from operating activities

	2020 \$	2019 \$
(Loss)/profit attributable to members of the Company	(6,394,085)	6,601,175
Adjustment:		
Finance costs	1,804,736	1,525,586
Gain on disposal of convertible notes	(4,543)	-
Shares issued via scrip consideration for acquisition	20,243,983	-
Convertible notes issued via scrip consideration for acquisition	7,173,364	-
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	482,193	(277,440)
Increase in investments at fair value through profit or loss	(5,519,706)	(10,811,535)
(Increase)/decrease in prepayments	(72,473)	46,884
(Decrease)/increase in trade and other payables	(191,740)	370,617
(Increase)/decrease in net deferred tax asset/liability	(4,386,243)	471,327
Increase in deferred tax option premium on convertible notes	(13,523)	-
Increase in income tax on transactions costs	341	277
(Increase)/decrease in current tax benefit	(929,502)	34,931
(Decrease)/increase in current tax liability	(360,531)	360,531
Net cash inflow/(outflow) from operating activities	11,832,271	(1,677,647)

NOTE 13

Cash flow information (continued)

(d) Non-cash transactions

	2020 \$	2019 \$
During the current year the Company entered into the following financing activities which were not reflected in the cash flows.		
Shares issued via scrip consideration for acquisition	20,243,983	-
Convertible notes issued via scrip consideration for acquisition	7,173,364	-
Dividends reinvested	698,232	714,327
Conversion of convertible notes into ordinary shares	39,879	-
Total non-cash transactions	28,155,458	714,327

NOTE 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, performance and other fees

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

	Notes	2020 \$	2019 \$
Clime Asset Management Pty Limited	(c)(i)	797,334	814,881
CBG Asset Management Limited	(c)(ii)	279,532	-
Clime Investment Management Ltd	(c)(iii)	90,233	84,000

As at 30 June 2020, \$78,309 (2019: \$92,849) of the Company's management fees 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.

NOTE 14

Related party transactions (continued)

(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 fee as remuneration for managing the Company's investment portfolio.

Management and performance fees paid and payable are determined by the underlying Investment Management Agreement, the terms of which entitle the Investment Manager to a management fee, calculated as a percentage of funds under management, and a performance fee, should performance targets outlined in the Investment Management Agreement be achieved.

(ii) CBG Asset Management Limited

Mr. John Abernethy and Ronni Chalmers are Directors of CBC's Investment Manager, CBG Asset Management Limited (a wholly-owned subsidiary of ASX listed company Clime Investment Management Ltd). CBG Asset Management Limited receives management and performance fee as remuneration for managing CBC's investment portfolio. CBG Asset Management Limited became a related party on 25 October 2019 after the Company completed its compulsory acquisition of CBC.

Management and performance fees paid and payable are determined by the underlying Investment Management Agreement, the terms of which entitle the Investment Manager to a management fee, calculated as a percentage of funds under management, and a performance fee, should performance targets outlined in the Investment Management Agreement be achieved.

(iii) Clime Investment Management Ltd

Mr. John Abernethy is a Director of Clime Investment Management Ltd. As detailed in Note 14, Clime Investment Management Ltd received management fees as remuneration for the employment of the Chairman, a Director and the Company Secretary as well as reimbursement for marketing fees. Clime Investment Management Ltd directly owns 5.29% (2019: 6.28%) of the share capital of the Company as at 30 June 2020. Clime Investment Management Ltd, through the Investment Manager, has the indirect power to dispose 3.55% (2019: 5.26%) of the Company's shares held by the Investment Manager's individually managed accounts.

NOTE 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

Ronni Chalmers
Non-Independent Director
(appointed 17 December 2019)

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:



	2020 \$	2019 \$
Cash salary and fees*	132,763	136,530
Short-term employee benefits	132,763	136,530
Superannuation	3,470	3,470
Post-employment benefits	3,470	3,470
Total employment benefits	136,233	140,000

* Includes \$46,233 (2019: \$60,000) paid/payable to Clime Investment Management Ltd for the services rendered by the Chairman and one of the Directors. Also includes \$10,000 paid to a Director for consultancy fees in relation to the Company's takeover of CBC.

NOTE 15

Key management personnel disclosure (continued)

(b) Shareholdings

2020	Balance at 1 July 2019	Shares acquired/ Bonus	Shares disposed	Other changes	Balance at 30 June 2020
Ordinary Shares	(Nos)	(Nos)	(Nos)	(Nos)	(Nos)
John Abernethy (Chairman)	990,000	22,000	-	-	1,012,000
Brett Spork	102,500	-	-	-	102,500
Ronni Chalmers (appointed 17 December 2019)*	-	-	-	650,078	650,078
Anthony Golowenko (resigned 1 July 2019)**	215,250	-	-	(215,250)	-
Julian Gosse	-	-	-	-	-
	1,307,750	22,000	-	434,828	1,764,578

	Balance at 1 July 2019	Convertible notes acquired	Convertible notes disposed	Other changes	Balance at 30 June 2020
Convertible notes	(Nos)	(Nos)	(Nos)	(Nos)	(Nos)
John Abernethy (Chairman)	45,000	2,850	-	-	47,850
Brett Spork	16,667	-	-	-	16,667
Ronni Chalmers (appointed 17 December 2019)*	-	-	-	805,000	805,000
Julian Gosse	-	-	-	-	-
	61,667	2,850	-	805,000	869,517

*Mr. Chalmers' holdings were acquired in relation to the scrip for scrip takeover of CBC.

**Mr. Golowenko ceased being a key management person on 1 July 2019.

NOTE 15

(b) Shareholdings (continued)

2019	Balance at 1 July 2018	Shares acquired/ Bonus	Shares disposed	Balance at 30 June 2019
	(Nos)	(Nos)	(Nos)	(Nos)
Ordinary Shares				
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
Julian Gosse	-	-	-	-
	1,210,000	97,750	-	1,307,750

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

(b) 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 2020 and 30 June 2019.

NOTE 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, and convertible notes.

NOTE 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.

(i) Interest rate risk

The Company's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on Note 16(d) (iii).

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.

2020	Weighted Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate	Total
	%	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	0.22%	8,268,698	-	-	8,268,698
Trade and other receivables		-	355,014	-	355,014
Financial assets at fair value through profit or loss		-	110,639,378	-	110,639,378
Total Financial Assets		8,268,698	110,994,392	-	119,263,090
Financial Liabilities					
Management fee payable and unsettled trades		-	503,341	-	503,341
Dividends payable		-	1,188,964	-	1,188,964
Convertible notes	7.14%	-	-	27,437,310	27,437,310
Total Financial Liabilities		-	1,692,305	27,437,310	29,129,615

NOTE 16

Financial instruments (continued)

(d) Market risk (continued)

(i) Interest rate risk (continued)

2019	Weighted Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate	Total
	%	\$	\$	\$	\$
Financial Assets					
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
Total Financial Assets		4,584,628	105,953,448	-	110,538,076
Financial Liabilities					
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
Total Financial Liabilities		-	1,788,401	20,963,020	22,751,421

(ii) Other price risk

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

(iii) Summarised sensitivity analysis

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

	Price risk		interest rate risk	
	Impact on profit or loss/equity			
	-10%	+10%	-100 bps	+100 bps
30 June 2020	(11,063,938)	11,063,938	(68,355)	68,355
30 June 2019	(10,511,967)	10,511,967	(92,208)	92,208

No effect on other comprehensive income would result from price, interest rate or foreign exchange rate risk in 2020 or 2019.

NOTE 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.

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.

NOTE 17

Fair value measurement (continued)

(c) Recognised fair value measurements

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 June 2020				
Financial assets at fair value through profit or loss				
Listed equities - domestic	76,698,091	-	-	76,698,091
Unlisted equities - domestic	-	25,867,686	-	25,867,686
Unlisted unit trusts	-	-	8,073,601	8,073,601
Total financial assets at fair value through profit or loss	76,698,091	25,867,686	8,073,601	110,639,378

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

(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.

Management have transferred the Company's investments amounting to \$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 year.

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 year upon completion of the takeover.

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

NOTE 17

Fair value measurement (continued)

(e) Reconciliation of recurring level 3 fair value movements

	Level 3 Unlisted unit trusts
	\$
Opening balance - 1 July 2018	6,602,385
Purchases	5,644,853
Total gains recognised in profit or loss	25,973
Closing balance - 30 June 2019	12,273,211
Net transfers into/out of	(2,237,239)
Purchases	2,231
Return of capital	(336,700)
Disposals	(1,502,231)
Total losses recognised in profit or loss	(125,671)
Closing balance - 30 June 2020	8,073,601

\$125,671 (30 June 2019: \$25,973) 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
At 30 June 2020				
Unlisted unit trusts	8,073,601	Reported net asset value by investment manager	N/A	Direct
At 30 June 2019				
Unlisted unit trusts	12,273,211	Reported net asset value by investment manager	N/A	Direct

NOTE 17

Fair value measurement (continued)

(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 the 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 conditions, 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 nature, the carrying amounts of receivables and payables approximate their fair values.

NOTE 18

Segment information

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

The Company operates in Australia and holds all assets 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.

NOTE 19

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. Distribution of the settlement sum to eligible group members took place prior to 30 June 2020.

As at 30 June 2020, the Company has no contingent liabilities or commitments (2019: \$Nil).

NOTE 20

Events subsequent to reporting date

Effective 1 July 2020, the CBC investment portfolio was merged with the CAM investment portfolio.

No other 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,

NOTE 21

Company details

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

Level 12
20 Hunter Street
Sydney NSW 2000

Directors' Declaration

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, 14 September 2020



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201 Sussex Street
Sydney NSW 2000

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Sydney NSW 2001

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e. 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

Opinion

We have audited the accompanying financial report of Clime Capital Limited (the Company), which comprises the statement of financial position as at 30 June 2020, 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.

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 2020 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* "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.

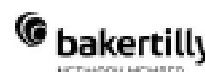
We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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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. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Existence and valuation of Financial Assets <i>Refer to Note 8: Financial Assets at Fair Value through Profit or Loss and Note 17: Fair value measurement</i>	
<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 2020, the statement of financial position includes financial assets at fair value through profit or loss of \$110,639,378.</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.</p> <p>Level 1 is where the valuation is based on quoted prices on the ASX.</p> <p>Level 2 is where the valuation inputs are other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 3 is where the financial asset is not traded in an active market and fair value is determined using valuation techniques as there are judgements involved in determining the fair value of investments as models used to value these investments include inputs which may not be market observable and are therefore estimated based on assumptions.</p> <p>Given the significance of the balance, the key audit matter 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"> • Obtaining an understanding of the investment management process and controls; • Reviewing and evaluating the audit reports on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the current financial year for the Custodian and Investment Manager, • 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 obtaining a bridging letter and confirmation from the Custodian and Investment Manager; • Obtaining a confirmation of the investment holdings directly from the Custodian; • Assessing the appropriateness of the Company's valuation of individual investment holdings with reference to independent sources; • Evaluating the accounting treatment of revaluations of financial instruments to ensure the correct recognition of current/deferred tax and realised/unrealised gains or losses; • Assessing the adequacy of disclosures in the financial statements.

Key audit matter	How our audit addressed the matter
Accuracy, Existence and Completeness of Management and Performance Fees <i>Refer to Note 14: Related party transactions</i>	
<p>We focused our audit effort on the accuracy, completeness and occurrence of management and performance fees as they are significant expenses of the Company and their calculation requires adjustments and key inputs.</p> <p>Adjustments include company dividends, tax payments, capital raisings, capital reductions and other relevant expenses. Key inputs include portfolio movements, index benchmarking and applying the correct set percentage in accordance with the Investment Management Agreement between the Company and the Investment Manager.</p> <p>The calculation of management and performance fees includes key inputs such as portfolio movements, relevant index benchmarking and set percentages in accordance with the Investment Management Agreements.</p> <p>In addition to their quantum, as some of 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).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees; • Making enquiries with the Investment Manager and those charged with governance with respect to any significant events during the period and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; • Testing of adjustments such as company dividends, 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; and • 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 2020 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.

Responsibility of the Directors 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.

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, actions taken to eliminate threats or safeguards applied.

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 13 to 17 of the Directors' Report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Clime Capital Limited for the year ended 30 June 2020, 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

Pitcher Partners
Sydney

14 September 2020

ASX Additional Information

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

A. Distribution of Equity Shareholders and Convertible Noteholders (as at 11 August 2020)

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

	No. of Holders	
	Ordinary Shares	Convertible Note
1 - 1,000	319	104
1,001 - 5,000	506	159
5,001 - 10,000	456	93
10,001 - 100,000	1,502	232
100,001 and over	176	53
	2,959	641

B. Equity Share Holders & Convertible Note Holders

The names of the twenty largest holders of quoted equity securities are listed below as at 11 August 2020.

Name	No. of shares	Ordinary Shares
		% of issued shares
CLIME INVESTMENT MANAGEMENT LTD	5,984,918	5.278
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,063,072	3.583
DI IULIO HOMES PTY LIMITED <DI IULIO SUPER FUND A/C>	1,890,245	1.667
SANOLU PTY LIMITED	1,681,175	1.483
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	1,550,887	1.368
JACQUELINE KAY PTY LTD <STAFF S/F A/C>	1,316,796	1.161
HEATHERS SUPER PTY LTD <HEATHERS FAMILY S/F A/C>	1,157,500	1.021
JOHN E GILL OPERATIONS PTY LTD	1,151,340	1.015
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,083,577	0.956
GLEN RANELAGH PTY LTD	1,059,588	0.934
DOUBLE PTY LIMITED & ABERNETHY SMSF PTY LTD <ABERNETHY SUPER FUND A/C>	1,012,000	0.892
GLEN RANELAGH PTY LIMITED	962,906	0.849
ROPA PTY LIMITED	877,864	0.774
MR PAUL WILHELM MCCAULEY & MRS LISA-GAYE MCCAULEY <ASAP SUPER FUND A/C>	809,342	0.714
HUDSON RETIREMENT PTY LTD <SEAGULLS SUPER A/C>	726,830	0.641
MR RONNI DAVID CHALMERS & SAVOIR SUPERANNUATION PTY LTD <LOCOPE SUPER	650,078	0.573
MRS MARIETTA ANN TOOHER	626,003	0.552
MR PETER MICHAEL ANTAW & MRS VICTORIA MARY ANTAW <PETAVIC SUPER FUND A	600,010	0.529
MR HUGH ROBINSON BEGGS <THE BEGGS A/C>	600,000	0.529
MR MICHAEL ANTHONY FOX & MRS SUSAN ELIZABETH FOX	600,000	0.529
	28,404,131	25.050

The names of the twenty largest holders of quoted convertible notes are listed below as at 11 August 2020.

Name	No. of notes	Convertible note
		% of issued notes
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,385,359	11.878
NORA GOODRIDGE INVESTMENTS PTY LIMITED	2,083,333	7.310
TADMARO PTY LIMITED	1,041,220	3.653
MR COLIN JOHN VAUGHAN & MRS ROBIN VAUGHAN <C&R VAUGHAN SUPER FUND A/C>	854,362	2.998
DR GRAEME PETER DORAHY & MRS JEAN ELIZABETH DORAHY <DORAHY SUPER FUN	835,091	2.930
MR RONNI DAVID CHALMERS & SAVOIR SUPERANNUATION PTY LTD <LOCOPE SUPER	805,000	2.824
JACQUELINE KAY PTY LTD <STAFF S/F A/C>	739,940	2.596
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	634,711	2.227
CLENDON HOUSE INVESTMENTS PTY LTD	507,778	1.782
CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	416,667	1.462
HOMM PTY LTD <ROBBERG A/C>	383,948	1.347
MR MICHAEL ALAN LUCAS & MRS ANNE LUCAS	317,197	1.113
ABBAWOOD NOMINEES PTY LTD <ABBOTT FAMILY S/F NO 1 A/C>	300,000	1.053
MR DICK ROBERT LISTER & MRS JAN LOUISE LISTER <LUMEN S/F A/C>	295,511	1.037
ROPA PTY LIMITED	284,960	1.000
PETER JOHN PAUL FROHLICH & PETER RICHARD MOHAY <EST THOMAS FROHLICH A/	260,417	0.914
CAPITOL SECURITIES PTY LTD	260,000	0.912
MS SUPAPORN RUDEE	259,190	0.909
MRS JEAN ELIZABETH DORAHY	243,000	0.853
JETOSEA PTY LTD	228,333	0.801
	14,136,017	49.598

Unquoted equity securities

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

C. Substantial Holders

Substantial holders in the company are set out below (based on voting interest in fully paid ordinary shares) as at 11 August 2020

Name	Ordinary Shares	
	No. of shares held	% of issued shares
Clime Investment Management Limited - Direct	5,984,918	5.28%
Clime Investment Management Limited - Indirect	3,890,751	3.43%

D. Voting Rights

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

Fully Paid Ordinary Shares

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

E. Investments held at the balance date

Listed domestic securities	No. of shares held	Fair value at 30 June 2020
Altium Limited	54,369	1,765,905
APN Property Group	4,211,943	2,274,449
Appen Ltd	82,216	2,788,767
Audinate Group Limited	223,697	1,207,964
Austal Limited	985,838	3,184,257
Australia & New Zealand Banking Group Limited	141,548	2,638,455
BetaShares Australian Equities Strong Bear Hedge Fund	52,471	461,745
BHP Billiton Limited	148,518	5,319,915
Bravura Solutions Limited	728,469	3,278,110
Breville Group Limited	68,585	1,560,995
City Chic Collective Limited	812,039	2,354,913
Commonwealth Bank of Australia	45,171	3,135,771
CSL Limited	5,478	1,572,186
Electro Optic System Holding	469,908	2,199,169
Fortescue Metals Group	67,548	935,540
Goodman Group	186,744	2,773,148
GPT Group Property Trust	502,639	2,096,005
Hansen Technologies Ltd	877,589	2,553,784
Integral Diagnostics Ltd	403,951	1,575,409
Invocare Limited	219,552	2,300,905
Jumbo Interactive Ltd	216,380	2,072,920
Lycopodium Limited	340,736	1,621,903
Mach7 Technologies	3,763,903	3,650,986
Macquarie Group Limited	23,613	2,800,502
Macquarie Telcom Group Ltd	84,456	3,716,064
Navigator Global Investments Limited	819,082	970,612
Omni Bridgeway Ltd	443,805	2,116,950
Orora Ltd	413,200	1,049,528
REA Group Limited	8,300	895,404
Rio Tinto Limited	17,102	1,675,312
RPM Global Holdings	2,810,503	2,951,028
Sonic Healthcare Limited	92,694	2,820,678
Technology One Limited	116,973	1,028,193
Westpac Banking Corporation	186,664	3,350,619
		76,698,091
Unlisted unit trust		
CBG Capital Limited	26,189,170	25,867,686
Income Sleeve - Syndicated listed/unlisted investments		
APN Nowra Property Fund	1,500,000	1,686,000
APN Regional Property Fund	348,529	490,101
Bluewater Square Syndicate	1,500,000	1,155,000
Elanor Metro And Prime Regional Hotel Fu	1,820,000	1,592,500
Elanor Waverly Gardens Syndicate	1,000,000	1,000,000
Hunters Plaza Syndicate	1,000,000	1,000,000
Southern Cross Poultry Fund Investment Trust	1,000,000	1,078,000
Southern Cross Poultry Fund Operating Trust	1,000,000	72,000
		8,073,601
		110,639,378

- F. During the year ended 30 June 2020, the Company recorded 1,874 transactions in securities. \$342,477 (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.

