Appendix 4E

Preliminary Final Report

Lodged with the ASX under Listing Rule 4.3A

Year Ended 30 June 2021

(Previous corresponding period - Year Ended 30 June 2020)

Revenue from ordinary activities	up	32%	to	$15,749,533
Profit before tax attributable to members	up	482%	to	$3,109,254
Profit after tax attributable to members	up	473%	to	$2,277,575

Dividends paid per share - Fully Paid Ordinary Shares	**Amount per security**	**Franked amount per security**
Interim dividend – FY21 (paid on 12 March 2021)	1.00 cent	1.00 cent
Final dividend – FY21 (proposed)	1.50 cent	1.50 cent

Record date for determining entitlements to the final dividend is	15 October 2021

Explanation of Revenue from ordinary activities

Revenues for the period increased to $15.75 million (FY20: $11.95 million).

Key drivers for the increase in revenue includes:
- Madison Entities contributing $3.59 million to the Group revenue;
- Management fees increasing to $8.5 million from $8.2 million in FY20; and
- Performance fee stable at $2.3 million in both current and previous financial year.

The Groups Funds Under Management and Advice are as follows:

	30 June 2021 ($ millions)	**30 June 2020 ($ millions)**
Gross Funds Under Management	1,180	982
Funds and Insurance premiums under Advice	3,935	3,618
Total Funds Under Management and Advice	**5,115**	**4,600**

Explanation of Net Profit to members

The Group generated an after-tax profit of $2.3 million for the year (FY20: $0.4 million).

This result includes net realised and unrealised gains on financial assets held at fair value of $1.1 million compared to a loss of $1.2 million during FY20.

The profit from ordinary activities after tax result also takes into account the Government support of $0.44 million compared to $0.36 million in FY20.

Total non-recurring expenses for the year was $0.8 million, compared to $0.4 million in FY20. This increase is mainly on account of one-off legal expenses defending an employment matter and one-off fund closure expenses.

Administrative expenses increased to $12.93 million, compared to $9.81 million in FY20. Increase in administrative expenses is mainly on account of increase in head count and consolidation of the Madison Entities.

Please refer to the Annual Report for further information regarding Group's performance during the year.

Audit Status

This report is based on the Annual Report which is audited.

2021 Annual Report

Clime Investment Management Limited

INTEGRITY | TRANSPARENCY | CONVICTION | PROGRESS

Clime Investment Management Limited

Level 12, 20 Hunter Street Sydney NSW 2000 Australia | PO Box H90 Australia Square NSW 1215
ABN 37 067 185 899 **P** 1300 788 568

clime.com.au

Photography by Harry Cordaiy
Associate Analyst

Harry's images have been used throughout the Annual Report.

2021 Annual Report

Clime Investment Management Limited

Contents

John Abernethy

Chairman's Report

Despite the significant health, social and therefore economic consequences of the continuing COVID19 outbreaks, Clime Investment Management Limited (Clime, Company or Clime Group) produced an excellent result for shareholders in FY21.

The declared profit of $3.8 million (after depreciation of right-of-use assets, and finance costs) before tax and non-cash amortisation charges on intangible assets was 280% higher than the result reported in FY20 of $1.0 million. The result has allowed Directors to declare an increased final dividend of 1.5 cents fully franked, making a total dividend payment of 2.5 cents fully franked for FY21.

It is important for shareholders to note that the $3.8 million declared result was calculated after expensing $784,877 for a range of one off or extraordinary non operating costs. These included redundancy costs, legal costs and fund closure costs. These costs exceeded the grants received from Government assistance for the COVID19 outbreak of $435,682. Clearly, the Company's results would have been even more impressive without these costs and offsets.

Also, I remind shareholders that the Company had non-cash depreciation and amortisation charges in FY21 of $700,877. The expensing of these charges has the affect of understating the actual cash profit reported to shareholders.

Consequently, the reported statutory profit before tax of $3,109,254 is conservatively stated due to the above accounting adjustments.

To a great extent the substantially improved reported profit flows from four key aspects of our business:

1. The successful merger of Clime entities with Madison Financial Group;
2. The identification and then the implementation of synergies between the two operations;
3. The tailwind of strong returns from risk markets; and
4. The outperformance of a range of indices by our highly talented investment team.

Reflecting on the past it is true to say that it was an "opportunistic" transaction whereby Clime acquired and thereby merged with Madison in June 2020. The opportunity arose because Madison Financial Group Pty Ltd, AdviceNet Pty Ltd, ProActive Portfolios Pty Ltd, and WealthPortal Pty Ltd (together, Madison Entities) were sold during the heights of the COVID19 outbreak. Clime was able to move quickly to a position of preferred buyer because we had extensively researched the market landscape in which the Madison Entities operated, we had a strong balance sheet, and we had supportive capital providers.

A year after the merger the most significant synergy has been created through the promotion of Annick Donat from the CEO of Madison Financial Group Pty Ltd (Madison) to the Group Chief Executive role.

With her extensive experience across financial advice, licensing obligations, regulatory rules for financial product creation and management, it is doubtful that any leader of a company participating in our particular markets has the operating qualifications of Annick.

I want to reiterate my earlier comments regarding our "highly talented" funds management team. Adrian Ezquerro has had a 14-year career with Clime and I congratulate him on your behalf in establishing himself as our successful investment leader. Under his leadership, Clime has now developed a very stable team of Portfolio Managers and Analysts, whose ages and experiences cover the required ambit of a successful investment team.

In 2018 when I was Managing Director of Clime Group, I outlined in the Annual Report the opportunity that presented for companies like the combined Clime and Madison Group. I would like to update you on the opportunity, as it has grown in the meantime.

Our direct Clime business and Madison Authorised Representatives service the wealth markets of Australia. The wealth market of Australia is estimated at $5 trillion made up of about $3 trillion in superannuation and over $2 trillion in non super investments (excluding residences).[1]

Based on the above statistics it is easy to discern that the major focus of our service provision is directed to the trustees of self-managed superannuation funds (SMSFs) – both in accumulation and pension mode.

Nothing has changed from my observations in 2018, but our potential to access and service this market is greater following our merger.

1 Source: ABS, 2021

The declared profit of $3.8 million… before tax and non-cash amortisation charges on intangible assets was 280% higher than the result reported in FY20.

In 2018 I noted:

"Measured by assets, Australia now has the fourth largest retirement system in the world. Further, Australia's per capita income sits comfortably inside the top 10% of world economies. We are indeed a wealthy nation.

Whilst these observations and statistics are impressive it is sobering to reflect that for the foreseeable future over 70% of people who enter retirement will be dependent upon a full or part Commonwealth public pension.

Those retirees in the community who are self-sufficient, through super or non-super assets, will have an increasing burden to bear. These people are and will increasingly be required to look after themselves through retirement. Whilst there is nothing wrong with this, future governments will continue to make changes across superannuation and taxation rules. These changes, the frantic pace of change everywhere and an enduring low yield investment environment, will require the self-funded to constantly monitor their affairs or seek the support of ethical retiree consultants."

With Clime and Madison now successfully coming together, we as a group can help our clients "monitor their affairs or seek the support of ethical retiree consultants".

Whilst we anticipate that FY22 will be a successful year for the Clime Group, there is no doubt that the continuing outbreaks of COVID19 will create challenges in servicing our clients. However, we are committed to doing our best for all of our clients, our staff, our strategic service partners and our shareholders.

Kindest regards to my fellow shareholders

John Abernethy

Annick Donat

CEO Report

I am pleased to report on Clime's strong FY21 financial results. This was a year, dominated by COVID19 shutdowns and interruptions, where learning to pivot quickly without all the information at hand became the new way of working.

Despite the COVID19 challenges it is pleasing to report that both of our businesses, Clime and Madison, outperformed the operating budget set for each at the beginning of the financial year.

Continuous business improvement

Since my commencement on 1 May, we have taken several steps to leverage our significant core assets and highly experienced team to grow the business by continuing to provide expert advisory and investment services to our diverse range of clients.

Key programs commenced in FY21 and due for completion mid FY22 include:

- simplifying our technology architecture to improve the client experience,
- better utilise the data and insights we curate,
- use the diversity of skills and experience across our people to accelerate projects, and
- strengthen our position as an integrated wealth business.

These programs have allowed the Group to streamline processes, find efficiency gains and increase productivity.

Financial Performance

The disciplined approach and unwavering commitment to quality and value which underpins our investment philosophy has delivered exceptional results for our clients and shareholders. This resulted in our Funds Under Management and Advice (FUM&A) growing strongly to a total of $5.1 billion.

Our Portfolio Managers delivered strong investment fund and mandate results. Their exceptional work generated $2.3 million in gross performance fees for the year.

These results, when coupled with improved operating earnings and a positive contribution from Clime's Balance Sheet investments, delivered a combined FY21 group profit of $3.8 million before depreciation and amortisation. By comparison, FY20 was $1.3 million.

It was a productive year for clients with all Clime funds, outperforming their respective benchmarks.

For our direct portfolio managed clients, it is pleasing to report that the IMA Growth portfolio has now outperformed its benchmark over all time frames out to 3 years, after all fees. Our Smaller Companies Fund continues to perform strongly, and has now delivered +21.4% p.a. since inception, after all fees. Adrian Ezquerro, Head of Investments, shares additional insights and performance highlights on page 10.

Happy anniversary – Clime and Madison come together

June 26, 2021 marked the first anniversary of the merger of Clime with Madison. The successful integration of Madison has provided synergy and cost benefits in the form of operational efficiency, people expertise and introductions to new market segments. In May of this year, I was honored to be appointed as the Group CEO.

It is pleasing to report that Madison outperformed its operating budget for the financial year. Our team is well-respected throughout the advice community, and we continue to attract quality advice firms and highly experienced employees.

We are starting to see steady growth in the number of new referrals, attracting Advisers who are seeking a collaborative community which provides access to professional investment expertise, ongoing education, underpinned by a culture of 'client first'.

More recently, we have conducted a review of our Clime Private Wealth service to ensure we continue to meet the needs and objectives of our clients. I have valued the open discussions with many of our Private Wealth clients and we have identified ways we can improve or enhance our service to better assist you.

Jaime Johns has been appointed GM Madison & Head of Clime Private Wealth. She has been with Madison for five years. Her knowledge and experience span two decades in advice, investments, mergers and acquisitions and practice management. You can read more about our advice business on page 12.

The way forward

Clime exists to create value for our clients, undertaking our business and services as a team. We often refer to the African proverb, 'if you want to go fast, go alone. If you want to go far, go together'.

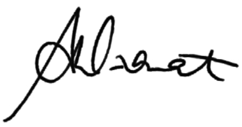
We head into FY22 optimistic about the future and passionate about providing a fresh, progressive and principled financial services offering, to elevate the financial wellbeing of our clients, shareholders and employees.

My thanks to our Directors, Leadership team and people for staying the course, working collaboratively despite the continual changing dynamics brought about by a global pandemic.

In closing, I would like to acknowledge the support and guidance of John Abernethy, our Chairman. John is well known to many, and highly respected for his ability to communicate complex market information simply, educating clients to help make informed decision about their investments. It is this ethos which continues to set the foundation for our Group, and from which we derive our commitment and passion to create value for our clients, Advisers and shareholders.

To our clients and shareholders, thank you for investing alongside us, and entrusting us with your investments. On behalf of Clime, I hope you and your families are in good health and remain safe.

Sincerely,



Annick Donat

Our leadership team

Jaime Johns General Manager Madison & Head of Private Wealth

Biju Vikraman Chief Financial Officer

Troy Poposki Head of Operations

Annick Donat Chief Executive Officer

Kerry Thomas General Manager Risk & Compliance

Adrian Ezquerro Head of Investments

Below is a summary of the Group's performance from the operating business and investment income:

	2021 ($)	2020 ($)
Funds management and related activities revenue	9,253,262	8,914,357
Performance fees income	2,285,283	2,347,871
Revenues from the Madison Entities	3,591,472	-
Investment software revenue	301,957	353,324
Government subsidy	435,682	355,500
Gross income	**15,867,656**	**11,971,053**
Staff costs	(7,432,379)	(5,583,082)
Short-term incentives to staff	(1,290,045)	(859,300)
Total staff costs before redundancies	**(8,722,424)**	**(6,442,382)**
Depreciation of right to use assets	(429,444)	(234,701)
Finance costs on leases	(117,759)	(77,885)
Short term leases	(157,565)	(197,731)
Total occupancy costs	**(704,768)**	**(510,317)**
Other administrative expenses	(2,064,947)	(1,518,902)
Third party custody, management & funds administration services	(852,370)	(972,460)
Selling and marketing expenses	(346,668)	(297,106)
Total other operating expenses	**(3,263,985)**	**(2,788,468)**
Operating profit	**3,176,479**	**2,229,886**
Direct investment income – dividends and Interest	317,558	336,670
Realised and unrealised gains/(losses)	1,100,971	(1,156,990)
Income/(loss) generated by financial assets held at fair value	**1,418,529**	**(820,320)**
Redundancy costs	(249,915)	(65,731)
One-off - legal expenses defending employment matter	(283,027)	-
One-off - fund closure expenses	(206,209)	-
Other non-recurring expenses	(45,726)	(318,732)
Total non-recurring expenses	**(784,877)**	**(384,463)**
Profit before depreciation and amortisation	**3,810,131**	**1,025,104**
Depreciation of property plant and equipment	(53,120)	(41,481)
Amortisation of intangibles	(647,757)	(448,967)
Total depreciation and amortisation and finance costs	**(700,877)**	**(490,448)**
Statutory profit before income tax	3,109,254	534,654
Income tax expense attributable to operating profit	(831,679)	(137,226)
Statutory profit after income tax	**2,277,575**	**397,428**

Statutory profit before tax was $3.1 million compared to $0.5 million for the previous corresponding period (pcp). Strong contributions from the operating businesses, generation of performance fees and positive contribution from Group's direct investments lead to a solid performance during the year current year.

Operating business:

Operating profit for the year was $3.1 million compared to $2.2 million in pcp. Madison Entities contributed $3.6 million to the revenue during the current year.

Strong performance from Clime's investment portfolios contributed to $2.3 million (2020: $2.3 million) of performance fees for the year. During the current year, the outperformance of the investments within Clime Capital Limited's portfolio contributed significantly to the performance fees received by Clime.

Key projects rolled out during the year have delivered operational efficiencies in readiness for scaling the growth opportunities for FY22.

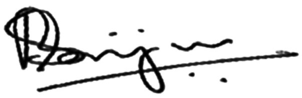
During the year $0.8 million (2020: $0.4 million) of one-off costs were incurred in redundancies, legal costs for winding up sub-scale funds, and costs related to employment.

Investment income

Investment income contributed positive $1.4 million compared to a loss of $0.8 million in pcp. Record profits for the year generated by Clime Asset Management Pty Ltd (a subsidiary of the Company) in its capacity as Investment Manager for Clime Capital Limited significantly contributed to Group results.

Strong performance from the operating businesses, performance fees and investment incomes resulted in generating a profit before depreciation and amortisation of $3.8 million compared to $1.0 million during the pcp.

Total depreciation and amortisation were $0.7 million compared to $0.5 million during the pcp. Amortisation of intangibles increased in FY21 mainly due to amortisation of customer lists acquired through Madison Entities.



Biju Vikraman
Chief Financial Officer

Adrian Ezquerro

Investment Report

In many respects, FY21 was an extraordinary year. The onset of the pandemic in late FY20 brought with it an acute market reaction initially driven by elevated uncertainty. The response from Governments and Central Banks was both swift and decisive, providing unprecedented support that in turn aided the swift rebound in the global economy. Thus, as we progressed through FY21, a renewed sense of optimism pushed markets higher, largely reflecting the strong recovery in both economies and corporate earnings.

Such settings provide context for what was another positive year of execution by the Clime Investment Management team. I am fortunate to lead such a talented, dedicated team whose efforts routinely go beyond the nine to five. We are here to serve our clients, all of whom place their trust in us to invest their savings wisely. To achieve sound outcomes for our clients is thus greatly satisfying and reflects positively on the efforts of the team, who ultimately form an intangible asset base of immense value for the Clime business.

Shareholders are likely to find much of the information in this annual report to be useful when assessing the performance and prospects of Clime. I would also suggest that shareholders consider factors relating to people, process, and performance when undertaking any such assessment. Those reviewing our funds will often analyse these critical aspects of our business, which in turn influences fund flows.

As introduced above, I am of the view that we have great people. Moreover, the strength, stability and consistency of our Investment Management team now provide us with the requisite foundation from which to execute well. Much of the team has now worked together for many years, resulting in ever improving communication and cohesion.

Great people executing a sensible investment process will generate strong performance over time. ”

Specific to process, our focus remains on researching and investing in high quality companies, while maintaining strong valuation discipline. Put simply, we seek to invest in great businesses at sensible prices. Distilling our process sharply into focus leads us to spend much of our time looking for companies with niche leadership, strong balance sheets and large opportunity sets. It is our commitment that these endeavours continue in earnest in the years to come.

Great people executing a sensible investment process will generate strong performance over time. Thankfully, this has been the case for Clime funds in recent years, with the majority of our funds outperforming over 1 and 3 year periods. Two of our funds, namely the Clime Australian Income Fund and the Clime Smaller Companies Fund, are in the top decile of their respective categories over 3 years.

It is pleasing to note that all of Clime's various income funds have outperformed their respective benchmarks over all timeframes. This is an outstanding achievement and is a great credit to the diligent efforts of Dr Vincent Chin, Clime's Income Portfolio Manager, and the income team.

Clime's growth focused funds have also added significant value for investors in recent times, and this has several positive impacts for Clime and its shareholders. Firstly, and most importantly, this suggests we are meeting or exceeding the investment objectives of our clients. Secondly, this positions the Company well to earn performance fees, with the Company generating in excess of $1m of performance fee revenue in FY21 for the fourth consecutive year. Finally, this affords the Clime distribution team a better opportunity to continue growing the Company's funds under management (FUM) base. Successfully compounding such a scenario over many years should drive both revenue and earnings growth.

I am grateful for the support received from our investors, the Clime Board, CEO Annick Donat, the Leadership team, an exceptional Investment Management team and the broader Clime Group. I feel we are particularly well positioned to continue building constructively on the growth path now firmly established. Finally, thank you to all shareholders for your ongoing support.

Adrian Ezquerro

Clime Australian Income Fund

Clime Smaller Companies Fund

Ratings current as at date of annual report.

Jaime Johns

Madison

Year in Review 2021

Madison provides licensee support services to self-employed advice firms. The Madison community is built with like-minded professionals who share a passion for providing advice to more Australians. Madison provides services to these small business owners which consists of a strong governance framework, business and advice coaching, ongoing education development, and advice technology solutions, which assist advisers to deliver great advice and excellent client outcomes.

Madison has now spent 12 months within the Clime Group. Madison advice practices have found the integration into Clime valuable through leveraging the deep investment experience and scalable efficiencies through a mature operating parent.

Madison currently has over $3.8b funds under advice and $45m of in-force Insurance premiums. Despite the challenging market conditions, and significant legislative changes, Madison met its profit targets for FY21, and retained team members, ensuring the Adviser and client community remained stable and safe.

Although disrupted through COVID19, Madison has seen a steady increase of average revenue per advice firm.

Having made strong investment into the advice framework has allowed our practices to embrace technology to continue to engage clients and deliver advice services.

Underlying demand for financial advice remains strong and Madison will support Advisers through the regulatory requirements that will continue to rollout over the coming year. Financial Advisers who want to remain within retail advice are required to pass the FASEA Adviser exam by December 2021. Although a small extension has been granted to allow an additional resit if you have failed, Madison has seen over 90% of our Adviser community pass the Financial Adviser Exam.

Outlook 2022

Focussing on FY22, we will continue to assess partnerships and other acquisition opportunities that support the growth of our business and our advice practices. This includes continued investment into the advice and governance framework, building upon data insights and identified efficiencies for the delivery of high quality, personal advice to Australians.

Jaime Johns

Madison has seen over 90% of our Adviser community pass the Financial Adviser Exam. ”

Craig Muchamore

From our Community

Craig is a Principal and Co-founder of i2 Wealth Financial Planning and has been part of our Madison community since 2020. He is also a member of the Madison Adviser Council. Craig shares his experiences as an Adviser below.

Why do you believe in financial advice?

It's fair to say that the advice industry "chose me" rather than I choosing the industry. My Dad & Mum ran a small financial planning business in my childhood town of Mount Gambier and through this (and welcoming clients to our kitchen table for meetings), I learnt of the profound impact and value that Advisers could provide to their clients.

Following my move to Adelaide for University, I have chosen to remain in this industry, which is rapidly evolving to a profession with the de-linking of product sales to advice, and the additional protections provided to consumers through the heavy load of compliance Advisers are now working under.

I believe that professional and personalised financial advice has the ability to drastically change a client's relationship with money and provide great comfort that they can achieve their financial objectives.

In your opinion, what are the key areas of advice and service your clients value?

Typically, the main value we provide our clients is the peace of mind that they are being looked after and there is someone "in their corner" helping them manage their money and their finances.

This can range from the completion of all of the administration paperwork that is required, through to managing tax, super and centrelink strategies, managing portfolios, and aiming to deliver returns that are specifically targeted to each individual client's needs.

Where do you see your business focussing over the next three years?

Don Sampson (Principal and Co-founder) and I chose to partner with a successful and growing accountancy business here in Adelaide when we established our business. We see our business continuing to grow and provide support to many more people.

We know that there are a lot of clients needing support following the exit of the banks from personalised advice and the lack of quality alternatives here in Adelaide, so we are focussed on maintaining our high standards of value, quality and compliance to meet these needs.

We will manage our growth in line with our core philosophies of maintaining a work-life balance and treating our clients with the upmost respect and personalisation.

i2wealth financial planning

“We exist to create value for our clients.”

Private Wealth

Sharing investing insights with 560 Private Wealth clients

- Investment management in uncertain times
- Active investing to manage risk & volatility
- Family Wealth Transfer
- Sourcing growth solutions
- Investing in the best emerging market companies
- Behavioural finance and asset allocation
- Investing in a balanced and ethical way
- Investing in a low interest rate environment
- The Outlook for FY22 with John Abernethy
- A tax effective way to end the financial year

3 of 37		**Jonathan Wilson** CITYWIRE AAA Clime Smaller Companies	81.2%
3 of 37		**Adrian Ezquerro** CITYWIRE AAA Clime Smaller Companies	81.2%

Madison Financial Group

Educating our Adviser community

Professional Development days

Melbourne, Sydney, Brisbane, Adelaide
Attendees – 102
Rating 4/5

Good Governance Summit 2020

Online
Attendees - 101
Rating - 4.1/5

Investment Specialist Forum 2021

Sydney
Attendees – 42
Rating – 4/5

Specialist training webinars

Attendees - 136
Advice Technology
Advice & Governance seminar
Investment Market updates
End of Financial Year review

clime direct

220

individual company valuations

In the media

Expert commentary from Adrian Ezquerro, Vincent Cook and Jonathan Wilson

Welcome!

Anand Tanna | Senior Accountant

Chris Hansen | Client Solutions Manager

Harry Cordaiy | Business Development Associate

Jason Gapps | National Practice Manager

Jessica Clair | Practice Transition Manager

Madeleine Falkiner | Practice Transition Manager

Megan Thomson | Advice Integration Manager

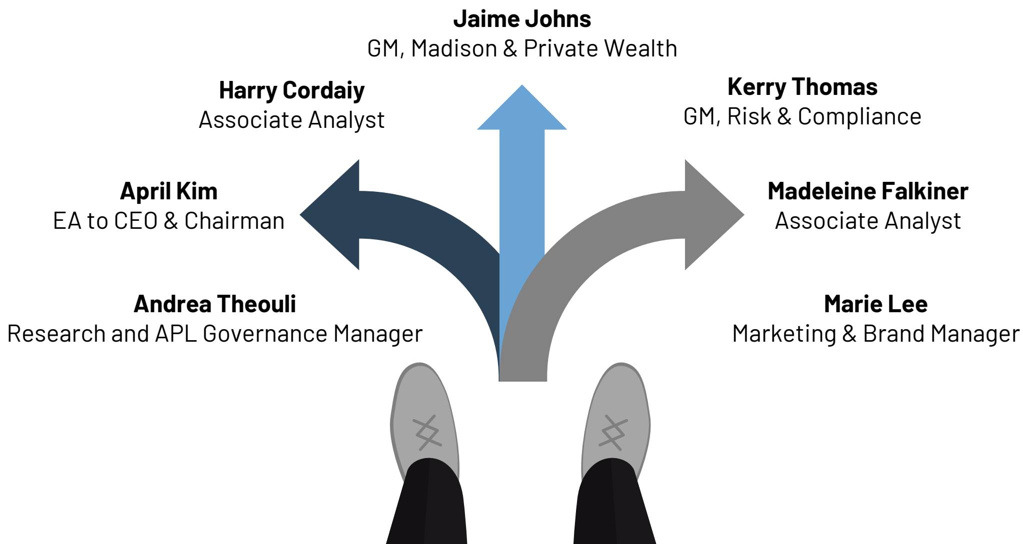
Nina Bailey | Advice Coach

Troy Poposki | Head of Operations

Viel Gabriel | Financial Accountant

"Invest in people, who invest in you"

Promoting from within



Clime in the community

The Emerge Foundation

During both World Wars, Timor-Leste fought alongside Australian troops and since then our countries have a long history of kinship and support for one another. The Emerge Foundation builds on this relationship and creates incredible opportunities for the people of Timor-Leste through their 3 programs - Teaching Scholarship, Barefoot Nursing and Youth in Sport. This funding provides critical education and training to the women and children of Timor-Leste who continue to bring hope amidst the nation's devastated past.

At the beginning of the year Annick Donat joined the committee which works closely with the founders Ian and Marionne MacRitchie. Clime helped to prepare for a day of fundraising at the Legends of Sports Lunch in May. It was fantastic event that brought together people across industries working towards a greater cause. We partnered with designer Donna Forbes, and Aesop, to prepare designer bags and body care packages which were auctioned. All profits went towards funding the 3 programs.

THE EMERGE FOUNDATION

EDUCATING I HEALING I CARING

Future Generation Australia

Future Generation

INVESTMENT & SOCIAL RETURNS

Future Generation Australia supports 10 charities across the country to help at-risk youth: Act for Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, Debra Australia, Diabetes Kids Fund, Giant Steps, Lighthouse Foundation, Mirabel Foundation, Raise Foundation and Youth Off The Streets. The funds raised for these charities help to the break the cycle of disadvantage, improve social wellbeing and community engagement among the young people across the country.

Clime became a fund manager with Future Generation Australia in May 2016. We are part of the $4.8 million invested by Future Generations Australia in 2020 in charities which focus on supporting vulnerable young Australians.

Report from the Board

Report from the Board

We are pleased to present the results of Clime Investment Management Limited and its controlled entities ("the Group") for the financial year ended 30 June 2021.

The comparison with the prior year needs consideration of the impact of the acquisition of all of the issued share capital of each of the Madison Entities.

Acquisition of Madison Entities was completed on 26 June 2020 with the Group acquiring 100% equity interest. The results of Madison Entities have been included in the Group consolidation from acquisition, whereas the previous reporting period includes the results of Madison Entities from 26 June 2020. To that extent, the numbers are not strictly comparable.

Key highlights

For FY21, the Group recorded a net profit before tax of $3,109,254 compared with $534,654 in FY20. Net profit after tax attributable to members was $2,277,575 for FY21 compared with $397,428 in FY20.

Basic earnings per share for the year was 3.5 cents per share compared to 0.7 cents per share as at 30 June 2020.

Group revenue increased by 32% from $11,952,222 in FY20 to $15,749,533 in FY21.

The Group derived performance fees during the year of $2,285,283 (FY20: $2,347,871).

Madison Entities contributed $3,591,472 revenue to the Group for the 12 months ending 30 June 2021.

The Group's Gross Funds Under Management and Advice (FUM&A) was $5.1 billion as at 30 June 2021 compared to $4.6 billion as at 30 June 2020.

Direct investment income comprises of dividends, trust distributions, interest income, realised gains and unrealised gains for a mark to market of our investments. For the year ended 30 June 2021 this represented $317,558 (FY20: $336,670) of dividend and distribution income and $1,100,971 (FY20: loss of $1,156,990) mark to market gains of financial assets, mainly on account of the Group's holdings in Clime Capital Limited.

Depreciation and amortisation expense increased from $725,149 in FY20 to $1,130,321 in FY21. The increase was mainly on account of higher amortisation on right of use assets due to moving to a larger office space in Sydney following the acquisition of Madison Entities.

Administration expenses were $12,928,852 (compared to $9,813,044 in FY20) mainly on account of additional head count and operating expenses.

Gross Funds under Management (FUM)	30 June 2021 ($ millions)	30 June 2020 ($ millions)
Clime Individually Managed Accounts	556	471
Listed Investment Company (Clime Capital Limited - ASX: CAM)	163	120
Managed Funds and Mandates	363	308
Separately Managed Accounts	98	83
Sub-Total Funds Under Management	**1,180**	**982**
Funds Under Management and Advice - WealthPortal	833	749
Funds Under Advice - other investment platforms	3,057	2,795
Insurance Premiums Under Advice	45	74
Sub-Total Funds and Insurance Premiums Under Advice	**3,935**	**3,618**
TOTAL FUM&A	**5,115**	**4,600**

Summary of total equity

The total equity at 30 June comprised the following:

	30 JUNE 2021 ($)	30 JUNE 2020 ($)
Cash and cash equivalents	6,078,777	6,276,531
Other financial asset at amortised cost	289,334	230,639
Trade and other receivables less payables	(826,024)	(2,799,759)
Listed investment company - Clime Capital Limited	5,649,076	4,770,017
Unlisted investments - managed funds	21,596	945,387
Other tangible assets less liabilities	(2,153,961)	(1,567,930)
Net tangible assets	**9,058,798**	**7,854,885**
Intangible and right-of-use assets	13,709,057	13,621,707
Deferred tax assets - net	308,545	590,139
Total equity	**23,076,400**	**22,066,731**
No. of ordinary shares on issue	64,708,505	64,657,505
Equity per share	35.7 cents	34.1 cents
Net tangible assets per share	14.0 cents	12.1 cents

Cashflow

Operating cash flow (pre-impact of financial asset transactions) was positive $0.4 million ($4.3 million in FY20). This was primarily a function of the following:

- An increase in cash receipts from operating activities of $0.7 million;
- An increase in cash payments on operating activities of $4.7 million;
- Government grants received of $0.5 million; and
- An increase in tax payments by $0.3 million.

The Group generated net cash of $1.1 million from disposal of short-term financial assets in FY21 compared to $1.0 million outflow from purchase of short-term financial assets in FY20.

The net cash inflow from operating activities was $1.5 million, a decrease of $1.8 million in comparison with the previous financial year.

In FY21, net cash inflow from investing activities was $0.1 million mainly on account of receipt of $0.3 million refund arising from working capital adjustment following the completion of Madison Entities acquisition.

Net cash outflow from financing activities in FY21 was $1.8 million mainly due to dividend payment of $1.3 million.

Outlook for 2022 Financial Year

Directors and management expect FY22 to be a year of further growth resulting from delivery of Clime's strategy. The Group's integrated service offering encompasses investor education, advice and investment solutions for self-directed, retail and wholesale clients.

We also anticipate continued expansion during FY22 via growing funds under management and advice; expanding the retail and wholesale advice footprint of the Group through appointing Financial Advisers who share our values of Integrity, Transparency, Conviction and Progress; growing investment services provided to third-party licensed Financial Advisers; and seeking above benchmark investment returns across all portfolios.

On behalf of the Board

John Abernethy
Chairman

Brett Spork
Independent Director

The Directors

The Directors of Clime Investment Management Limited submit herewith the financial report of Clime Investment Management Limited for the financial year ended 30 June 2021. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

J Abernethy
Non-Executive Chairman

B Spork
(Appointed 23 October 2020)
Independent Director

P Beaumont
(Appointed 19 October 2020)
Independent Director

D McLay
(Resigned 1 October 2020)
Non-Executive Chairman

A Chant
(Resigned 19 October 2020)
Independent Director

N Schafer
(Ceased 6 August 2021)
Independent Director

Mr. John Abernethy BCom (Econ), LL.B
Chairman

Experience and expertise
Mr. Abernethy was appointed Executive Director in 1994. Mr. Abernethy has over 35 years' funds management experience in Australia and was previously General Manager Investments of the NRMA. Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Mr. Abernethy has been a Director of the Company for over 25 years.

Directorships of other listed companies
Mr. Abernethy is a Director of Clime Capital Limited and WAM Research Limited.

Former Directorships in last 3 years
Watermark Market Neutral Fund Limited, Watermark Global Limited, Australian Leaders Fund Limited and CBG Capital Limited.

Special responsibilities
Member of Compliance & Risk Committee

Interests in shares and options
4,430,404 ordinary shares

Mr. Brett Spork BBA
Independent Director

Experience and expertise
Mr. Spork was appointed Non-Executive Director of the Company in October 2020. 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 Bachelor of Business from the Queensland University of Technology.

Directorships of other listed companies
Mr. Spork is a Director of PM Capital Global Opportunities Fund Limited and PM Asian Opportunities Limited.

Former Directorships in last 3 years
Clime Capital Limited

Special responsibilities
Chairman of Remuneration Committee
Member of Compliance & Risk Committee
Member of Audit Committee

Interests in shares and options
35,000 ordinary shares


Mr. Peter Beaumont BSc(Chem), MBA
Independent Director

Experience and expertise
Mr. Beaumont was appointed as a Non-Executive Independent Director of the Company in October 2020. Mr. Beaumont has extensive experience in financial markets, public-private partnerships and consumer fintech lending. Mr. Beaumont holds a Bachelor of Science (Hons 1) from the University of Sydney and an MBA from the MIT-Sloan School of Management, Cambridge MA.

Directorships of other listed companies
Mr. Beaumont is currently the Chief Commercial Officer with Wisr Limited and a Director of related companies.

Former Directorships in last 3 years
None

Special responsibilities
Chairman of Audit Committee
Chairman of Compliance & Risk Committee
Member of Remuneration Committee

Interests in shares and options
None

Mr. Biju Vikraman BCom, ACA, AGIA, ACIS
Company Secretary

Experience and expertise
Mr. Vikraman was appointed Company Secretary in 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 20 years' experience across accounting, audit, finance and governance and has held senior roles with big 4 Accounting Firms and listed entities within Australia, India and Africa.

Mr. Vikraman is also an associate member of the Governance Institute of Australia.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration report section of this Directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (the Company), directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Mr. Allyn Chant BCom, CA, FFin
Independent Director
(Resigned 19 October 2020)

Experience and expertise
Mr. Chant was appointed as a Director in 2014. Mr. Chant holds a Bachelor of Commerce and is a qualified Chartered Accountant and a Fellow of FINSIA.

Mr. Chant has over 40 years' experience both in Australia and overseas in auditing, financial planning and business management.

Directorships of other listed companies
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of Audit Committee
Member of Remuneration Committee

Interests in shares and options
Not applicable

Mr. Neil Schafer BAppEcon
Independent Director
(Ceased 6 August 2021)

Experience and expertise
Mr. Schafer was appointed Non-Executive Director in 2011. Mr. Schafer has extensive experience in business strategy and execution, investment management, and banking and holds a First Class Honours Degree in Applied Economics from the University of New England.

Directorships of other listed companies
Mr. Schafer is a Director of Imperial Pacific Limited and London City Equities Limited.

Former Directorships in last 3 years
None

Special responsibilities
Chairman of Audit Committee
Member of Remuneration Committee
Member of Compliance & Risk Committee

Interests in shares and options
Not applicable

Mr. Donald McLay BCom, CA, FFin, ACIS, AGIA
Non-Executive Chairman
(Resigned 1 October 2020)

Experience and expertise
Mr. McLay has more than 40 years' experience within financial markets, investment banking and broad business services. He has previously held executive roles with a number of local and overseas investment managers and investment banking organisations, working in London, Singapore, Auckland and Sydney.

Mr. McLay holds a Bachelor of Commerce, is a Chartered Accountant, a Chartered Secretary, Associate Member of Governance Institute of Australia and Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

Directorships of other listed companies
Mr. McLay is a Director of Credit Corp Group Limited (ASX: CCP).

Former Directorships in last 3 years
None

Special responsibilities
Member of Remuneration Committee
Member of Audit Committee

Interests in shares and options
Not applicable

Directors' meetings

The following table sets out the number of Directors' meeting (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

DIRECTORS	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITEE	
	Held	Attended	Held	Attended	Held	Attended
Mr. John Abernethy	15	15	-	-	-	-
Mr. Brett Spork	9	9	1	1	2	2
Mr. Peter Beaumont	9	9	1	1	2	2
Mr. Neil Schafer	15	15	2	2	3	3
Mr. Donald McLay	5	4	1	1	1	1
Mr. Allyn Chant	6	5	1	1	1	1

Rotation and election of Directors

Mr. Spork and Mr. Beaumont were appointed in 2020 and being eligible, offer themselves for re-election at the next Annual General Meeting in accordance with the Company's Constitution.

Principal activities

The Group's principal activity is investing in listed and unlisted securities for clients, and operating under Australian Securities and Investments Commission (ASIC) granted Australian Financial Services Licences (AFSLs) in the funds management and financial planning industry.

During the year the principal continuing activities of the Group consisted of:

a. Operating an Individually Managed Accounts Service for wholesale clients, and Separately Managed Accounts, through wholly owned subsidiary Clime Asset Management Pty Limited.

b. Providing exclusive wealth advice to wholesale and sophisticated clients through wholly owned subsidiary Clime Private Wealth Pty Limited.

c. Acting as investment managers for listed company Clime Capital Limited (ASX: CAM) through wholly owned subsidiary Clime Asset Management Pty Limited.

d. Acting as investment managers for the managed funds Clime Australian Income Fund, Clime Smaller Companies Fund, Clime International Fund, Clime Fixed Interest Fund and Clime All Cap Australian Equities Fund (Wholesale) through wholly owned subsidiaries Clime Asset Management Pty Limited and CBG Asset Management Limited.

e. Providing licensee services to Financial Advisers licensed through Madison Financial Group Pty Limited.

f. Dealing in various financial products to retail and wholesale investors through AdviceNet Pty Limited, WealthPortal Pty Ltd and ProActive Portfolios Pty Ltd.

g. Providing an online equity research and valuation tool for Australian and International investors to research and value Australian and international listed companies and investment markets through wholly owned subsidiary Stocks in Value Pty Limited (trading as Clime Direct).

Review of operations

In accordance with the relief provided by Legislative Instrument 2016/188 issued by the ASIC, the Company is not required to reproduce information required in the Directors' Report if it has been included elsewhere in the Annual Report. As such, for a detailed review of operations of the Company, please refer to Report from the Board beginning on page 18.

Operating result

The consolidated net profit after providing for tax amounted to $2,277,575 (2020: $397,428).

Dividends paid or recommended

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

	2021	2020
1 cent per share (2020: 1.5 cents per share) franked to 100% at 27.5% (2020: franked to 100% at 27.5%) corporate income tax rate, final ordinary dividend paid during the year on 2 October 2020 in respect of the prior financial year	657,075	841,061
1 cent per share (2020: 1 cent per share) franked to 100% at 26% (2020: franked to 100% at 27.5%) corporate income tax rate, interim ordinary dividend paid during the year on 12 March 2021 in respect of the current financial year	650,585	559,249
Total dividends paid	**1,307,660**	**1,400,310**

Changes in state of affairs

The Group entered into a five-year office lease agreement commencing on 15 July 2020 and up to 14 July 2025. This resulted in lease commitments of $2,175,038 discounted at the current incremental borrowing rate.

During the year, the Board resolved to replace the Equity Incentive Plan (EIP) approved at the 2019 AGM held on 14 November 2019 with the Clime Investment Management Limited Employee Incentive Scheme (EIS) approved by the shareholders in 2007. There were no grants under the EIP.

There were no other significant changes in the state of affairs of the Group during the financial year.

Subsequent events

A final fully franked dividend for the year ended 30 June 2021 of 1.5 cent per share, totaling $997,628, has been declared by the Directors subsequent to year end. This provision has not been reflected in the financial statements.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

The Company will continue to pursue activities of:

- Primarily investing in equities listed on the Australian and international securities exchanges;
- Growing the Madison Adviser Community; and
- Providing advice to wholesale and retail clients.

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 company-specific and prevailing industry conditions.

In addition, a range of external factors including economic growth rates, COVID19 pandemic impact, 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 predict the future performance of the Company's investments nor its mandates and therefore, the Company's performance.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

NATURE OF OPTIONS	DATE OPTIONS GRANTED	VESTING / EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
CIW Employee Incentive Scheme	25 October 2013	3 January 2022	$0.829	100,000
CIW Employee Incentive Scheme	11 September 2015	3 January 2022	$0.700	150,000
CIW Employee Incentive Scheme	20 July 2016	3 January 2022	$0.630	100,000
CIW Employee Incentive Scheme	30 April 2021	29 April 2024	$0.575	400,000
CIW Employee Incentive Scheme	23 June 2021	22 June 2024	$0.573	1,050,000
			Total	**1,800,000**

The holders of these options do not have the right, by virtue of the option, to participate in any other share issue of the Company or of any other body corporate or registered scheme.

Rounding off amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' report and in the financial statements are rounded to the nearest dollar or in certain cases to the nearest one thousand dollars, unless otherwise indicated.

Environmental issues

The Group's operations are minimally impacted by any significant law of the Commonwealth or of a State or Territory relating to the environment.

Risk and compliance control statement

Under Australian Securities Exchange (ASX) Listing Rules and the ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council, the Company is required to disclose in its Annual Report the extent of its compliance with the 'ASX Principles and Recommendations'.

The Directors have implemented internal control processes for identifying, evaluating and managing significant risks to the achievement of the Group's objectives. These internal control processes cover financial, operational and compliance risks. The Group's corporate governance practices are outlined in further detail in the Corporate Governance Statement section on the Company's website at www.clime.com.au.

The Directors have received and considered the annual control certification from the Chief Executive Officer and the Chief Financial Officer in accordance with the principles relating to financial, operational and compliance risks.

Throughout the reporting period, and as at the date of signing of this Annual Report, the Company was in compliance with the ASX Principles and Recommendations to the extent disclosed in the Corporate Governance Statement.

Insurance for Directors and Officers

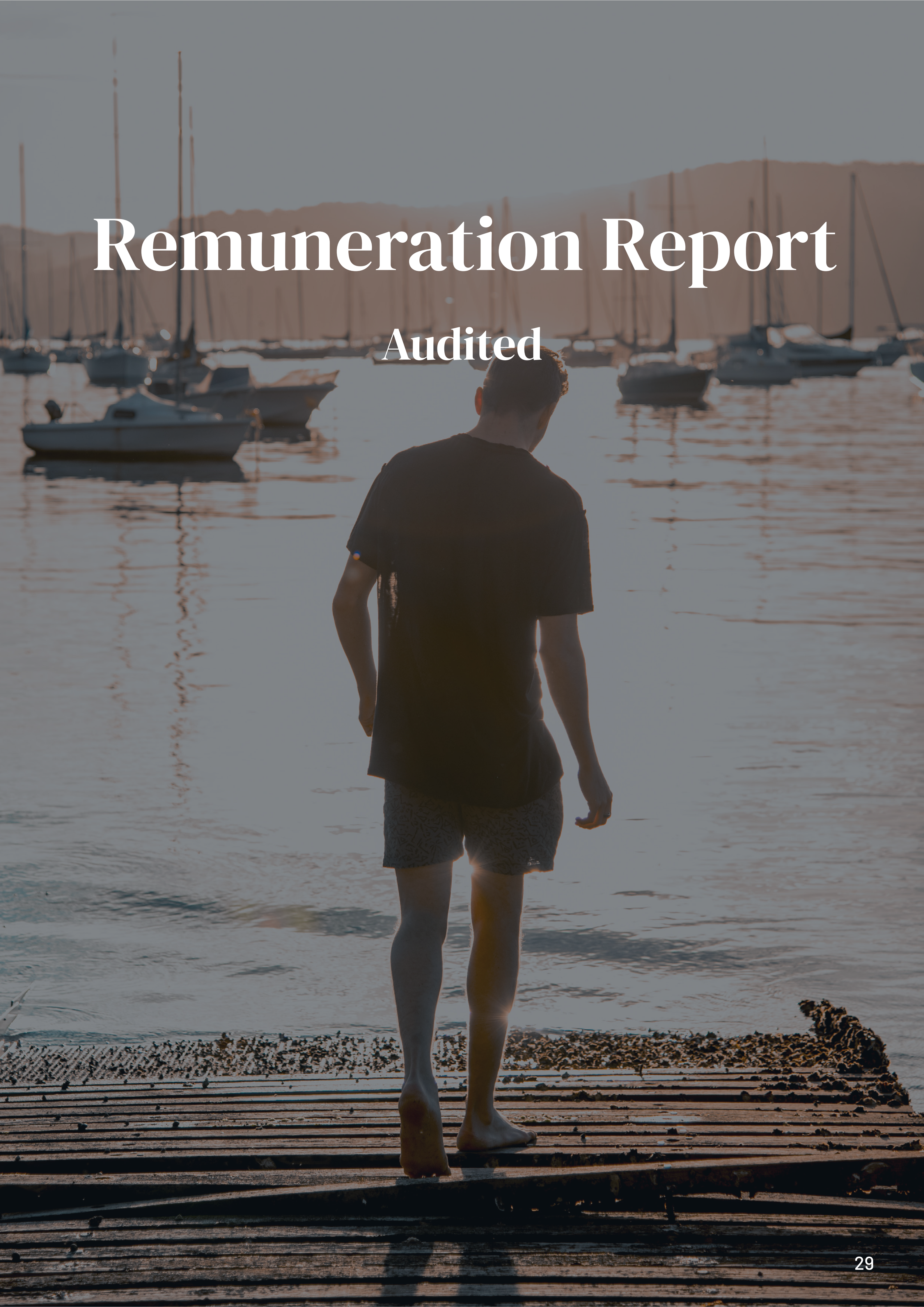
During the financial year, the Group paid a premium in respect of a contract insuring all Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors or Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of premium.

No indemnity provided to auditors

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or of any of its controlled entities against a liability incurred by an auditor.

Remuneration Report

Audited



Remuneration report - audited

This Remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Directors of Clime Investment Management Limited (Company) and its other key management personnel for the financial year ended 30 June 2021.

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

A. Key management personnel
B. Remuneration policy
C. Remuneration of key management personnel
D. Key terms of employment contract
E. Share-based compensation
F. Related party transactions
G. Additional information

A. Directors and other key management personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

Non-Executive Directors	Position
John Abernethy	Non-Executive Chairman
Donald McLay (resigned 1 October 2020)	Non-Executive Chairman
Neil Schafer (ceased 6 August 2021)	Independent Director
Brett Spork (appointed 23 October 2020)	Independent Director
Peter Beaumont (appointed 19 October 2020)	Independent Director
Allyn Chant (resigned 19 October 2020)	Independent Director

Executive Directors & Officers	Position
Annick Donat (appointed 1 May 2021)	Chief Executive Officer
Neil Schafer (from 16 November 2020 to 16 April 2021)	Joint Acting Chief Executive Officer
Brett Spork (from 16 November 2020 to 16 April 2021)	Joint Acting Chief Executive Officer
Rod Bristow (resigned 10 November 2020)	Chief Executive Officer

There were no additional persons who were considered key management personnel under the *Corporations Act 2001*.

B. Principles used to determine the nature and amount of remuneration

Directors and other key management personnel

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's diverse operations and achieving the Group's strategic objectives. The remuneration packages of executives include a fixed component, a performance based component, and an equity based component.

The fixed portion of the package reflects the core performance of their duties. Executives may be given an incentive via a performance based bonus (as determined by the Remuneration Committee).

Equity based remuneration can be made via shares issued under the CIW Employee Share Plan (ESP) or via the options issued to the executives under the CIW Employee Incentive Scheme (EIS).

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Group.

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.

Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Remuneration of Independent Directors is determined by the Board within the maximum amount approved by shareholders periodically. The payments to Independent Directors do not include retirement benefits other than statutory superannuation.

Consultation with Independent 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 Independent Directors are not entitled to retirement benefits, may not participate in performance-based incentives, and may not participate in the ESP and EIS.

Directors' fees

The current base remuneration was last reviewed with effect from 1 January 2016. The Independent Directors' fees are inclusive of committee fees.

Independent Directors' fees are determined within an Independent Directors' base remuneration pool, which is periodically recommended for approval by shareholders. The Independent Directors' base remuneration pool currently stands at $260,000 per annum.

Executive Officers' remuneration

The Executive Officers' remuneration framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in the Company's EIS and ESP; and
- other remuneration such as superannuation.

The combination of these comprises the Executive Officers' total remuneration.

Base pay

Structured as a total remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the Board's discretion.

Executives are offered a base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the Executive's pay is competitive with the market.

Short-Term Incentives (STI)

Executive Officers and senior management have the ability to earn STIs depending on the accountabilities of respective roles and their impact on the Company's performance.

The intention of the STI plan is to recognise and reward the contributions and achievements of individuals for the achievement of their relevant Key Performance Indicators (KPIs). Such KPIs will generally include measures relating to both the Group and the relevant individual, and may include financial, non-financial, human resources, client service, strategy, risk and compliance measures where appropriate. The measures are chosen such that they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

Long-Term Incentives (LTI)

CIW Employee Incentive Scheme (EIS)

Information on the Company's Employee Incentive Scheme is set out in Note 25.

Each year, the Remuneration Committee considers the appropriate targets and KPIs indicators to link the STI and LTI plans and the level of payout if targets are met. This includes setting any maximum payout under the STI and LTI plan, and minimum levels of performance to trigger payment of the STI. The Remuneration Committee also retains the capacity to pay discretionary bonuses subject to the Executives' respective performances during the year.

CIW Employee Share Plan (ESP)

Information on the Company's Employee Share Plan is set out in Note 21(f).

Shares under the Employee Share Plan are issued to all CIW employees (excluding Directors). The participants under the ESP are entitled to dividends and are subject to a 3 year lock in period in accordance with the plan rules.

C. Remuneration of key management personnel

Details of the remuneration of key management personnel for the years ended 30 June 2021 and 30 June 2020 are set out in the following tables. STIs are dependent on the satisfaction of performance conditions as set out in the section headed Short-Term Incentives (STI) on page 31. EIS and ESP do not vest unless the relevant vesting hurdles are achieved. All other elements of remuneration are not directly related to performance.

2021	**SHORT-TERM EMPLOYEE BENEFITS**			**POST-EMPLOYMENT BENEFITS**	**SHARE-BASED PAYMENTS**	
NAME	CASH SALARY AND FEES ($)	SHORT-TERM INCENTIVES ($)	TERMINATION BENEFITS ($)	SUPERANNUATION ($)	OPTIONS (1) & EMPLOYEE SHARE PLAN ($)	TOTAL (2) ($)
Non-Executive Directors						
John Abernethy*	227,711	-	-	4,338	-	232,049
Brett Spork	32,147	-	-	3,053	-	35,200
Peter Beaumont	32,877	-	-	3,123	-	36,000
Neil Schafer	60,112	-	-	2,680	-	62,792
Donald McLay	17,769	-	-	-	-	17,769
Allyn Chant	14,794	-	-	1,405	-	16,199
Executive Officers						
Annick Donat***	51,747	75,000	-	3,253	2,407	132,407
Brett Spork**	55,748	-	-	5,547	-	61,295
Neil Schafer**	57,018	-	-	5,547	-	62,565
Rod Bristow	185,610	146,740	152,453	17,855	6,422	509,080
Total	**735,533**	**221,740**	**152,453**	**46,801**	**8,829**	**1,165,356**

*Includes $50,000 in his capacity as Director and $182,049 paid as consultancy fees.
**Joint CEO from 16 November 2020 to 16 April 2021.
***Annick Donat commenced her position as CEO on 1 May 2021.

2020	**SHORT-TERM EMPLOYEE BENEFITS**			**POST-EMPLOYMENT BENEFITS**	**SHARE-BASED PAYMENTS**	
NAME	CASH SALARY AND FEES ($)	SHORT-TERM INCENTIVES ($)	TERMINATION BENEFITS ($)	SUPERANNUATION ($)	OPTIONS (1) ($)	TOTAL ($)
Donald McLay	67,667	-	-	-	-	67,667
John Abernethy*	242,292	685	-	4,259	7,238	254,474
Neil Schafer	51,300	-	-	-	-	51,300
Allyn Chant	46,072	-	-	4,362	-	50,434
Executive Officers						
Rod Bristow	382,040	150,685	-	21,003	19, 267	572,995
Total	**789,371**	**151,370**	**-**	**29,624**	**26,505**	**996,870**

* Includes $49,476 in his capacity as Director and $197,760 paid as consultancy fees.

(1) The value of the options granted to key management personnel as part of their remuneration is calculated at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.
(2) The STI has been included in the above tables on an accrual basis and have been recorded at 100 per cent of the maximum potential payment. Individual performance reviews to be conducted after the finalisation of the 2021 audited consolidated financial statements will determine the final entitlement.

The relative percentage of those elements of remuneration of key management personnel that are linked to performances are as follows:

	FIXED REMUNERATION		REMUNERATION LINKED TO PERFORMANCE	
NAME	2021	2020	2021	2020
Non-Executive Directors				
John Abernethy	100%	99.7%	-	0.3%
Brett Spork	100%	-	-	-
Peter Beaumont	100%	-	-	-
Neil Schafer	100%	100%	-	-
Donald McLay	100%	100%	-	-
Allyn Chant	100%	100%	-	-
Executive Officers				
Annick Donat	43.7%	-	56.3%	-
Rod Bristow	71.2%	73.7%	28.8%	26.3%

Short-Term Incentives

$221,740 (2020: $151,370) STIs were paid/payable to key management personnel in respect of the year ended 30 June 2021. The STIs were paid at the discretion of the Remuneration Committee based on the Company exceeding its targets for the financial year.

The STIs therefore vested 100% during the financial year ended 30 June 2021.

D. Service Agreements

Remuneration and other terms of employment for Non-Independent Directors and certain Executive Officers are formalised in service agreements with annual adjustments (once agreed by the Remuneration Committee) notified in writing.

Provisions relating to the term of agreement, periods of notice required for termination and relevant termination payments are set out below.

Mr. John Abernethy

Non-Independent Director

- Term of consultancy agreement – 3 years commencing 1 January 2019
- Estimated rate of effort – 4 days per week
- $50,000 per annum plus GST as Director's fee
- $180,000 per annum plus GST as consultancy fee for a three-year mutually agreeable renewable contract for delivering agreed outcomes
- Continued Directorship of the Company

Mr. Brett Spork

Non-Independent Director

Joint Acting CEO 16 November 2020 – 16 April 2021

- Term of fixed term employment contract – 5 months, commencing 16 November 2020
- Estimated rate of effort – 3 days per week
- $35,200 per annum as Director's fees
- $11,000 per month plus superannuation
- Termination on appointment of new CEO or the expiration of fixed term contract

Mr. Neil Schafer

Non-Independent Director

Joint Acting CEO 16 November 2020 – 16 April 2021

- Term of fixed term employment contract – 5 months, commencing 16 November 2020
- Estimated rate of effort – 3 days per week
- $62,792 per annum as Director's fees
- $11,000 per month plus superannuation
- Termination on appointment of new CEO or the expiration of fixed term contract

Ms. Annick Donat
Chief Executive Officer

- Base salary - $357,500 per annum (inclusive of superannuation) subject to yearly review
- Immediate issue of 400,000 Shares under Employee Incentive Scheme (EIS)
- STI – entitled to receive short term incentives in the form of annual cash bonus based on achieving yearly targets including annual EBTIDA, operating cash profit, and operational targets as approved by the Board
- Maximum STI upon commencement is $200,000 per annum
- Notice period for termination by employee or by Company – two months' written notice in the initial 12 months of employment and three months' written notice thereafter

Mr. Rod Bristow
Chief Executive Officer
(Resigned 10 November 2020)

- Base salary - $403,043 per annum (inclusive of superannuation) subject to yearly review
- STI and LTI – to be negotiated subject to satisfactory achievement of key performance indicators set by the Board
- Notice period for termination by employee – three months
- Notice period for termination by Company – three months

E. Share-based compensation

Shares provided on exercise of remuneration options

No ordinary shares in the Company were provided as a result of the exercise of options via the EIS during the year (2020: 200,000).

Shareholdings of Directors and other key management personnel

The numbers of shares (including shares issued under EIS) in the Company held during the year by each key management personnel of the consolidated entity, including their related parties, are set out below.

Loans to Directors and other key management personnel

$230,000 (2020: $262,500) loan to executive officers in relation to the EIS share issued under the Employee Incentive Scheme (refer Note 25(a)).

There were no other loans made to Directors of the Company or other key management personnel of the consolidated entity, including their personally related entities, at any stage during the financial year.

As described in Note 25(a), notional non-recourse loans exist in relation to "in substance" options issued under the Employee Incentive Scheme.

NAME	BALANCE AT 1 JULY 2020	GRANTED AS COMPENSATION	OTHER CHANGES DURING THE YEAR	AT BALANCE DATE
Non-Executive Directors				
John Abernethy	4,293,850	-	136,554	**4,430,404**
Brett Spork	-	-	35,000	**35,000**
Peter Beaumont	-	-	-	-
Neil Schafer	548,007	-	76,051	**624,058**
Donald McLay	7,470,576	-	(7,470,576)	-
Allyn Chant	50,000	-	(50,000)	-
Executive Officers				
Annick Donat**	-	400,000*	1,500	**401,500**
Rod Bristow	610,000	-	(610,000)	-

*400,000 shares issued during the year under the Employee Incentive Scheme (EIS). Fair value of options at the grant date was $0.108, exercise price is $0.575 per share. The vesting date is 29 April 2024. Shares issued under EIS are subject to certain restrictions including continued employment with the company and share transfer locks. Upon the expiry of the loan terms and the repayment of the outstanding loan balance the shares become unconditional.
**Annick Donat commenced her position as CEO on 1 May 2021.

F. Related party transactions

1. Clime Capital Limited

i. Mr. John Abernethy is a Director of Clime Capital Limited. The Group received $162,867 (2020: $90,233) as management fees for the services rendered by two Directors and Company Secretary to Clime Capital Limited and reimbursement of marketing fees. The Group directly owns 4.38% (2020: 5.29%) of the fully paid ordinary shares of Clime Capital Limited as at 30 June 2021. Clime Investment Management Limited through Clime Asset Management Pty Limited (a wholly owned subsidiary) has the indirect power to dispose 2.94% (2020: 3.55%) of Clime Capital Limited's shares held by the Investment Manager's Individually Managed Accounts as at 30 June 2021. Clime Capital Limited received $533,520 (ex-GST) from Clime Asset Management Pty Limited to obtain the investment management agreement of CBG Capital Limited's portfolio that was previously managed by CBG Asset Management Limited.

ii. Clime Asset Management Pty Limited, received $2,213,502 (2020: $777,887) as remuneration for managing Clime Capital Limited's investment portfolio in full.

iii. All dividends paid and payable by Clime Capital Limited to its Directors and their related entities are on the same basis as to other shareholders.

2. Clime Fixed Interest Fund

Clime Asset Management Pty Limited during the year received $102,339 (2020: $66,239) as remuneration for managing the investment portfolios and acting as trustee of Clime Fixed Interest Fund.

3. Clime All Cap Australian Equities Fund (Wholesale)

CBG Asset Management Limited, during the year received $931,485 (2020: $932,736) as remuneration for managing the investment portfolios and acting as trustee of Clime All Cap Australian Equities Fund (Wholesale).

The following balances prior to group elimination were outstanding at the end of the reporting period:

	30 JUNE 2021 ($)	30 JUNE 2020 ($)
	AMOUNT OWED BY RELATED PARTIES	
Clime Capital Limited	1,232,601	84,039
Clime All Cap Australian Equities Fund (Wholesale)	305,208	-
Subsidiaries of Clime Investment Management Limited	6,818,749	4,377,001
	AMOUNT OWED TO RELATED PARTIES	
Clime Capital Limited	-	-
Clime All Cap Australian Equities Fund (Wholesale)	-	-
Subsidiaries of Clime Investment Management Limited	20,477,782	19,671,718

G. Additional Information

Performance of Clime Investment Management Limited

The tables below set out the summary information regarding the economic entity's earnings and movements in shareholder wealth for the five years to 30 June 2021:

	30 JUNE 2021 $	30 JUNE 2020 $	30 JUNE 2019 $	30 JUNE 2018 $	30 JUNE 2017 $	TOTAL
Revenue	15,749,533	11,952,222	12,447,639	10,864,250	8,672,692	-
Net profit before tax and amortisation	3,757,012	983,622	2,542,907	1,937,078	1,239,961	-
Net profit before tax	3,109,254	534,654	2,096,147	1,367,296	766,739	-
Net profit after tax	2,277,575	397,428	1,461,444	1,064,259	2,561,130	-
Cash dividends paid	1,307,660	1,400,310	1,274,439	1,699,113	2,263,053	$7,944,575
Interim dividend - Fully franked [1]	1.0cps	1.0cps	0.75cps	1.5cps	-	4.25cps
Interim dividend - Partially franked [2]		-	-	-	1.5cps	1.5cps
Final dividend [1,3]	1.5cps	1.0cps	1.5cps	1.5cps	1.5cps	7.0cps
Capital return [4]		-	-	-	1 CPL for 1	15cps
Share price at start of year	0.50	0.48	0.48	0.50	0.65*	-
Share price at end of year	0.61	0.50	0.50	0.48	0.50	-
Basic EPS	3.5cps	0.7cps	2.6cps	1.9cps	5.2cps	-
Diluted EPS	3.4cps	0.7cps	2.6cps	1.9cps	5.1cps	-

[1] 100% franked dividends (franked to 100% at 26% for FY2021 and 27.5% up to FY2020 (prior to FY2018: 30% corporate tax rate)
[2] 50% franked dividends (franked to 50% at 30% corporate tax rate)
[3] Declared after each respective balance date and not reflected in the financial statements
[4] In-specie distribution of 1 ordinary Clime Private Limited (CPL) share for each CIW ordinary share held worth 15cps
* Price pre-Jasco demerger

Furthermore, during the five years to 30 June 2021, Clime Investment Management Limited bought back 1,346,198 (2020: 1,519,939) fully paid ordinary shares for total consideration of $655,922 (2020: $768,023). These shares were repurchased at the prevailing market prices on the dates of the respective transactions in accordance with the on- market buy-back scheme (within the 10/12 limit imposed by s257B of the *Corporations Act 2001*).

Relationship of group performance to remuneration policies

The profitability of the Group is one of the key measures taken into consideration by the Remuneration Committee when determining the quantum of bonuses payable under the STI plan in any given year.

Other performance measures assessed by the Remuneration Committee when determining remuneration packages for key management personnel include:

- Growth in the Group's level of Funds Under Management (FUM);
- Investment returns and performance generated by the Funds Management team in respect of its managed investment products;
- Compliance and risk management based on regulatory requirements;
- Adviser satisfaction and retention;
- Employee satisfaction above a threshold approved by the Remuneration Committee; and
- Client satisfaction (Net Promoter Score).

END OF AUDITED REMUNERATION REPORT

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 23 to the financial statements do not compromise the external auditor's independence, based on the advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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 38.

Signed in accordance with a resolution of the Directors.

John Abernethy
Chairman

Brett Spork
Independent Director

Sydney, 24 August 2021

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF CLIME INVESTMENT MANAGEMENT LIMITED

ABN 37 067 185 899

In relation to the independent audit for the year ended 30 June 2021, I declare that to the best of my knowledge and belief there have been:

i. no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and

ii. no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Clime Investment Management Limited and the entities it controlled during the year.

Mark Godlewski

Mark Godlewski
Partner

Pitcher Partners
Sydney

24 August 2021

Financial Statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue	5	15,749,533	11,952,222
Net realised and unrealised gains on financial assets at fair value through profit or loss		1,100,971	(1,156,990)
Government subsidy		435,682	355,500
Depreciation and amortisation expense	6	(1,130,321)	(725,149)
Administrative expenses		(12,928,852)	(9,813,044)
Finance costs	15	(117,759)	(77,885)
Profit before income tax		3,109,254	534,654
Income tax expense attributable to operating profit	8(a)	(831,679)	(137,226)
Profit for the year		2,277,575	397,428
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		2,277,575	397,428
Profit attributable to members of Clime Investment Management Limited		2,277,575	397,428
Total comprehensive income attributable to members of Clime Investment Management Limited		2,277,575	397,428
Earnings per share			
Basic - cents per share	24(a)	3.5	0.7
Diluted - cents per share	24(b)	3.4	0.7

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

As at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7(a)	6,078,777	6,276,531
Other financial asset at amortised cost	31(c)	-	230,639
Trade and other receivables	10	3,937,543	1,351,134
Other current assets	11	475,466	405,176
Financial assets at fair value through profit or loss	12	5,670,672	5,715,404
Total Current Assets		16,162,458	13,978,884
Non-Current Assets			
Other financial asset at amortised cost	31(c)	289,334	-
Property, plant and equipment	14	163,990	112,191
Right-of-use assets	15	1,717,778	1,045,485
Deferred tax assets – net	16	308,545	590,139
Contract costs	17	477,360	-
Intangible assets	18	11,513,919	12,576,222
Total Non-Current Assets		14,470,926	14,324,037
Total Assets		30,633,384	28,302,921
LIABILITIES			
Current Liabilities			
Trade and other payables	19	4,564,298	3,934,503
Lease liabilities	15	377,884	218,973
Current tax liabilities		199,273	216,390
Contract liabilities		244,233	381,844
Provisions	20	526,792	474,191
Total Current Liabilities		5,912,480	5,225,901
Non-Current Liabilities			
Lease liabilities	15	1,436,017	885,251
Provisions	20	208,487	125,038
Total Non-Current Liabilities		1,644,504	1,010,289
Total Liabilities		7,556,984	6,236,190
Net Assets		23,076,400	22,066,731
EQUITY			
Issued capital	21	21,539,410	21,508,300
Reserves	22(a)	294,951	286,307
Retained earnings	22(b)	1,242,039	272,124
Total Equity		23,076,400	22,066,731

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2021

Consolidated	Notes	Issued capital $	Share-based payments reserve $	Retained earnings $	Total $
Balance as at 1 July 2019		16,933,128	298,901	1,275,006	18,507,035
Profit for the year		-	-	397,428	397,428
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive income for the year net of tax		-	-	397,428	397,428
Transactions with equity holders in their capacity as equity holders:					
• Issue of ordinary shares by way of placements	32	4,500,000	-	-	4,500,000
• Cost of issuing capital - net of tax		(72,979)	-	-	(72,979)
• On-market buy-back including transaction costs	21(d)	(94,039)	-	-	(94,039)
• Transfer from share-based payments reserve to issued capital on completion of EIS loan term	22(a)	39,490	(39,490)	-	-
• Transfer of loan repayments to issued capital on completion of EIS loan term		202,700	-	-	202,700
• Recognition of share-based payments	22(a)	-	26,896	-	26,896
• Dividends paid or provided for	9(a)	-	-	(1,400,310)	(1,400,310)
Balance as at 30 June 2020		**21,508,300**	**286,307**	**272,124**	**22,066,731**
Profit for the year		-	-	2,277,575	2,277,575
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive income for the year net of tax		-	-	2,277,575	2,277,575
Transactions with equity holders in their capacity as equity holders:					
• Issue of ordinary shares under CIW Employee Share Plan	21(b)	31,110	-	-	31,110
• Recognition of share-based payments	22(a)	-	8,644	-	8,644
• Dividends paid or provided for	9(a)	-	-	(1,307,660)	(1,307,660)
Balance as at 30 June 2021		**21,539,410**	**294,951**	**1,242,039**	**23,076,400**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received in the course of operations		16,799,058	16,019,377
Expense payments in the course of operations		(16,737,127)	(12,019,712)
Dividends and distributions received		299,207	307,682
Government grants received		549,183	242,000
Interest received		14,550	38,247
Income taxes paid		(567,203)	(259,725)
		357,668	4,327,869
Proceeds from disposal of financial assets at fair value through profit or loss		1,775,507	758,716
Payments for financial assets at fair value through profit or loss		(626,000)	(1,759,880)
		1,149,507	(1,001,164)
Net cash provided by operating activities	7(b)	1,507,175	3,326,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for other financial asset at amortised cost		(58,696)	(230,639)
Net cash inflow/(outflow) on acquisition of Madison Entities	32	338,977	(3,338,738)
Payments for property, plant and equipment	14	(104,919)	(77,431)
Payments for intangible assets	18(a)	(62,815)	(254,042)
Payment for contract costs		(533,520)	-
Proceeds on termination of investment management agreement		533,520	-
Net cash used in investing activities		112,547	(3,900,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back (including transaction costs)	21(d)	-	(94,039)
Principal elements of lease payments		(392,059)	(175,963)
Finance costs paid for lease liabilities	15	(117,759)	(77,885)
Proceeds from issue of shares to institutional investors		-	4,500,000
Costs of issue of shares to institutional investors		-	(100,661)
Dividends paid to Company's shareholders	9(a)	(1,307,660)	(1,400,310)
Net cash (used in)/provided by financing activities		(1,817,478)	2,651,142
Net (decrease)/increase in cash and cash equivalents		(197,756)	2,076,997
Cash and cash equivalents at beginning of the year		6,276,531	4,199,534
Cash and cash equivalents at end of the year	7(a)	6,078,777	6,276,531
Non-cash financing activities	7(c)	-	250,041

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

For the year ended 30 June 2021

1. Corporate information

Clime Investment Management Limited (the Company) is a publicly listed company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 12, 20 Hunter Street, Sydney NSW 2000 Australia. The principal activities of the Company and its subsidiaries (the Group) are described in Note 26(a).

The financial statements of Clime Investment Management Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 24 August 2021 and covers the consolidated entity consisting of Clime Investment Management Limited as required by the *Corporations Act 2001*.

2. Summary of significant accounting policies

The financial statements include the consolidated entity consisting of Clime Investment Management Limited and its subsidiaries.

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Group is a for profit entity.

Accounting Standards include Australian Accounting Standards (AASs) and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

The consolidated entity has adopted all the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board that are mandatory and relevant to the operations and effective for the current reporting period.

New and revised accounting standards effective during the reporting period

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period as set out below:

The Group adopted AASB 16 Leases from 1 July 2019

- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not yet Issued in Australia
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2020-4 Amendments to Australian Accounting Standards – Covid – 19 – Rent Related Concessions

The adoption of these Accounting Standards did not have any significant impact on the profit or loss or financial position of the Group.

(a) Basis of preparation

Material accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the consolidated 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 financial assets and liabilities at fair value through profit and loss at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Equivalent of International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of Clime Investment Management Limited the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Clime Investment Management Limited and its subsidiaries together are referred to in these financial statements as the "Group" or the "Consolidated Entity". Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 2(f)).

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group companies are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

(c) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled to in exchange for transferring goods and services to a customer. Amounts disclosed as revenue are stated net of the amounts of goods and services tax paid. Revenue is recognised for the major business activities as follows:

(i) Dividend income

Dividend income is recorded in the profit or loss on an accrual basis when the Group obtains control of the right to receive the dividend.

(ii) Management fees and services income

Fees and commissions that relate to specific transactions or events are recognised as revenue in the period that the services are provided and performance obligations are satisfied.

(iii) Performance fees

Performance fees are recognised at a point in time as income at the end of the relevant period to which the performance fee relates and when the Group's entitlement to the fee becomes established.

As performance fees are contingent upon performance determined at a future date, they are not recognised over time as they are not able to be measured reliably, and it is probable that there could be a reversal of revenue.

(iv) Authorised Representative fees

On a bi-monthly basis, Madison Financial Advisers are billed for AFSL licensing fees in line with the contract between Madison and the Advisers. The Group's obligations under these contracts is to provide support to Advisers and licensing under the Madison AFSL to enable them to provide financial advice. The fees charged to the Adviser are based on a fee structure outlined in the contract with the Advisers.

(v) Contract costs

Contract costs represent payments made by the Group to obtain an Investment Management Agreement. These costs are amortised on a straight-line basis over the period of the Investment Management Agreement as this reflects the period over which the Investment Management Services will be provided.

(vi) Investment education and software

The Group operates and distributes the online, web-based equity valuation tool, Clime Direct (formerly known as Stocks in Value). Client subscriptions comprise both online access to the valuation tool as well as access to member training and education services over the period of subscription. Revenue received in respect of client subscriptions is recognised on an accrual basis and amortised over the period of the subscription as this reflects the period over which performance obligations under the subscription are satisfied.

(vii) Interest income

Interest income is recorded in the profit or loss when earned on an accrual basis using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(viii) Government subsidies

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

Clime Investment Management Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Clime Investment Management Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity.

(e) Leases

The Group leases its offices in Sydney, Melbourne and Brisbane. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed
- payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(f) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 2(m)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future is discounted to its net present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses and have a repayment terms between 30 and 90 days.

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

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

(j) Investments

(i) Classification
The Group's investments are categorised at fair value through profit or loss. They comprise investments in publicly listed companies and unlisted managed funds.

The Group classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. Since the investments do not have contractual cash flows attached the appropriate classification is fair value through profit or loss.

(ii) Recognition/derecognition
The Group recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'net realised and unrealised gains on financial assets at fair value through profit or loss' in the period in which they arise.

(iv) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has 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. As at the end of the reporting period, there were no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. Refer to Note 2(j) for further information.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using alternative valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held, if any. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The nominal value less estimated credit adjustments of trade receivables are considered to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(l) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives of 3-20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for the goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss recognised for goodwill is not reversed in subsequent periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Investment Management contracts & relationships

Investment Management contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. When acquired in a business combination, they are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition they are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of investment management contracts over their estimated useful lives (which vary from 10 to 15 years). Investment Management contracts are reviewed for indicators of impairment annually.

(iv) Software licence, customer relationship and customer list

Software licence, customer relationships and customer lists have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. When acquired in a business combination, they are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition they are carried at cost less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method to allocate the software license, customer relationship and customer list over their useful life of 3 to 15 years. Software license, customer relationship and customer list are reviewed for indicators of impairment annually.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when the customerpays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

(p) Employee benefits

(i) Wages and salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities recognised in respect of long service leave are measured as the present value of the estimate future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

(ii) Bonus plans

A liability for employment benefits in the form of bonus plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Superannuation

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Share-based payments

Share-based compensation benefits are provided to employees via the Clime Investment Management Limited Employee Incentive Scheme.

Employee Incentive Scheme (EIS)

The Company EIS was approved by shareholders at the Company's Annual General Meeting held in October 2007.

The EIS provides an opportunity for eligible employees, as determined by the Board from time to time, to purchase shares in the Company via the provision of an interest-free, non-recourse loan.

Shares issued in accordance with the EIS are subject to certain restrictions for the duration of the loan, including continued employment with the Company and share transfer locks. Upon the expiration of the loan term, and the repayment of the outstanding loan balance by relevant employees, the shares become unconditional. Due to certain aspects of the EIS - specifically the share transfer locks and non-recourse nature of the loans - the Company is required to classify shares issued under the EIS as 'in-substance options' in accordance with AASB 2 Share-based Payment.

As such, the underlying instruments, consisting of the outstanding employee loans and the issued fully paid ordinary shares, are not recognised in the financial statements. Instead, the fair value of the 'in-substance options' granted is recognised as an employee benefit expense with a corresponding increase in the share-based payments reserve. The fair value is measured at grant date and recognised on a straight-line basis over the term of the loans.

The fair value of the 'in-substance options' at grant date is determined using a binomial distribution to statistically estimate the value of the benefits granted. The valuation model considers the share issue price, the term of the loan, the current price and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan.

In order to recognise the impact of employee departures and the resultant early termination of their respective loan agreements, at each balance date the Company revises its estimate of the number of shares that may ultimately become unconditional. The employee benefit expense recognised each period considers the most recent estimate.

Following the expiration of the term of the loan, any repayment received from employees in respect of the amortised loan balance is recognised in contributed equity in the statement of financial position. The balance of the share-based payments reserve relating to those shares is also transferred to contributed equity.

To the extent that an employee chooses not to repay the amortised loan balance at the completion of the loan term (i.e. where the value of the shares is less than the amortised loan balance), then the Company will buy back those shares and the balance of the share-based payments reserve relating to those shares is transferred to a lapsed option reserve.

It should be noted that the application of this accounting policy will result in differences between the number of shares on issue as disclosed in the Group's statutory reports, and the number of shares on issue as advised to the ASX.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(r) Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Ordinary 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(s) Dividends

A liability is recorded for the amount of any dividend declared on or before the end of the period but not distributed at reporting date.

(t) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider 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 potential dilutive ordinary shares.

(u) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(v) New accounting standards and interpretations for application in future periods

The AASB has issued certain new and amended Accounting Standards and Interpretations that are not mandatory for 30 June 2021 reporting period and hence have not been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(w) Presentation currency and rounding of amounts

These financial statements are presented in Australian Dollars. Australian Dollars are also the functional currency of all entities in the Group.

The Group is a of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporations Instruments to the nearest dollar.

3. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, which are described in Note 2, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below and in Note 18.

Carrying value assessment of goodwill, investment management contracts and client relationships

The Group tests annually whether goodwill, investment management contracts and client relationships have suffered any impairment, in accordance with the accounting policy stated in Note 2(m). The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell. The fair values of cash-generating units have been determined in accordance with the Directors' assessments of their values based on arms' length transactions between knowledgeable and willing parties on the basis of the best information available. In determining these amounts, the Directors have considered the outcomes of recent transactions for similar assets and businesses.

The Directors' assessments of the fair values of cash-generating units are subject to an element of subjectivity concerning the selection of appropriate benchmarks and transactions. A material adverse change in one or more of the underlying variables applied in the estimates of fair values, therefore, may impact their recoverable amounts and result in alternative outcomes for the purposes of impairment testing.

Business combinations

As discussed in Note 32, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Revenue from Madison – Principal versus agent considerations

Revenue from Madison includes revenues collected for services performed by Authorised Representatives (as defined in the *Corporations Act 2001* (Cth)) of Madison. Madison is considered to be acting as agent under the requirements of *AASB 15 Revenue from Contracts with Clients*. Accordingly, payments made to Authorised Representatives are deducted from the gross revenue to arrive at the reported net revenue figure as disclosed in Note 5 of the financial statements.

4. Financial risk management

The Group's activities expose it to various direct and indirect financial risks, including market risk, interest rate risk, credit risk, liquidity risk and fair value risk. Risk management is carried out by senior management under policies and strategies approved by the Board, and Audit Committee. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risk

The Group's activities expose it primarily to other price risks (see (i) below) and interest rate risks (see (ii) below). Unfavourable economic conditions both domestically and globally can have a significant impact on the investment returns of the investments and investment portfolios.

(i) Other price risk
The Group's activities expose it primarily to equity securities price risk. This arises from the following:

- Investments held by the Group as direct investments; and
- Exposure to adverse movements in equity prices which may have negative flow-on effects to the revenue derived from the management of clients' investment portfolios.

(a) Market risk (continued)

The Group seeks to reduce market risk by adhering to the prudent investment guidelines as documented in the respective product disclosure statements, information memorandum and portfolio construction guidelines.

PRICE RISK SENSITIVITY ANALYSIS

The table below summarises the pre-tax impact of both a general fall and general increase in market prices by 5% at the end of the reporting period. The analysis is based on the assumption that the movements are spread equally over all assets in the investment and trading portfolios.

	30 JUNE 2021		30 JUNE 2020	
	5% INCREASE IN MARKET PRICES	5% DECREASE IN MARKET PRICES	5% INCREASE IN MARKET PRICES	5% DECREASE IN MARKET PRICES
Impact on profit (pre-tax)	$868,286	($868,286)	$811,232	($811,232)

(ii) Interest rate risk management

The Group is exposed to interest rate risk because at balance date, the Group has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest-rate risk to the extent that the cash rate falls over any given period. The majority of the Group's interest-bearing assets are held with reputable banks to ensure the Group obtains competitive rates of return while providing sufficient liquidity to meet cash flow requirements. Given that the Group does not have – nor has it ever had - any material interest-bearing borrowings/liabilities at balance date, the Board and management do not consider it necessary to hedge the Group's exposure to interest rate risk.

INTEREST RATE RISK SENSITIVITY ANALYSIS

The table below summarises the pre-tax impact on the Group's profits due to both a decrease and increase in interest rates by 100 basis points (one percentage point) at the end of the reporting period. The analysis is based on the assumption that the change is based on the weighted average rate of interest on cash at bank and cash on deposit for the year (0.23% weighted average interest rate in 2021 and 0.78% weighted average interest rate in 2020).

	30 JUNE 2021		30 JUNE 2020	
	100 BPS INCREASE IN INTEREST RATE	100 BPS DECREASE IN INTEREST RATE	100 BPS INCREASE IN INTEREST RATE	100 BPS DECREASE IN INTEREST RATE
Impact on profit (pre-tax)	$62,329	($62,329)	$49,117	($49,117)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

(i) Cash and cash equivalents

The maximum credit risk of the Group in relation to cash and cash equivalents is the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any given time is no greater than 90 days. All financial assets that are not impaired or past due are of good credit quality as the counterparties are banks with high credit ratings assigned by credit-rating agencies.

(ii) Trade and other receivables

The maximum credit risk of the Group in relation to trade and sundry receivables is their carrying amounts. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's management and its Board actively review the liquidity position on a regular basis to ensure the Group is always in a position to meet its debts and commitments on a timely basis.

(i) Maturities of financial liabilities

The following table details the Group's remaining contractual maturity for its non derivative financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is liable to meet its obligations. The table includes both interests (where applicable) and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

MATURITY ANALYSIS – GROUP 2021	CARRYING AMOUNT $	CONTRACTUAL CASH FLOWS $	LESS THAN 6 MONTHS $	6 – 12 MONTHS $	1-3 YEARS $
Financial liabilities					
Trade and other payables	4,487,145	4,487,145	4,242,912	-	244,233
Lease liabilities	1,813,901	2,013,344	230,204	230,204	1,552,936
Total financial liabilities	6,301,046	6,500,489	4,473,116	230,204	1,797,169

MATURITY ANALYSIS – GROUP 2020	CARRYING AMOUNT $	CONTRACTUAL CASH FLOWS $	LESS THAN 6 MONTHS $	6 – 12 MONTHS $	1-3 YEARS $
Financial liabilities					
Trade and other payables	3,882,048	3,882,048	3,500,204	-	381,844
Lease liabilities	1,104,224	1,280,516	144,457	145,656	990,403
Total financial liabilities	4,986,272	5,162,564	3,644,661	145,656	1,372,247

Trade and other payables are non-interest bearing, unsecured and generally payable within 30 days from the date of service/supply.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(d) Fair value risk

The Group seeks to reduce market risk by adhering to the prudent investment guidelines of its Investment Committee.

(i) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All financial instruments that are measured subsequent to initial recognition at fair value comprise financial assets at fair value through profit or loss.

AT 30 JUNE 2021	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Financial assets at fair value through profit or loss				
- Listed equities	5,649,076	-	-	5,649,076
- Unlisted unit trusts	-	21,596	-	21,596
	5,649,076	21,596	-	5,670,672

AT 30 JUNE 2020	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Financial assets at fair value through profit or loss				
- Listed equities	4,770,017	-	-	4,770,017
- Unlisted unit trusts	-	945,387	-	945,387
	4,770,017	945,387	-	5,715,404

(i) Valuation technique

LISTED INVESTMENTS

When fair values of publicly traded equities are based on quoted market prices in an active market, the instruments are included within Level 1 of the hierarchy. The Group values these investments at closing prices at year end.

UNLISTED UNIT TRUSTS

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds and are included within Level 2 of the hierarchy.

The carrying amounts of other financial asset and trade and other payables, are assumed to approximate their fair values due to their short-term nature.

5. Revenue

	2021 $	2020 $
Revenue from contract with customers		
Funds management		
Management fees [1]	8,469,485	8,161,363
Performance fees [2]	2,285,283	2,347,871
Other [2]	427,531	257,198
	11,182,299	10,766,432
Advice fees[1]	202,250	133,416
Other fees [2]	153,997	362,380
	356,247	495,796
Dealership, portfolio management and other fees [1]	3,591,472	-
Subscription fees [1]	301,957	353,324
	15,431,975	11,615,552
Direct investments income		
Dividends and distributions	303,008	298,423
Interest income	14,550	38,247
	317,558	336,670
TOTAL REVENUE	15,749,533	11,952,222

[1] Revenue from contracts with customers recognised over time
[2] Revenue from contracts with customers recognised at a point in time

Refer to Note 26(b) for an analysis of revenue by segment.

6. Expenses

	2021 $	2020 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense (excluding superannuation)	8,355,156	6,164,281
Defined contribution superannuation expense	577,428	378,890
Share-based payment expense recognised	39,754	26,896
Finance costs paid on lease liabilities	117,759	77,885
Rental expenses relating to short-term leases	92,500	124,030
Depreciation of property, plant and equipment	53,120	41,481
Depreciation of right of use assets	429,444	234,701
Amortisation of contract costs	56,160	-
Amortisation of investment management contracts	300,747	356,908
Amortisation of software licences, customer relationships and customer lists	290,850	92,059

7. Statement of cashflows

(a) Reconciliation of cash

	2021 $	2020 $
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash and bank balances	6,078,777	6,276,531

Cash at bank is interest bearing. Cash at bank and deposits at call bear floating interest rates between 0.01% and 0.43% (2020: 0.25% and 0.9%).

The cash and cash equivalents as at end of 30 June 2021 includes $1.30 million (2020: $1.50 million) of cash held on behalf of Authorised Representatives of Madison.

(b) Reconciliation of profit for the year to net cash flows from operating activities

	2021 $	2020 $
Profit for the year	2,277,575	397,428
Adjustment for non-cash items:		
Depreciation and amortisation expense and loss on asset write off	1,130,321	728,036
Non-cash share-based payment expense	39,754	26,896
Write off of investment in joint venture	-	600
Dividends received from joint venture	-	13,130
Finance costs paid on lease liabilities	117,759	77,885
Change in operating assets and liabilities		
Trade and other receivables and other assets	(2,654,516)	2,093,441
Financial assets at fair value through profit or loss	44,732	151,354
Trade and other payables and contract liabilities	151,022	(142,978)
Current tax liability	(17,117)	178,188
Deferred tax assets and liabilities	281,595	(300,688)
Provisions	136,050	103,413
Net cash provided by operating activities	1,507,175	3,326,705

(c) Non-cash investing activities

	2021 $	2020 $
Exchange of investments via scrip for scrip consideration	-	250,041

8. Income tax expense

(a) Income tax expense

	2021 $	2020 $
Current tax expense	550,084	437,914
Deferred tax expense	281,595	(300,688)
	831,679	137,226
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (Note 16)	82,266	(68,152)
(Decrease)/increase in deferred tax liabilities (Note 16)	199,329	(232,536)
	281,595	(300,688)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2021 $	2020 $
Profit before income tax expense	3,109,254	534,654
Tax at the Australian tax rate of 26% (2020: 27.5%)	808,406	147,030
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Amortisation of intangibles	135,985	110,166
Share-based payment expense	2,247	7,396
Tax rate changes	(32,310)	-
Franking credits on dividends	(88,655)	(90,270)
Government subsidy	(13,000)	(20,625)
(Over)/under provision of prior year tax	-	(18,105)
Sundry items	19,006	1,634
Income tax expense	831,679	137,226

9. Dividends

(a) Dividends provided for and paid during the year

	2021 $	2020 $
Final dividend in respect of the previous financial year – 1.0 cent per share fully franked (2020: 1.5 cents per share fully franked)	657,075	841,061
Interim dividend in respect of the current financial year – 1.0 cent per share fully franked (2020: 1.0 cent per share fully franked)	650,585	559,249
	1,307,660	1,400,310
Fully franked portion	1,307,660	1,400,310

(b) Dividends not recognised at year end

Proposed fully franked dividend – 1.5 cents per share (2020: 1.0 cent per share)	997,628	657,075

(c) Franking account balance

Amount of franking credits available for subsequent financial years are:

Franking account balance brought forward	79,577	226,493
Franking credits arising from income tax paid	567,200	259,725
Franking credits from dividends received	119,804	124,511
Franking debits from payment of dividends	(477,819)	(531,152)
Balance of franking account at year end	288,762	79,577
Franking credits arising from income tax payable	199,273	216,390
Impact on franking account of proposed dividend not recognised at year end at 26% corporate tax rate (2020: 27.5%)	(350,518)	(249,235)
Amount of franking credits available for subsequent financial years	137,517	46,732

10. Trade and other receivables - Current

	2021 $	2020 $
Trade receivables	3,487,177	1,140,492
Other receivables	450,366	210,642
	3,937,543	1,351,134

a. Trade receivables are non-interest bearing and are generally subject to 30 day terms.

b. The Group did not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

c. Trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of the respective clients, historic recovery rates, and actual collection subsequent to the year end, it is expected that these amounts will be received when due. The receivables primarily relate to management, performance fees and licensee fees receivable which are considered low risk as they are usually collected within 30 days.

d. The carrying amounts of trade and other receivables are considered to represent a reasonable approximation of their fair values.

11. Other current assets

	2021 $	2020 $
Prepayments and deposits	475,466	405,176

12. Financial assets at fair value through profit or loss - Current

	2021 $	2020 $
Listed equities	5,649,076	4,770,017
Unlisted unit trusts	21,596	945,387
	5,670,672	5,715,404

13. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2(b).

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING * 2021 %	2020 %
Clime Asset Management Pty Ltd	Australia	Fully Paid Ordinary	100	100
Stocks In Value Pty Ltd	Australia	Fully Paid Ordinary	100	100
Clime Private Wealth Pty Ltd	Australia	Fully Paid Ordinary	100	100
Clime Investors Education Pty Ltd	Australia	Fully Paid Ordinary	100	100
CBG Asset Management Limited	Australia	Fully Paid Ordinary	100	100
Madison Financial Group Pty Limited	Australia	Fully Paid Ordinary	100	100
AdviceNet Pty Limited	Australia	Fully Paid Ordinary	100	100
ProActive Portfolios Pty Limited	Australia	Fully Paid Ordinary	100	100
WealthPortal Pty Limited	Australia	Fully Paid Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

14. Property, plant and equipment

	2021 $	2020 $
Plant and equipment - at cost	668,444	563,525
Accumulated depreciation and impairment	(504,454)	(451,334)
Written down value of property, plant and equipment	**163,990**	**112,191**
Reconciliation		
Carrying value at beginning of the year	112,191	79,128
Additions during the year	104,919	77,431
Written off during the year	-	(2,887)
Depreciation charge for the year	(53,120)	(41,481)
Carrying amount at end of the year	**163,990**	**112,191**

15. Leases

The Group has a lease contract on its main office in Sydney which has a term of five years. The Group also has leases on its Brisbane and Melbourne offices with lease terms of 12 months or less which the Group applies the "short term lease" recognition exemptions for these leases.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2021 $	2020 $
Right-of-use assets		
Building under lease arrangement		
At cost	2,147,222	1,280,186
Accumulated depreciation	(429,444)	(234,701)
	1,717,778	1,045,485

Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:	Office Space	Office Space
Carrying amount at 1 July	1,045,485	-
Restated opening balance upon adoption of AASB 16 at 1 July 2019	-	1,280,186
Termination of right of use assets	(1,045,485)	-
Additions	2,147,222	-
Depreciation	(429,444)	(234,701)
Carrying amount at 30 June	1,717,778	1,045,485

Lease liabilities		
Current	377,884	218,973
Non-current	1,436,017	885,251
	1,813,901	1,104,224

An analysis of the remaining contractual maturities of lease liabilities is disclosed in Note 4(c).

Lease expenses and cashflows		
Finance costs on lease liabilities	117,759	77,885
Principal elements of lease payments	392,059	175,963
Expenses relating to leases of 12 months or less (for which a lease asset and lease liability have not been recognised)	92,500	124,030
Total cash outflow in relation to leases	602,318	377,878
Depreciation expense on lease assets	429,444	234,701

16. Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets

	2021 $	2020 $
The balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	289	92,325
Contract liabilities	43,087	105,007
Employee benefits	191,173	124,595
Accrued expenses	80,657	72,433
Tax losses carried forward on capital account	192,668	195,779
Deferred tax assets	507,874	590,139
Movements		
Opening balance at 1 July	590,139	494,306
Credited/(charged) to profit or loss (Note 8(a))	(82,265)	68,152
Credited to equity	-	27,681
Closing balance at 30 June	507,874	590,139

(b) Deferred tax liabilities

	2021 $	2020 $
The balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	199,329	-
Deferred tax liabilities	-	-
Movements:		
Opening balance at 1 July	-	232,536
Charged to the profit or loss (Note 8(a))		
- Other	-	(232,536)
Closing balance at 30 June	199,329	-
Net deferred tax assets (a – b)	308,545	590,139

17. Contract Costs

	2021 $	2020 $
Contract Costs	477,360	-

During the current year, Clime Asset Management Pty Limited paid an amount of $533,520 (ex-GST) to Clime Capital Limited to obtain the investment management agreement of CBG Capital Limited's portfolio that was previously managed by CBG Asset Management Limited.

In FY2021, amortisation amounting to $56,160 (2020: $nil) was recognised in the consolidated statement of profit or loss. There was no impairment loss during the period (2020: $nil).

18. Intangible assets

Goodwill:	2021 $	2020 $
Goodwill at cost	8,613,884	8,613,884
Investment management contracts and relationships:		
At cost	5,160,480	5,694,000
Accumulated amortisation	(3,812,646)	(3,511,899)
	1,347,834	2,182,101
Software licences:		
At cost	905,563	842,748
Accumulated amortisation	(501,341)	(312,054)
	404,222	530,694
Customer relationship and customer list:		
At cost	1,758,023	1,758,023
Accumulated amortisation	(610,044)	(508,480)
	1,147,979	1,249,543
Closing balance at 30 June	11,513,919	12,576,222

18. Intangible assets (continued)

(a) Reconciliations

2021	GOODWILL	INVESTMENT MANAGEMENT CONTRACTS & RELATIONSHIPS	SOFTWARE LICENCES	CUSTOMER RELATIONSHIPS & CUSTOMER LISTS	TOTAL
	$	$	$	$	$
Carrying amount at beginning of year	8,613,884	2,182,101	530,694	1,249,543	12,576,222
Additions	-	-	62,815	-	62,815
Deletions	-	(533,520)	-	-	(533,520)
Business combination (Note 33)	-	-	-	-	-
Amortisation expense[1]	-	(300,747)	(189,287)	(101,564)	(591,598)
Carrying amount at end of year	**8,613,884**	**1,347,834**	**404,222**	**1,147,979**	**11,513,919**

2020	GOODWILL	INVESTMENT MANAGEMENT CONTRACTS & RELATIONSHIPS	SOFTWARE LICENCES	CUSTOMER RELATIONSHIPS & CUSTOMER LISTS	TOTAL
	$	$	$	$	$
Carrying amount at beginning of year	5,321,884	2,539,009	341,015	169,239	8,371,147
Additions	-	-	254,042	-	254,042
Business combination (Note 32)	3,292,000	-	-	1,108,000	4,400,000
Amortisation expense[1]	-	(356,908)	(64,363)	(27,696)	(448,967)
Carrying amount at end of year	**8,613,884**	**2,182,101**	**530,694**	**1,249,543**	**12,576,222**

[1] Amortisation of $591,598 (2020: $448,967) is included in the consolidated statement of profit or loss and other comprehensive income.

(b) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the applicable cash-generating unit for impairment testing. Each cash-generating unit represents a business operation of the Group.

CASH-GENERATING UNIT	FUNDS MANAGEMENT	INVESTMENT SOFTWARE AND EDUCATION	DEALERSHIP BUSINESS	TOTAL
	$	$	$	$
2021 - Consolidated				
Balance at the beginning of the year	4,996,884	325,000	3,292,000	8,613,884
Movements during the year	-	-	-	-
Balance at end of year	4,996,884	325,000	3,292,000	8,613,884
2020 - Consolidated				
Balance at the beginning of the year	4,996,884	325,000	-	5,321,884
Acquisition of Madison Entities (Note 33)	-	-	3,292,000	3,292,000
Balance at end of year	4,996,884	325,000	3,292,000	8,613,884

(b) Impairment testing of goodwill (continued)

Funds management

The recoverable amount of the cash generating unit has been determined based on fair value less costs to sell, using Directors' assessments of its values on the basis of arms' length transactions between knowledgeable and willing parties with the best information available. In determining these amounts, the Directors have considered the outcomes of recent transactions for similar assets and businesses.

The Company's acquisitions of the components of its Funds Management business were conducted at prices within the historical range of 2.5% to 6.0% of their underlying FUM.

Investment software and education

The recoverable amount of the cash generating unit has been determined by a value-in-use calculation.

The key assumptions utilised in Directors' assessments relate primarily to current year results, management forecasts based on next year's budgeted result and the Group's 3-year strategy. These key assumptions have been derived under a consistent approach to the prior year impairment assessment, utilising past experience and internal analysis. The Directors also anticipate growth based on continued evolution of products and services.

Licensee business

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets, normalised EBITDA for a period of five years, a pre-tax discount rate of 13% per annum and a growth rate of 5% per annum.

The management believe that any reasonably possible change in the key assumptions on which the recoverable amount of the cash generating unit is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash generating unit.

19. Trade and other payables

2021 CONSOLIDATED	2021 $	2020 $
Unsecured:		
Trade payables	1,162,010	560,530
Dividends on shares issued under the Employee Incentive Scheme	81,375	94,375
Accruals	1,837,531	1,888,878
Licensee fees (Madison)	1,087,745	919,165
Other payables	395,637	471,555
	4,564,298	3,934,503

The carrying amount of trade and other payables are considered to represent a reasonable approximation of their values.

20. Provisions

	2021 $	2020 $
Employee benefits – current		
Annual leave	**462,074**	347,401
Long service leave	**64,718**	126,790
	526,792	474,191
Employee benefits - non-current		
Long service leave	**208,487**	125,038

21. Issued capital

(a) Share capital

	PARENT EQUITY		PARENT EQUITY	
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares				
Fully paid	**64,708,505**	64,657,505	**21,539,410**	21,508,300

[1] Note that the number of shares on issue above will differ from the number of shares on issue as notified to the Australian Securities and Investments Commission and the Australian Securities Exchange. This is due to the application of AASB 2 Share-based Payment which treats the shares issued under the Employee Incentive Scheme as 'in-substance options' for statutory reporting purposes. Refer to Note 2(p)(v) for further information.

(b) Movements in ordinary share capital

DATES	DETAILS	NOTES	NUMBER OF SHARES	$
30 June 2019	**Balance**		**54,737,771**	**16,933 ,128**
10 June 2020	Shares issued to institutional investors		9,782,609	4,500,000
June 2020	Cost of issuing capital – net of tax	(d)	-	(72,979)
July 2019 to March 2020	Shares bought back on-market and cancelled		(187,875)	(93,889)
July 2019 to March 2020	Transaction costs arising from on-market buy- back		-	(150)
Oct 2019 and June 2020	Transfer from share-based payments reserve to issued capital on completion of EIS loan term	33	-	39,490
Oct 2019 and June 2020	Transfer of loan repayments to issued capital on completion of EIS loan term		325,000	202,700
30 June 2020	**Balance**	**(d)**	**64,657,505**	**21,508,300**
16 December 2020	Issue of ordinary shares under CIW Employee Share Plan (ESP)		51,000	31,110
30 June 2021	**Balance**		**64,708,505**	**21,539,410**

(c) Terms and conditions

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

21. Issued capital (continued)

(d) On-market share buy-back

During the financial year ended 30 June 2021, Clime Investment Management Limited, in accordance with its on-market share buy-back scheme, bought back Nil (2020: 187,875) shares. The number of shares bought back and cancelled was within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*, and as such, shareholder approval was not required.

(e) Employee Incentive Scheme ("EIS")

As at 30 June 2021, there are 1,800,000 (2020: 1,050,000) EIS 'in-substance' options on issue. Share options granted under the Company's employee incentive scheme carry rights to dividends and voting rights. Refer to Note 25(a) for a schedule of the movements in EIS options on issue during the year.

(f) Employee Share plan

On 16 December 2020, the Company issued 51,000 shares under the Clime Employee Share Plan for nil consideration. These shares were issued to all Clime Group employees (excluding directors). The participants under the ESP are entitled to dividends and are subject to a 3-year lock-in-period in accordance with the plan rules. The value of these shares are immediately expensed to profit or loss account.

(g) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure and to reduce the cost of capital.

The Group's capital structure currently consists of total equity, as recognized in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares from time to time or buy back its own shares. The Group's strategy is unchanged from 2020.

22. Reserves and retained earnings

(a) Reserves

	2021 $	2020 $
Share-based payments reserve	294,951	286,307
Movements		
Share-based payments reserve		
Balance 1 July	286,307	298,901
Share-based payment expense recognised	8,644	26,896
Transfer from share-based payments reserve to issued capital on completion of EIS loan term	-	(39,490)
Balance 30 June	294,951	286,307

(b) Retained earnings

	2021 $	2020 $
Movements in retained earnings were as follows:		
Balance 1 July	272,124	1,275,006
Net profit for the year	2,277,575	397,428
Dividends (Note 9)	(1,307,660)	(1,400,310)
Balance 30 June	1,242,039	272,124

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees but not exercised.

23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity (Pitcher Partners) and its related practices:

	2021 $	2020 $
Audit and review of financial statements - Pitcher Partners	136,026	91,724
Audit and review of financial statements - KPMG	12,368	-
Taxation matters - Pitcher Partners	24,963	35,055
Other matters - Pitcher Partners	3,550	5,568
	176,907	132,347

24. Earnings per share

(a) Basic earnings per share

	2021 CENTS	2020 CENTS
Profit attributable to the ordinary equity holders of the Group	3.5	0.7

(b) Diluted earnings per share

Profit attributable to the ordinary equity holders of the Group	3.4	0.7

(c) Reconciliations of earnings used in calculating earnings per share

	2021 $	2020 $
Basic and diluted earnings per share		
Profit for the year attributable to owners of the Group	2,277,575	397,428
Profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted earnings per share	2,277,575	397,428

(d) Weighted average number of shares used as the denominator

	2021 NUMBER	2020 NUMBER
Weighted average number of ordinary shares used in calculation of basic earnings per share	64,684,891	55,309,449
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	64,484,891	56,359,449

(e) Reconciliations of weighted average numbers of shares

	2021 NUMBER	2020 NUMBER
Weighted average number of ordinary shares used in the calculation of basic earnings per share	64,684,891	55,309,449
Shares deemed to be issued for no consideration in respect of - Employee Incentive Scheme	1,800,000	1,050,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	66,484,891	56,359,449

(f) Options issued under Employee Incentive Scheme

Options granted under the Employee Incentive Scheme are considered to be dilutive and have been included in the determination of diluted earnings per share. These options have not been included in the determination of basic earnings per share.

25. Share-based payments

(a) Employee Incentive Scheme (EIS)

The Clime Investment Management Limited Employee Incentive Scheme ("EIS") was approved by shareholders at the Company's Annual General Meeting held on 25 October 2007.

The EIS provides an opportunity for eligible employees, as determined by the Board from time to time, to purchase shares in the Company via the provision of an interest-free, non-recourse loan.

Shares issued in accordance with the EIS are subject to certain restrictions for the duration of the loan, including continued employment with the Company and share transfer locks. Upon the expiration of the loan term, and the repayment of the outstanding loan balance by relevant employees, the shares become unconditional. Shares issued under the EIS rank equally with other fully paid ordinary shares.

Due to certain aspects of the EIS - specifically the share transfer locks and non-recourse nature of the loans - the Company is required to classify shares issued under the EIS as 'in-substance options' in accordance with AASB 2 *Share-based Payment*.

It should be noted that the application of this accounting policy will therefore result in differences between the number of shares on issue as disclosed in the Company's statutory reports, and the number of shares on issue as advised to the Australian Securities Exchange.

Set out below is a summary of in-substance options granted under the plan:

GRANT DATE	VESTING / EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	TRANSFERRED/ FORFEITED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2021			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
25/10/2013	03/01/2022	$0.829	100,000	-	-	-	100,000	100,000
11/09/2015	03/01/2022	$0.700	150,000	-	-	-	150,000	150,000
20/07/2016	03/01/2022	$0.630	150,000	-	-	(50,000)	100,000	100,000
21/08/2018	21/08/2021	$0.485	400,000	-	-	(400,000)	-	-
02/01/2019	02/01/2022	$0.470	200,000	-	-	(200,000)	-	-
04/10/2019	03/01/2022	$0.490	50,000	-	-	(50,000)	-	-
30/04/2021	29/04/2024	$0.575	-	400,000*	-	-	400,000	-
23/06/2021	22/06/2024	$0.573	-	1,050,000	-	-	1,050,000	-
Total			**1,050,000**	**1,450,000**	**-**	**(700,000)**	**1,800,000**	**350,000**
Weighted average exercise price				**$0.601**				

* In-substance options granted to the Chief Executive Officer during the 2021 financial year.

(a) Employee Incentive Scheme (EIS) (continued)

GRANT DATE	VESTING / EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	TRANSFERRED/ FORFEITED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
2020			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
25/10/2013	03/01/2022	$0.829	150,000	-	(50,000)	-	100,000	100,000
19/08/2014	03/01/2022	$0.850	50,000	-	(50,000)	-	-	-
25/02/2015	03/01/2022	$0.750	25,000	-	(25,000)	-	-	-
11/09/2015	03/01/2022	$0.700	150,000	-	-	-	150,000	150,000
20/07/2016	03/01/2022	$0.630	200,000	-	-	(50,000)	150,000	150,000
23/06/2017	23/06/2020	$0.500	200,000*	-	(200,000)	-	-	-
21/08/2018	21/08/2021	$0.485	400,000**	-	-	-	400,000	-
02/01/2019	02/01/2022	$0.470	200,000**	-	-	-	200,000	-
04/10/2019	03/01/2022	$0.490	-	-	-	50,000	50,000	-
Total			**1,375,000**	-	(325,000)	-	**1,050,000**	**400,000**
Weighted average exercise price				**$0.567**				

* Includes 200,000 in-substance options granted to one of the Directors approved by shareholders on 27th October 2016.
** In-substance options granted to the Chief Executive Officer during the 2019 financial year.

The weighted average contractual life of in-substance options outstanding at the end of the period was 2.38 years (2020 – 1.39 years).

The assessed fair value at grant date of in-substance options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined by using a binomial distribution model to statistically estimate the future probability of the in-substance options vesting and the amounts that these in-substance options would be worth. The valuation was performed as at the grant date of each in-substance option issued.

The model inputs for in-substance options granted during the year ended 30 June 2021 included:

- in-substance options are granted via an interest free, non-recourse loan and vest based on the terms discussed above;
- in-substance options become unconditional on the date of their vesting following the repayment of the outstanding loan balance;
- exercise price: The forecast outstanding loan principal at the expiration of the loan term is equivalent to the exercise price variable in a standard option valuation. The forecast outstanding loan principal is $0.56 (2020:$0.49) per share (for in-substance options issued with a three-year term);
- vesting date: 3 years from the grant date;
- expected price volatility of the Company's shares: between 30.2% and 34.3% (2020 – 30% and 35%);
- risk-free interest rate: 1.0% (2020 – 1.0%); and
- discount rate: 12% (2020 – 12%).

The fair values per in-substance option at the grant date were:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	VESTING / EXPIRY DATE
100,000	25/10/2013	$0.829	$0.140	03/01/2022
150,000	11/09/2015	$0.700	$0.121	03/01/2022
100,000	20/07/2016	$0.630	$0.107	03/01/2022
400,000	30/04/2021	$0.575	$0.108	29/04/2024
1,050,000	23/06/2021	$0.573	$0.108	22/06/2024

Refer to the Remuneration Report on pages 29 to 37, for additional information in relation to the EIS.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of the employee benefit expense were as follows:

	2021 $	2020 $
Option expense		
Employee Incentive Scheme	8,644	26,896
Employee Share Plan Scheme	31,110	-
	39,754	**26,896**

Refer to the Remuneration Report on pages 29 to 37, for additional information in relation to the Employee Incentive Scheme and Employee Share Plan Scheme.

26. Segment information

(a) Description of segments

Our internal reporting system produces reports in which business activities are presented in a variety of ways. Based on these reports, the Directors, who are responsible for assessing the performance of various components of the business and making resource allocation decisions as Chief Operating Decision Makers (CODM), evaluate business activities in a number of different ways. The Group's reportable segments under AASB 8 are as follows:

- Funds management
- Madison Entities
- Private wealth
- Investment software
- Direct investments

Funds Management

The Group's Funds Management businesses, Clime Asset Management Pty Ltd and CBG Asset Management Limited, are based in Sydney. These businesses generate operating revenue (investment management and performance fees) as remuneration for managing the investment portfolios of individuals, corporations and mandates.

Madison Entities

Towards end of June 2020, the Group acquired all of the issued share capital of each of Madison Financial Group Pty Limited, AdviceNet Pty Limited, WealthPortal Pty Limited and ProActive Portfolios Pty Limited. These entities generate operating revenue in the form of Licensee fees from Authorised Representatives (Madison) and portfolio management fees (AdviceNet, ProActive and WealthPortal).

Private Wealth

The Group, through Private Wealth, delivers tailored private wealth advisory services for wholesale and sophisticated investors.

Investment Software

Revenue generated from external subscriptions to the Group's proprietary web-based investment software, Stocks In Value Pty Limited (trading as Clime Direct), is included within this segment.

Direct Investments

Includes revenue generated by the Group's direct investments in listed, unlisted securities and managed investment schemes. A significant proportion of the Group's direct investments are 'self-managed' and include material investments in the ASX listed company Clime Capital Limited.

During the current period, the segment reporting structure has been modified to apportion on a reasonable basis, the fees earned from Individually Managed Accounts (IMA) from Funds Management to Private Wealth. These represent the value-added services provided by Private Wealth Advisers to IMA clients. The comparative disclosures have also been restated.

Other than creation of a new Madison Entities segment and the Private Wealth recharge for value added summary stated above, there have been no other changes in the basis of segmentation or the basis of segment profit or loss since the previous financial report.

(b) Reportable Segments

2021	FUNDS MANAGEMENT	MADISON ENTITIES	PRIVATE WEALTH	INVESTMENT SOFTWARE	DIRECT INVESTMENTS	INTER SEGMENT/ UNALLOCATED	CONSOLIDATED
	$	$	$	$	$	$	$
Segment revenue							
Sales to external clients	9,960,809	3,591,472	1,449,982	301,957	-	127,754	15,431,974
Investment income	-	-	-	-	317,558	-	317,558
Government grants	-	-	-	-	-	435,682	435,682
Total segment revenue	9,960,809	3,591,472	1,449,982	301,957	317,558	563,436	16,185,214
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	-	1,100,971	-	-
Net group result							
Net group result before tax	4,222,798	717,399	(100,107)	(64,668)	1,418,529	(3,084,697)	3,109,254
Income tax expense	-	-	-	-	-	-	(831,679)
Profit for the year							2,277,575
Depreciation and amortisation expense	865,374	-	-	140,738	-	124,209	1,130,321

2020	FUNDS MANAGEMENT	MADISON ENTITIES	PRIVATE WEALTH	INVESTMENT SOFTWARE	DIRECT INVESTMENTS	INTER SEGMENT/ UNALLOCATED	CONSOLIDATED
	$	$	$	$	$	$	$
Segment revenue (Restated)							
Sales to external clients	9.443,321	-	1,561,709	353,324	-	257,198	11,615,552
Investment income	-	-	-	-	336,670	-	336,670
Government grants	-	-	-	-	-	355,500	355,500
Total segment revenue	9.443,321	-	1,561,709	353,324	336,670	612,698	12,307,722
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	-	(1,156,990)	-	-
Net group result							
Net group result before tax	3,873,775	-	(5,594)	136,040	(820,319)	(2,649,248)	534,654
Income tax expense							(137,226)
Profit for the year							397,428
Depreciation and amortisation expense	577,853	-	-	64,364	-	82,932	725,149

(c) Segment assets and liabilities

Information about the segment assets and liabilities are not regularly reviewed by the CODM. As a result, information relating to segment assets and liabilities are not presented. The Group operates in the geographical segments of Australia.

(d) Information about major clients

Included in revenues arising from the funds management business of $9.9 million (2020: $9.4 million) (see Note 26 (b) above) are revenues of approximately $2.2 million (2020: $1.6 million) which arose from services provided to the Group's largest client.

27. Subsequent Events

A final fully franked dividend for the year ended 30 June 2021 of 1.5 cents per share, totaling $997,628 has been declared by the Directors. This provision has not been reflected in the financial statements.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

28. Contingent liabilities, contingent assets and commitments

The Group has no material contingent liabilities or contingent assets as at 30 June 2021 (2020: Nil).

Capital expenditure commitments

The Group has nil contracted material capital expenditure commitments on fit-out works of the 3 office locations as at 30 June 2021 (2020: $34,004).

29. Key management personnel disclosures

(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:

	SHORT-TERM EMPLOYEE BENEFITS $	POST-EMPLOYMENT BENEFITS $	SHARE- BASED PAYMENTS $	TERMINATION BENEFITS $	TOTAL $
2021					
Remuneration of Directors and other key management personnel	957,273	46,801	8,829	152,453	1,165,356
2020					
Remuneration of Directors and other key management personnel	940,741	29,624	26,505	-	996,870

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 29 to 37 of this Annual Report.

(b) Equity instrument disclosures relating to Directors and other key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 29 to 37.

(ii) Shareholdings

The numbers of shares (including shares issued under Employee Incentive Scheme (EIS)) in the Company held during the year by each Director of Clime Investment Management Limited and other key management personnel of the consolidated entity, including their personally related entities, are set out below.

	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2021	No.	No.	No.	No.
Mr. John Abernethy	4,293,850	-	136,554	4,430,404
Mr. Brett Spork	-	-	35,000	35,000
Mr. Neil Schafer	548,007	-	76,051	624,058
Mr. Peter Beaumont	-	-	-	-
Mr. Donald McLay	7,470,576	-	(7,470,576)	-
Mr. Allyn Chant	50,000	-	(50,000)	-
Ms. Annick Donat	-	-	401,500	401,500*
Mr. Rod Bristow	610,000	-	(610,000)	-

* Includes 400,000 shares issued under Employee Incentive Scheme to Ms. Annick Donat

	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2020	No.	No.	No.	No.
Mr. John Abernethy	4,232,850*	-	61,000	4,293,850
Mr. Neil Schafer	548,007	-	-	548,007
Mr. Donald McLay	7,470,576	-	-	7,470,576
Mr. Allyn Chant	50,000	-	-	50,000
Mr. Rod Bristow	610,000**	-	-	610,000

*Includes 200,000 shares issued to Mr. John Abernethy
**Includes 600,000 shares issued to Mr. Rod Bristow

(c) Loans to Directors and other key management personnel

$230,000 (2020: $262,500) loan to Executive Officers in relation to the EIS shares issued under the Employee Incentive Scheme (refer Note 25(a)).

There were no other loans made to Directors of Clime Investment Management Limited or other key management personnel of the consolidated entity, including their personally related entities, at any stage during the financial year.

As described in Note 25(a), notional non-recourse loans exist in relation to "in substance" options issued under the Employee Incentive Scheme.

30. 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. Details of transactions between the Group and other related parties are disclosed below.

(a) Parent Entity

The Parent Entity within the Group is CIW (Clime Investment Management Limited).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 13.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 29.

(d) Other related party transactions

1. Clime Capital Limited

i. Mr. John Abernethy is a Director of Clime Capital Limited. The Group received $162,867 (2020: $90,233) as management fees for the services rendered by two Directors and Company Secretary to Clime Capital Limited and reimbursement of marketing fees. The Group directly owns 4.38% (2020: 5.29%) of the fully paid ordinary shares of Clime Capital Limited as at 30 June 2021. Clime Investment Management Limited through Clime Asset Management Pty Limited (a wholly owned subsidiary) has the indirect power to dispose 2.94% (2020: 3.55%) of Clime Capital Limited's shares held by the Investment Manager's individually managed accounts as at 30 June 2021. Clime Capital Limited received $533,520 (ex-GST) from Clime Asset Management Pty Limited to obtain the investment management agreement of CBG Capital Limited's portfolio that was previously managed by CBG Asset Management Limited.

ii. Clime Asset Management Pty Limited during the year received $2,213,502 (2020: $777,887) as remuneration for managing Clime Capital Limited's investment portfolio.

iii. All dividends paid and payable by Clime Capital Limited to its Directors and their related entities are on the same basis as to other shareholders.

2. Clime Fixed Interest Fund

i. Clime Asset Management Pty Limited during the year received $102,339 (2020: $66,239) as remuneration for managing the investment portfolios and acting as trustee of Clime Fixed Interest Fund.

3. Clime All Cap Australian Equities Fund (Wholesale) (formerly Clime CBG Australian Equities Fund (Wholesale))

i. CBG Asset Management Limited during the year received $931,485 (2020: $932,736) as remuneration for managing the investment portfolios and acting as trustee of Clime All Cap Australian Equities Fund (Wholesale).

(e) Outstanding balances as at year end

The following balances, prior to group elimination, were outstanding at the end of the reporting period:

	AMOUNT OWED BY RELATED PARTIES		AMOUNT OWED TO RELATED PARTIES	
	30 JUNE 2021 ($)	30 JUNE 2020 ($)	30 JUNE 2021 ($)	30 JUNE 2020 ($)
Clime Capital Limited	**1,232,601**	84,039	**-**	-
Clime All Cap Australian Equities Fund (Wholesale)	**305,208**	-	**-**	-
Subsidiaries of Clime Investment Management Limited	**6,818,749**	4,377,001	**20,477,782**	19,671,718

31. Parent Entity disclosures

The following information relates to the Parent Entity Clime Investment Management Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 2.

(a) Financial position

	2021 $	2020 $
Assets		
Current assets	**12,906,647**	10,355,780
Non-current assets	**21,724,853**	21,973,113
Total Assets	**34,631,500**	32,328,893
Liabilities		
Current liabilities	**11,951,739**	13,260,907
Total Liabilities	**11,951,739**	13,260,907
Net Assets	**22,679,761**	19,067,986
Equity		
Issued capital	**21,539,413**	21,508,301
Profit reserve	**24,849,832**	21,277,814
Accumulated losses	**(24,004,435)**	(24,004,435)
Share-based payments reserve	**294,951**	286,306
Total Equity	**22,679,761**	19,067,986

(b) Financial performance

Profit for the year	**4,879,678**	4,888,017
Other comprehensive income / (loss)	**-**	-
Total comprehensive income	**4,879,678**	4,888,017

(c) Guarantees entered into by the Parent Company

The parent company provides cash backed guarantees for the lease agreement of office premises. During the year these guarantees amounted to $289,334 (2020: $230,639) and is secured by a charge over other financial assets of $289,334.

(d) Commitments

The Entity has contracted capital expenditure commitments of Nil (2020: $34,004) on fit-out works of the 3 office locations as at 30 June 2021 and $92,500 (2020: $93,000) for the operating lease commitments of short-term office leases.

32. Business Combination

In the previous year, the Company entered into a share sale agreement with SC Australian Holdings 1 Pty Ltd (SC) pursuant to which the Company agreed to acquire all the issued share capital of the Madison Entities effective 26 June 2020.

As the initial accounting for the business combination was incomplete as at 30 June 2020, the assets and liabilities acquired were reported at provisional amounts. During the current period, the provisional amounts were adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and if known, would have affected the measurement of the amounts recognised at the acquisition date. A refund of $338,977 was received during the current period following the finalisation of the completion accounts.

Consideration

The Company acquired all the issued share capital in the Madison Entities for an aggregate consideration of $4.76 million under a Share Sale Deed, effective 26 June 2020 (Share Sale Deed). During the current period the aggregate consideration was adjusted by the refund received of $338,977. The aggregate consideration was funded by a $4.5 million institutional placement of 9,782,609 fully paid ordinary shares in the Company at the issue price of $0.46 per share.

	30 June 2021 Total ($)	30 June 2020 Total ($)
Cash paid (i)	1,920,840	2,259,817
Contingent consideration (paid and held in escrow) (ii)	2,500,000	2,500,000
Total purchase consideration	**4,420,840**	**4,759,817**

i. Includes $20,840 (2020 - $359,817) paid towards Net Working Capital which is subject to post-completion adjustment for working capital as at the date of completion.

ii. $2.5 million of the contingent consideration has been paid and will be held in escrow with $1.25 million available for release after 12 months and a further $1.25 million being available for release after 24 months, subject in each case to payments by the Company for claims (under a limited indemnity) and adjustments related to post-completion revenues of the Madison Entities, respectively. As at the date of this report, the amounts to be released from escrow are being agreed with SC in accordance with the terms of the Share Sale Deed.

Assets and liabilities acquired

$4,420,840 purchase consideration was fully paid in cash and has been provisionally allocated as follows:

	2021 RECOGNISED ON ACQUISITION AT FAIR VALUE	2020 RECOGNISED ON ACQUISITION AT FAIR VALUE
ASSETS AND LIABILITIES ACQUIRED	($)	($)
Cash and cash equivalents	1,734,591	1,421,079
Trade and other receivables	1,215,528	306,190
Other current assets	105,196	277,328
Trade and other payables	(2,831,621)	(1,498,839)
Provisions	(202,854)	(145,941)
Net identifiable tangible assets acquired	20,840	359,817
Add: Customer/Adviser list	1,108,000	1,108,000
Net identifiable assets acquired	1,128,840	1,467,817
Add: Goodwill arising on acquisition	3,292,000	3,292,000
Total purchase consideration	4,420,840	4,759,817

Net cash outflow on acquisition

$4,420,840 purchase consideration was fully paid in cash and has been provisionally allocated as follows:

	($)	($)
Total purchase consideration	4,420,840	4,759,817
Cash and cash equivalents	(1,734,591)	(1,421,079)
	2,686,249	3,338,738

The goodwill on acquisition comprises:

- Broader service range offered;
- Synergies from cost-saving on operating and overhead expenses; and
- Experienced Management team.

Goodwill is not deductible for tax purposes.

Directors' Declaration

The Directors declare that:

a. in the Directors' opinion, the attached financial statements and notes thereto, as set out on pages 39 to 81, 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 Group;
b. in the Director's 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 in Note 2 to the financial statements;
d. the Directors have been given the declarations required by S295A 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 Board of Directors made pursuant to S295(5) of the *Corporations Act 2001* on behalf of the Directors by:

John Abernethy
Chairman

Brett Spork
Independent Director

24 August 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED

ABN 37 067 185 899

Report on the Audit of the Financial Report

We have audited the accompanying financial report of Clime Investment Management Limited ("the Company") and it Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

Opinion

In our opinion:

a. the accompanying financial report of Clime Investment Management Limited is in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; 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 Group 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.

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 year. 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td colspan="2">Accuracy of Management and Performance Fees
Refer to Note 5: Revenue and Note 31: Related party transactions</td></tr>
<tr><td>Management and performance fees account for $10,754,768 of the Group's $15,749,533 reported revenues in 2021.

We focused our audit effort on the accuracy of management and performance fees given their significance to the revenues of the Group and because their calculation may require adjustments for significant events such as payment of company dividends and income tax, capital raisings and reductions in accordance with each individual Investment Management Agreement.

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.

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).

We therefore identified the accuracy of management and performance fees as a key audit matter.</td><td>Our procedures included, amongst others:

• Obtaining an understanding of and evaluating the processes and controls for calculating the management and performance fees;
• Making enquiries with Management and the directors with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes;
• Reviewing the independent audit report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the current financial year for the Investment Administrator;
• Testing of a sample of significant events such as company dividends, income tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management and performance fees;
• Testing of key inputs such as portfolio movements, application of the relevant index benchmarking, set percentage used in the calculation of management and performance fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreements; and
• Assessing the appropriateness of the accounting policy in relation to management and performance fees and the adequacy of disclosures in the financial statements.</td></tr>
</table>

Impairment Assessment of Intangible Assets *Refer to Note 18: Intangible Assets*	
At 30 June 2021 the Group's statement of financial position has intangible assets, including goodwill, totalling $11,513,919. The assessment of impairment of the Group's intangible assets incorporates significant management judgement surrounding the assumptions and estimates used in calculating the fair value less cost to sell these assets when evaluating their recoverable amount. Key assumptions and estimates include financial and cash flow forecasts based on budgeted results. We therefore identified the valuation of intangible assets as a key audit matter.	Our procedures included, amongst others: • Understanding and evaluating the design and implementation of management's processes and controls regarding the valuation of intangible assets to determine any asset impairments; • Challenging key assumptions and estimates (e.g. future cash flows) used to determine the fair value of intangible assets; • Reperforming calculations on a sample basis to test the mathematical accuracy and performing sensitivity analysis on fair value calculations performed by management; and • Assessing the appropriateness of the accounting policy in relation to impairment and the adequacy of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors Responsibility for the Financial Report

The directors of Clime Investment Management 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 the 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 the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 36 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Clime Investment Management Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group 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

Pitcher Partners

Mark Godlewski
Partner

Pitcher Partners
Sydney

24 August 2021

Pitcher Partners is an association of independent firms.
ABN 17 795 780 962.
An independent New South Wales Partnership

Shareholder Information

The shareholder information set out below was applicable as at 2 August 2021:

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

ORDINARY SHARES	NUMBER OF HOLDERS
1 - 1,000	48
1,001 - 5,000	177
5,001 - 10,000	72
10,001 - 100,000	186
100,001 and over	66

B. Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

		ORDINARY SHARES
ORDINARY SHARES	NO OF SHARES	PERCENTAGE OF ISSUED SHARES
Citicorp Nominees Pty Limited	10,387,500	15.618
Mr. Donald McLay, Torres Industries Pty Limited & Nagarit Pty Limited <Nagarit Super Fund A/C)	7,470,576	11.233
Mr. Ronni Chalmers, Locope Pty Ltd & Savoir Superannuation Pty Ltd	7,341,500	11.038
One Managed Investment Funds Ltd <Primewest Property A/C>	5,434,783	8.172
PHC Investments Limited	4,546,826	6.836
Double Pty Limited & Abernethy SMSF Pty Ltd <Abernethy Super Fund A/C>	4,430,404	6.661
Mr. David Schwartz <David Schwartz Family Holdings A/C> & related entities	3,661,735	5.506
Robansheil Pty Limited	1,130,446	1.700
Ruminator Pty Ltd	871,419	1.310
Clodene Pty Ltd	813,522	1.223
Capital Property Corporation Pty Limited	745,709	1.121
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	692,951	1.042
Mr. Orlando Berardino Di Iulio & Ms. Catharina Maria Koopman	657,744	0.989
Lodge Road Pty Limited <Lodge Road Super Fund A/C>	624,058	0.938
Barrob Bondi Pty Ltd <The Townson Superfund A/C>	561,066	0.844
Garrett Smythe Ltd	531,141	0.799
Arcelia Pty Ltd <Round Hill Retire/Fund A/C>	485,334	0.730
Mr. Adrian Robert Ezquerro	475,000	0.714
Sanlam Private Wealth Pty Limited	410,000	0.616
Ms. Annick Clifford	401,500	0.604
	51,673,214	77.694

C. Equity Security Holders

Substantial holders in the Company are set out below:

ORDINARY SHARES	NO OF SHARES	ORDINARY SHARES PERCENTAGE OF ISSUED SHARES
Citicorp Nominees Pty Limited	10,387,500	15.618
Mr. Donald McLay, Torres Industries Pty Limited & Nagarit Pty Limited <Nagarit Super Fund A/C)	7,470,576	11.233
Mr. Ronni Chalmers, Locope Pty Ltd & Savoir Superannuation Pty Ltd	7,341,500	11.038
One Managed Investment Funds Ltd <Primewest Property A/C>	5,434,783	8.172
PHC Investments Limited	4,546,826	6.836
Double Pty Limited & Abernethy SMSF Pty Ltd <Abernethy Super Fund A/C>	4,430,404	6.661
Mr. David Schwartz <David Schwartz Family Holdings A/C> & related entities	3,661,735	5.506

D. Voting rights

Subject to any restrictions from time to time affecting any class of shares, on a show of hands every member present in person shall have one vote and upon a poll every member present or by proxy or attorney shall have one vote for each share held.

Terms and conditions

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

E. Other Information

Annual General Meeting

The Annual General Meeting of Clime Investment Management Limited is expected to be held on 18 November 2021.

Stock Exchange Listing

The shares of the Company are listed on the Australian Securities Exchange under the exchange code CIW. Quotation has been granted for all the ordinary shares of the Company on all member exchanges of the Australian Securities Exchange. The home exchange is Sydney.

On-Market Buyback Scheme

As at 24 August 2021 an on-market buy-back scheme existed and continues to be in operation as at the date of this report.

Contact Details

The Company Secretary is Mr. Biju Vikraman.

The address of the registered office and principal place of business in Australia is:

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Sydney NSW 2000

Telephone: 1300 788 568

Clime Investment Management Limited

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