

Appendix 4E
Preliminary Final Report
Lodged with the ASX under Listing Rule 4.3A

Year Ended 30 June 2016
(Previous corresponding period – 30 June 2015)

Results for Announcement to the Market

Revenue from ordinary activities	down	154%	(\$247,717)
Loss before tax attributable to members	up	64%	(\$1,691,060)
Loss after tax attributable to members	up	422%	(\$639,220)

	Amount per security	Franked amount per security
<i>Dividends per share – Fully Paid Ordinary Shares</i>		
Interim Dividend – FY16 (paid 23 October 2015)	1.20 cents	1.20 cents
Interim Dividend – FY16 (paid 22 January 2016)	1.20 cents	1.20 cents
Interim Dividend – FY16 (paid 22 April 2016)	1.20 cents	1.20 cents
Final Dividend – FY16 (paid 22 July 2016)	1.20 cents	1.20 cents
<i>Dividends per share – Converting Preference Shares</i>		
July to Sep 15 – Quarterly Dividend (paid 22 October 2015)	4.50 cents	4.50 cents
Oct to Dec 15 – Quarterly Dividend (paid 21 January 2016)	4.50 cents	4.50 cents
Jan to Mar 16 – Quarterly Dividend (paid 21 April 2016)	4.50 cents	4.50 cents
Apr to Jun 16 – Quarterly Dividend (paid 21 July 2016)	4.50 cents	4.50 cents

Explanation of revenue from ordinary activities

Revenues for the period decreased to loss of (\$247,717) (FY15: \$457,148 profit). This decrease was primarily caused by a decrease in realised gains on sale of financial assets.

Explanation of profit from ordinary activities after tax attributable to members

Loss after tax attributable to members was \$639,220 (FY15: \$122,352 loss).

COMMENTARY ON RESULTS

FINANCIAL YEAR ENDED 30 JUNE 2016

In spite of a disappointing 2015-16 year Clime Capital Limited (CAM) has produced solid long term returns and continues to manage shareholders equity to deliver strong risk-adjusted results.

Consistent with the framework of purposeful portfolio design, the target rate of return has also been evolved. Historically the targeted rate of return of Clime Capital Limited has been 10% pre-tax per annum. Going forward the CAM return objective has been refined to be 6% beyond the Australian Consumer Price Index (CPI), as measured by the trimmed mean. Over recent history inflation has typically been in the range of 2% to 4% p.a. Where inflation is towards the upper end of this range, CAM's CPI + 6% p.a. objective is consistent with a 10% p.a. target rate of return. Where inflation is towards the lower end of this range, CAM's CPI + 6% p.a. objective will equate to an absolute return target of 8% p.a. We believe the CPI + 6% p.a. targeted rate of return objective to be more reflective of market conditions and investing environment. CAM will continue to utilise cash to preserve capital, pursue selective investment opportunities and deliver strong risk-adjusted results.

The Board reports that CAM has achieved 6.45% p.a **pre-fees and taxes** and 5.35% p.a **pre-tax return** on its capital over the last 6 years. These calculations include the payment of preference shares dividends of 7.5% p.a.

What follows is an outline of the movements in shareholders' equity (after tax) and the payments of dividends (including preference shares) net of DRP over the last 6 years as reported in our annual results.

12 months ending (in millions)	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	Aggregated summary
	\$	\$	\$	\$	\$	\$	\$
Opening equity	59.59	62.23	60.90	81.04	92.54	87.57	
Profit after tax	5.30	1.50	6.20	5.12	(0.12)	(0.64)	17.36
Cash dividends paid	(2.60)	(2.80)	(3.10)	(3.86)	(4.47)	(4.48)	(21.31)
Tax paid	-	-	(0.90)	(1.88)	(1.46)	(0.67)	(4.91)
Capital raised	-	-	17.20	10.41	-	-	27.61
Buy backs	-	-	-	-	(0.36)	(3.02)	(3.38)
Balance sheet adjustments	(0.06)	(0.03)	0.74	1.71	1.43	0.73	4.52
Closing Equity	62.23	60.90	81.04	92.54	87.57	79.48	

Dividend Policy and Capital Management

The Board intends to maintain its policy of declaring ordinary and preference share dividends each quarter. The current portfolio has a high level of income generation from its shares and yielding investments. The portfolio also generates franking credits which are beneficial to shareholders.

Converting preference shares (CPS)

In April 2017 the company's CPS will be converted into ordinary shares at a ratio of 1.38 to 1. Based on the number of CPS on issue the company will mandatorily convert these into approximately 10.1 million ordinary shares. The immediate impact of this conversion will be to save the company around \$900k in franked dividends per annum based on the current rate of ordinary dividends.

The Board has implemented a buyback policy covering ordinary and preference shares. In 2015/16, 3,090,282 ordinary shares and 419,396 preference shares were bought back and cancelled. The average discount to Net Tangible Asset backing per share has on average being greater than 10%.

Supplementary Appendix 4E information

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2016 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend	Franked amount per security	Foreign sourced dividend amount per security
Fully Paid Ordinary Shares						
06 Oct 2015	23 Oct 2015	Interim	1.20 cents	\$973,311	1.20 cents	-
06 Jan 2016	22 Jan 2016	Interim	1.20 cents	\$969,625	1.20 cents	-
04 April 2016	22 April 2016	Interim	1.20 cents	\$963,866	1.20 cents	-
05 July 2016	22 July 2016	Final	1.20 cents	\$949,192	1.20 cents	-
Converting Preference Shares						
06 Oct 2015	22 Oct 2015	Quarterly	4.50 cents	\$344,906	4.50 cents	-
06 Jan 2016	21 Jan 2016	Quarterly	4.50 cents	\$344,906	4.50 cents	-
04 April 2016	21 April 2016	Quarterly	4.50 cents	\$332,821	4.50 cents	-
05 July 2016	21 July 2016	Quarterly	4.50 cents	\$326,033	4.50 cents	-

Dividend/distribution reinvestment plan

The company operates a dividend reinvestment plan.

Net tangible assets per security (Cum-Dividend)

	2016 \$	2015 \$
Fully diluted net tangible asset backing per ordinary share – pre-tax	\$0.88	\$0.97
Fully diluted net tangible asset backing per ordinary share – post-tax	\$0.89	\$0.97

Controlled Entities

The company did not gain or lose control over any entities during the 12 months ended 30 June 2016.

Associates and Joint Venture entities

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

Foreign Accounting standards

Not applicable.

Audit

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



CLIME CAPITAL LIMITED

ABN 99 106 282 777

ANNUAL REPORT FOR THE YEAR ENDED

30 JUNE 2016



CLIME CAPITAL LIMITED

ABN 99 106 282 777

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Dear Shareholders,

Short and the long term returns from Australian equities, as measured by the All Ordinaries Index, continue to be uninspiring. In the short term, the Australian share index (including reinvested dividends) currently sits only just above its level of early 2015. Over a ten-year horizon, the price index is essentially flat reflecting the dominance of dividends driving the total index return. To provide some historical context, the Australian equity market price index has now endured the longest sustained period of downturn – measured by performance from a historic peak – since it was established. As at 30 June 2016, it had been 2260 trading days since the All Ordinaries Price Index peaked at 6853.57 back on 1 November 2007.

While the investment environment has been both challenging and volatile, it is with little comfort that I report the results of the Company in 2015/16. As was the case in FY15, the Company reported a small loss with a poor June adversely affecting results. Britain's 'vote to leave' in late June caught markets by surprise, drove leading Australia shares lower and actually pushed up the \$A. The latter two developments moved the portfolio adversely by approximately \$3 million when compared to the end of May position. By late-July the position had reversed and the losses of June 2016 had been recouped based on market prices.

Despite the volatility the Company maintained its quarterly ordinary dividend at 1.2 cents per quarter (fully franked) and the preference dividends at 4.5 cents per quarter fully franked. A total of \$5.2 million of dividends were declared and after reinvestment about \$4.8 million in cash paid to all shareholders.

As Clime Capital did not declare a profit in 2015/16, the dividends resulted in a reduction in the capital of the Company. The reduction in capital over the year of around \$8 million resulted from the dividends (described above), share buy-backs totaling \$3 million and the small loss after costs.

After reviewing 2015/16 and based on expectations going forward, the Investment Manager has purposefully adjusted the framework for managing the portfolio. Price volatility, poor returns from leading Australian companies, the end of the resources capital investment boom and sustained low cash rates requires a considered response. Below I outline what the considerations are and the response of the Manager.

First, it seems likely that the bulk of the Australian large companies represented in the ASX 20 are in a challenging period. They will struggle to grow earnings due to a variety of observable factors. Major Banks will require more capital and suffer declining margins from sustained low interest rates. Resource companies are confronted by oversupplied commodity markets and slow world growth. Retailers and Telecommunications companies are engaged in a fierce price war to hold market shares. Builders will be trading through a construction market that has clearly peaked.

Second, the supportive growth trends are better represented in the middle part of the Australian equity market. There are discernible growth trends across inbound tourism, health care, aged care, retirement living, education, financial services and IT development. Recent success stories abound in this part of the market and the outlook remains strong.

Third, the Australian economy is transitioning from a resources base to services base. The ultimate success will be judged by the transitioning in composition of Australia's exports. The cycle is currently transitioning from bulk commodities, through energy and into value added services and manufactured exports. A key support mechanism for this transition will be a low relative \$A. The transition of exports needs substantial assistance and a long period to transpire. This supports our thesis that the \$A will remain low for a sustained period and also supports a level of international investment in the portfolio.

Finally, there is clear evidence that good investment returns can be made from committing to investments early in their migration to public markets. Thus the Investment Manager's approach which seeks out quality businesses, with highly engaged management, at an attractive valuation will be extended to the pre-IPO market.

Given the above, the Company has created purposeful sub portfolios to capture the above opportunities and to move away from the low growth part of the Australian equity market. In June 2016 the Investment Manager appointed a new Head of Investments (Mr. Anthony Golowenko) and he has been implementing a new strategy and the board is very encouraged by the progress in the last few months.

The following has and is occurring inside your Company's portfolio.

- a. The international portfolio was created in 2014/15 and this will be maintained but with a constant overlay view on currency exposure. Whilst multi-national companies with highly recognisable brands consistently demonstrate better value and quality than large Australian companies, there is no doubt that valuations are becoming more stretched. The international portfolio will be managed to target a return from currency and stock gains of 8% above inflation;
- b. The Australian large capitalisation companies are solid dividend payers. Solid dividends with franking are valuable in generating returns for our shareholders. Some exposure to Australian large caps will be maintained with returns predominately from dividends. The targeted return from this portfolio will be 6% above inflation; and
- c. The middle capitalization and emerging part of the Australian market will be targeted and a portfolio built that provides capital growth and some yield. The investment universe will be expanded to include pre-IPO opportunities that are likely to float within 6 months. At this point the Company has made two pre-IPO investments representing around 4% of the portfolio. The targeted return from this sub-portfolio will be 8% above inflation.

In future ASX quarterly reports the Manager will report to shareholders on the performance and returns of each sub-portfolio. Based on the current capital base of the Company each portfolio will hold between \$15 million to \$35 million at any point based on discrete asset allocation by the Manager.

Converting preference shares (CPS)

In April 2017 the Company's CPS will be converted into ordinary shares at a ratio of 1.38 to 1. Based on the number of CPS on issue the Company will mandatorily convert these into approximately 10.1 million ordinary shares. The immediate impact of this conversion will be to save the Company around \$900k in franked dividends per annum based on the current rate of ordinary dividends.

We believe the CPS have been expensive to service and have not been to benefit of the Company in recent years. The significant dividend payments have detracted from NTA, particularly in recent years where market returns have been low.

Following the conversion of the CPS, the burden of servicing them will fall away and allow the directors to consider the dividends payable to all ordinary shareholders in a new environment. Under the purposeful sub-portfolio investment approach outlined above and the cleaner structure without CPS, the directors' intention is to review the dividend policy and evaluate whether a slight increase may be appropriate in future years.

FY 16/17 started well for the Company under its new investment structure and strategy. Shareholders should review the upcoming ASX monthly and quarterly announcements and the Board looks forward to meeting you at the forthcoming AGM.

In conclusion I reiterate the Company's goal with a renewed confidence in the future. Our goal is to deliver value growth coupled with a consistent stream of fully franked income paid quarterly – all backed by exposure to a select group of high quality companies, listed both here and abroad.



John Abernethy
Chairman

Sydney, 22 August 2016

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE DIRECTORY

Directors	John Abernethy (Chairman) Geoffrey Wilson Julian Gosse Brett Spork	
Company Secretaries	Richard Proctor Biju Vikraman	
Registered Office	Level 7 1 Market Street Sydney NSW 2000	
Contact Details	P: (02) 8917 2100 F: (02) 8917 2155 E: www.climecapital.com.au	
Share Registry	Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street, Sydney NSW 2000 P: 1300 737 760 F: 1300 653 459 W: www.boardroomlimited.com.au	
Auditor	Pitcher Partners MLC Centre, 22/19 Martin Place Sydney NSW 2000	
Stock Exchange Listings	Clime Capital Limited securities are listed on the Australian Stock Exchange under the following exchange codes: Fully Paid Ordinary Shares Converting Preference Shares	CAM CAMPA

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Your directors present their report on Clime Capital Limited ("the Company") for the financial year ended 30 June 2016.

Directors

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

Mr. John Abernethy
Mr. Geoffrey Wilson
Mr. Julian Gosse
Mr. Brett Spork

Information on Directors

Mr. John Abernethy (Age 57)

Chairman

Experience and expertise

Mr. John Abernethy was appointed director on 31 July 2009. Mr. Abernethy has over 30 years' funds management experience in Australia having been General Manager Investments of the NRMA. John holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Other current directorships

Mr. Abernethy is a non-executive director of WAM Research Limited, Australian Leaders Fund Limited, WAM Active Limited, Watermark Market Neutral Fund and Jasco Holdings Limited.

Mr. Abernethy is also an executive director of Clime Investment Management Limited.

Former directorships in last 3 years

None.

Special responsibilities

Member of Remuneration Committee

Member of Nomination Committee

Interests in shares and options

635,363 ordinary shares in Clime Capital Limited.

Mr. Geoffrey Wilson (Age 58)

Director

Experience and expertise

Mr. Geoffrey Wilson has had 36 years' experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Mr. Geoffrey Wilson was appointed as a non-executive director in November 2003.

Other current directorships

Mr. Wilson is the Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited, WAM Leaders Limited, Australian Stock Brokers Foundation and Future Generation Global Investment Company Limited. He is a Director of Future Generation Investment Company Limited, Australian Leaders Fund Limited, Incubator Capital Limited, the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Global Value Fund Limited, Century Australia Investments Limited, Australian Children's Music Foundation and Odyssey House McGrath Foundation.

Former directorships in last 3 years

Cadence Capital Limited

Special responsibilities

None.

Interests in shares

756,274 ordinary shares in Clime Capital Limited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Information on directors (continued)

Mr. Julian Gosse (Age 66)

Independent Director

Experience and expertise

Mr. Julian Gosse was appointed non-executive director in November 2003. He has extensive experience in banking and broking both in Australia and overseas, having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. Mr. Gosse has also been involved in the establishment, operation and ownership of several small businesses.

Other current directorships

Mr. Gosse is a non-executive director of Iron Road Limited, Australian Leaders Fund Limited and WAM Research Limited.

Former directorships in last 3 years

ITL Limited

Special responsibilities

Chairman of Audit Committee

Chairman of Remuneration Committee

Chairman of Nomination Committee

Interest in shares

None.

Mr. Brett Spork (Age 54)

Independent Director

Experience and expertise

Mr. Brett Spork was appointed independent Director of the Company in May 2011. Mr. Spork has extensive experience in the Funds Management, Banking and Financial Services sectors. Mr. Spork's previous roles include CEO of Investorfirst, CEO of E*Trade Australia and Executive Director with Macquarie Bank.

Mr. Spork holds a Degree in Business from Queensland University of Technology.

Other current directorships

Shell Cove Capital Management Limited, PM Capital Global Opportunities Fund Limited, PM Asian Opportunities Limited and Primary Markets.com.

Former directorships in last 3 years

None

Special responsibilities

Member of Audit Committee

Member of Remuneration Committee

Member of Nomination Committee

Interests in shares

60,496 ordinary shares in Clime Capital Limited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Information on directors (continued)

Company Secretaries

Mr. Richard Proctor was appointed to the position of Company Secretary effective 1 January 2011. Mr. Proctor is the Chief Operating Officer and Joint Company Secretary of Clime Investment Management Limited (the parent entity of the Investment Manager).

Mr. Proctor holds a Bachelor of Business Studies (Hons) from the University of Brighton, United Kingdom and is a qualified Chartered Accountant. Mr. Proctor has over 26 years experience in operations and finance and has held senior roles with Readers Digest, Time Warner, Heinz Food and Rothmans Tobacco in Australia and Europe.

Mr. Biju Vikraman was appointed to the position of Joint Company Secretary on 28 September 2015.

Mr. Vikraman holds a Bachelor of Commerce from the University of Mumbai, India and is an Australian and Indian Chartered Accountant. Mr. Vikraman has over 15 years experience in audit and finance and had held senior roles with big 4 accounting firms and listed entities within Australia, India and Africa.

Mr. Vikraman also holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Meetings of directors

The numbers of meetings of the Company's board of directors, and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr. John Abernethy	4	4	-	-
Mr. Geoffrey Wilson	4	1	-	-
Mr. Julian Gosse	4	4	2	2
Mr. Brett Spork	4	4	2	2

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

A - Number of meetings eligible to attend

B - Number of meetings attended

Rotation and election of directors

The Company's Constitution requires directors to retire every three years. Mr. Abernethy and Mr. Wilson were reappointed in 2015; thus need not retire until 2018. Mr. Gosse and Mr. Spork were reappointed in 2014; thus need not retire until 2017.

Principal activities

The principal activity of the Company during the financial year was investing in securities listed on the domestic and international Stock Exchanges.

There was no significant change in these activities during the current financial year.

Operating result

The net loss after providing for tax amounted to \$639,220 (2015: loss of \$122,352).

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Dividends paid or recommended

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

	2016 \$	2015 \$
<i>Total dividends paid</i>		
Final ordinary dividend paid during the year in respect of the prior financial year	975,767	930,395
Converting preference share dividend paid during the year in respect of the prior financial year	344,906	364,068
Interim ordinary dividend paid in respect of the September 2015 quarter	973,311	932,495
Converting preference share dividend paid in respect of the September 2015 quarter	344,906	364,068
Interim ordinary dividend paid in respect of the December 2015 quarter	969,625	934,618
Converting preference share dividend paid in respect of the December 2015 quarter	344,906	364,067
Interim ordinary dividend paid in respect of the March 2016 quarter	963,866	936,043
Converting preference share dividend paid in respect of the March 2016 quarter	332,821	364,067
Total dividends paid	5,250,108	5,189,821
<i>Total dividends declared not paid</i>		
Final ordinary dividend in respect of the current financial year	949,192	975,767
Converting preference share dividend paid in respect of the June 2016 quarter	326,033	344,906
Total dividends declared not paid	1,275,225	1,320,673
Total dividends paid or recommended	6,525,333	6,510,494

Prior to the end of the financial year, the directors declared a fully franked dividend of 1.2 cents per share payable on 22 July 2016 on ordinary shares as at record date 5 July 2016 and a fully franked dividend of 4.5 cents per share payable on 21 July 2016 on converting preference shares as at record date 5 July 2016.

Review of operations

Investment income from ordinary activities

Investment loss for the period was \$247,717 (2015: income of \$457,148). This decrease was primarily caused by a decrease in realised gains on disposal of financial assets.

Net profit attributable to members of the Company

Loss from ordinary activities after tax attributable to members was \$639,220 (2015: loss of \$122,352).

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 2 to 4 of the Annual report.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Significant changes in state of affairs

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

After balance date events

On 29 July 2016 the Board announced its intention to refresh the share buy-back of its preference shares (within the 10/12 limit) which will commence from 15 August 2016 and end on 14 August 2017.

No other matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

The company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by investee company - specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Other developments

On 19 March 2015 the Board announced a change in policy for dividends for converting preference shares. In line with the original prospectus, future dividends are paid at the rate of 4.5 cents fully franked per share for future quarters, commencing with the June 2015 quarter. This was an adjustment of 0.25 cents per quarter which has been given effect to from this financial year.

On 7 December 2015, the Board announced its intention to refresh the share buy-back (within 10/12 limit) of 8,104,214 ordinary shares commencing on 6 January 2016 and ending on 5 January 2017.

Environmental issues

The Company's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

Insurance of officers

During the financial year, the Company paid a premium for an insurance policy insuring all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company is important.

During the year Pitcher Partners Sydney, the Company's auditor, did not perform any other non-assurance services in addition to their statutory duties for the Company. PPNSW Services Pty Limited, a related party of the Company's auditor, performed taxation services for the Company.

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

Unissued shares

There are 10,049,915 unissued ordinary shares of Clime Capital that are likely to be issued on conversion of preference shares as at the date of this report. Preference shares will convert into ordinary shares in April 2017.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report is set out in the following sections:

- A Directors and key management personnel details
- B Principles used to determine the nature and amount of remuneration
- C Details of remuneration
- D Service agreements
- E Related Parties Transactions
- F Additional information

The information provided in section A-E includes remuneration disclosures that are required under section 300A of the *Corporations Act 2001*.

A Directors and key management personnel details

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

Directors

John Abernethy	Non-Executive Chairman
Geoffrey Wilson	Non-Executive Director
Julian Gosse	Independent, Non-Executive Director
Brett Spork	Independent, Non-Executive Director

Key Management Personnel

Richard Proctor	Company Secretary
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B Principles used to determine the nature and amount of remuneration

The Remuneration Committee is responsible for making recommendations to the board on remuneration policies and packages applicable to the board members and executives of the Company. The board's remuneration policy is to ensure the remuneration package properly reflects the person's duties, responsibilities and the level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Other key management personnel

The only other key management personnel employed during the financial year by the Company was Mr. Richard Proctor, employed in his capacity as Company Secretary.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Remuneration of non-executive directors is determined by the full board within the maximum amount approved by the shareholders from time to time. The payments to non-executive directors do not include retirement benefits other than statutory superannuation. Consultation with non-executive directors outside their duties as directors is treated as external consultation and is subject to additional fees by consent of the Board. The Company has a policy that non-executive directors are not entitled to retirement benefits and may not participate in any bonus scheme (where applicable).

Directors' fees

The current base remuneration was last reviewed with effect in August 2015. The non-executive directors' fees are inclusive of committee fees.

Non-executive directors' fees are determined within a non-executive directors' base remuneration pool, which is periodically recommended for approval by shareholders. The non-executive directors' base remuneration pool currently stands at \$150,000 per annum.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

C Details of remuneration

The Company's Chairman (Mr. John Abernethy) and Company Secretaries (Mr. Richard Proctor) and (Mr. Biju Vikraman) are employed by Clime Investment Management Ltd (the parent company of the Investment Manager) and do not receive any form of direct remuneration from the Company. Instead Clime Investment Management Limited receives fees from Clime Capital Ltd designed to cover the cost of provision of these services and Clime Investment Management Ltd. settles this amount directly with the Chairman and Company Secretaries. The Company has no other staff and no other key management personnel.

Amounts of remuneration

Details of the remuneration of the directors of Clime Capital Limited for services rendered to the Company are set out below. With the exception of the Company's directors, there are no key management personnel (as defined in AASB 124 Related Party Disclosures) employed by the Company.

Mr. Richard Proctor is the only other key management personnel whose remuneration must be disclosed under the *Corporations Act 2001*, other than directors.

Mr. Biju Vikraman does not receive any remuneration from the Company as Joint Company Secretary.

Key management personnel and other key management personnel of Clime Capital Limited

2016	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	
John Abernethy	35,000	-	35,000
Geoffrey Wilson	9,132	868	10,000
Julian Gosse	31,963	3,037	35,000
Brett Spork	35,000	-	35,000
Richard Proctor	24,000	-	24,000
Total key management personnel	135,095	3,905	139,000

2015	Short-term employee benefits	Post- employment benefits	Total
	Cash salary	Superannuation	
	\$	\$	
John Abernethy	35,000	-	35,000
Geoffrey Wilson	9,132	868	10,000
Julian Gosse	31,817	3,023	34,840
Brett Spork	35,000	-	35,000
Richard Proctor	24,000	-	24,000
Total key management personnel	134,949	3,891	138,840

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

D Service agreements

Remuneration and other terms of employment for other key management personnel is formalised in service agreements with Clime Investment Management Ltd 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. Richard Proctor

Company Secretary

- Term of agreement – No fixed term
- Notice period for termination by employee – 1 month
- Notice period for termination by company – 1 month
- Payment of a termination benefit on early termination by the company – in lieu of 1 month's notice and other than for gross misconduct – equal to a maximum of 8.33% of the annual remuneration package current at the time of termination

Mr. Biju Vikraman

There are no service agreements with Mr. Biju Vikraman. The role of joint Company Secretary is performed in conjunction with the role at Clime Investment Management Limited.

E Related Parties Transactions

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

(a) Management and Performance Fees

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

	2016	2015
	\$	\$
Clime Asset Management Pty Ltd - Mr. John B. Abernethy note (c)(i)	645,020	720,529
Clime Investment Management Ltd - Mr. John B. Abernethy note (c)(ii)	59,000	59,000
Boutique Asset Management Pty Ltd - Mr. Geoffrey J Wilson note (c)(iii)	215,007	240,176
	919,027	1,019,705

(b) Dividends

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

(c) Nature of Relationships

(i) Clime Asset Management Pty Ltd

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

(ii) Clime Investment Management Ltd

Mr John Abernethy is a Director in Clime Investment Management Ltd. Clime Investment Management Ltd receives management fees as remuneration for the employment of the Chairman and Secretary as detailed in Note 14. Clime Investment Management Ltd directly owns 7.47% of the share capital of the Company as at 30 June 2016. Clime Investment Management Limited through the Investment Manager has the indirect power to dispose 7.75% of the Company's shares held by the Investment Managers discretionary share portfolio clients.

(iii) Boutique Asset Management Pty Ltd

Boutique Asset Management Pty Ltd, a company in which Mr Geoffrey Wilson is a director, has an assignment from the Investment Manager to receive 25% of all management fees payable by the Company under the Management Agreement.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

Remuneration report - audited (continued)

(d) Shareholdings of Directors and Key Management Personnel
Shareholdings

	Balance at 1 July 2015	Shares acquired / (disposed)	Balance as at date
Ordinary Shares			
John Abernethy (Chairman)	600,000	35,363	635,363
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	-	60,496
Richard Proctor	300,000	-	300,000
	1,716,770	35,363	1,752,133

(e) Options to acquire ordinary shares

	Balance at 1 July 2015	Acquired / Lapsed	Balance as at date
John Abernethy (Chairman)	464,701	(464,701)	-
Geoffrey Wilson	756,274	(756,274)	-
Brett Spork	60,496	(60,496)	-
Richard Proctor	77,364	(77,364)	-
	1,358,835	(1,358,835)	-

F Additional Information

Performance of Clime Capital Limited

The tables below set out the summary information regarding the company's earnings and movements in shareholder wealth for the five years to 30 June 2016:

Performance result - historical analysis

	30 June 2016 \$	30 June 2015 \$	30 June 2014 \$	30 June 2013 \$	30 June 2012 \$
Investment (losses)/gains	(247,717)	457,148	7,882,452	9,109,186	3,383,970
Net (loss)/profit before tax	(1,691,060)	(1,033,869)	6,483,210	7,786,565	1,899,990
Net (loss)/profit after tax	(639,220)	(122,352)	5,121,328	6,203,262	1,494,086
Dividends paid/provided for	5,204,660	5,216,031	4,715,668	3,774,740	3,303,086

Movements in shareholder wealth - historical analysis

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Adjusted NTA cum dividend - pre tax ¹	\$0.88	\$0.97	\$1.05	\$1.06	\$1.01
Adjusted NTA cum dividend - post tax ¹	\$0.89	\$0.97	\$1.03	\$1.02	\$0.98
Interim dividends - ordinary shares ²	3.60cps	3.45cps	3.15cps	3.0cps	3.0cps
Final dividend - ordinary shares ²	1.2cps	1.2cps	1.15cps	1.0cps	1.0cps
Preference share dividends ²	18.00cps	18.75cps	19.00cps	19.00cps	19.00cps
Bonus share issue - ord. shares	-	-	1 for 25	1 for 20	1 for 20
Basic EPS ^{1,2}	(2.46cps)	(1.91cps)	5.0cps	8.3cps	0.1cps
Diluted EPS ^{1,2}	(2.46cps)	(1.91cps)	5.0cps	8.3cps	0.1cps

¹ Taking into account the dilutive effect of bonus shares

² Fully franked dividends

END OF AUDITED REMUNERATION REPORT

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' REPORT

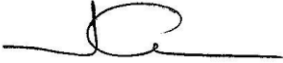
Proceedings on behalf of company

As at the date of this report, no person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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 16.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'John Abernethy', with a horizontal line extending to the left.

John Abernethy

Director
Clime Capital Limited

Sydney, 22 August 2016

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLIME CAPITAL LIMITED
ABN 99 106 282 777**

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

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

This declaration is in respect of Clime Capital Limited.



S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

22 August 2016

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE GOVERNANCE STATEMENT

A description of the Company's corporate governance practices are set out below. All these practices, unless otherwise stated, were in place the entire year and has been prepared in accordance with the 3rd Edition of Australian Securities Exchange's ("ASX") Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

Detailed corporate governance policies, charters and codes, referred to in this statement can be found on the Company's website (www.climecapital.com.au) under About us, Corporate Governance.

Board of directors and its committees

Role of the board

The Company has a board and two company secretaries. Subject at all times to any written guidelines issued by the board of directors of Clime Capital Limited, the day-to-day management and investment of funds is primarily carried out by Clime Asset Management Pty Ltd (the Investment Manager) in accordance with a management agreement. Consequently there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives or for a diversity policy under Recommendations 1.1, 1.3, 1.5 and 1.7.

The role of the board is to set strategic direction and to be responsible for the overall corporate governance of the Company which includes:

- to oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports and other communications to the ASX and shareholders; and
- setting appropriate business standards and a code for ethical behaviour.

The board aims to ensure that all directors and the Investment Manager act with the utmost integrity and objectivity, and endeavours to enhance the reputation of the Company. The board should act in a manner designed to create and build sustainable value for shareholders.

Board processes

The board has established a number of board committees including a Nomination Committee, a Remuneration Committee and an Audit Committee. These committees have written mandates and operating procedures which are reviewed on a regular basis. The board has also established a range of policies which govern its operation.

The board will hold four scheduled meetings each year plus any other strategic meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman and the Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Strategy and Outcomes. Submissions are circulated in advance.

Composition of the board

The names of the directors of the Company in office at the date of this Statement are set out in the Directors' Report.

The board is comprised of four non-executive directors. Two of the Company's non-executive directors, Mr. J Gosse and Mr. B Spork are also independent. The board comprises directors with significant experience as directors of public companies; experience in the management and growth of businesses and the Australian and international securities industry. The skills, experience and expertise relevant to the position of each directors who is in office at the date of the annual report and their term in office are detailed in the Directors' Report on pages 6 and 7. The board considers that these skills and experiences are appropriate for the Company.

The chairman of the board is not an independent director. The Company believes that an independent chairman under recommendation 2.5 does not necessarily improve the function of the board. The Company believes that when the chairman is a significant driver behind the business, and is a sizable shareholder, as is the case with this Company, it adds value to the Company and all shareholders benefit.

Whilst the board acknowledges the benefits of a majority of independent directors, it believes that it can adequately achieve the Company's objectives with the current board's level of expertise and without unnecessarily burdening shareholders with the additional costs associated of adding further independent directors to the board. The board also notes that the principal management function, being the management of the Company's investments, resides with the Investment Manager, Clime Asset Management Pty Ltd.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE GOVERNANCE STATEMENT

An independent director is considered to be a director:

- (a) who is not a member of management;
- (b) who has not within the last three years been employed in an executive capacity by the Company or been a professional adviser or consultant to the Company;
- (c) is not a significant supplier to the Company;
- (d) has no material contractual relationship with the Company other than as a director; and
- (e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

Selection and appointment of directors

In determining candidates to join the board, the board evaluate the mix of skills, experience, expertise, gender and diversity of the existing board. In particular, the board will seek to identify the particular skills and diversity that will best increase the board's effectiveness. Consideration will also be given to the balance of independent Directors.

Prior to the appointment of a new director the board will undertake appropriate checks to ensure that the person's character, experience and education are appropriate for the position. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the board supports the appointment or re-election. New directors will be familiarised with the Company by undertaking an induction program, which shall be arranged by the Company Secretary.

All directors must retire from office no later than the third annual general meeting (AGM) following their last election. Any directors appointed by the board must be duly appointed at the next AGM.

Diversity

The Company's operations are primarily conducted through Clime Asset Management Pty Limited (Investment Manager) and FundBPO Pty Limited (Administrator). The Company presently do not have any full time employees and hence the board considers setting measurable diversity objectives as per Recommendation 1.5 is not appropriate.

Nomination Committee

The Nomination Committee oversees the selection and appointment process for directors. The Committee annually reviews the composition of the board and makes recommendations on the appropriate skill mix, personal qualities, expertise, gender and diversity required. Where a vacancy exists the Committee develops selection criteria and generates a list of potential candidates for review, determination of an order of preference and ultimate selection by the board or shareholders.

The Nomination Committee comprised the following members during the year:

- J Gosse (Chairman)
- B Spork
- J Abernethy

The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment. The performance of all directors is reviewed periodically by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

The Committee formally reports to the board after each meeting. Details of the number of meetings of the Nomination Committee during the year are set out in the Directors' Report.

Remuneration Committee

The committee reviews and makes recommendations to the board on remuneration of the directors themselves. The Remuneration Committee meets periodically to review the terms of remuneration packages for executive and non-executive directors.

The maximum total remuneration to directors of the Company has been set at \$150,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of board meetings are principal determinants of the fee level.

Full details on directors' remuneration are provided in the Directors' Report on page 12.

The Remuneration Committee comprised the following members during the year:

- J Gosse (Chairman)
- B Spork
- J Abernethy

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE GOVERNANCE STATEMENT

Audit Committee

The Audit Committee has a documented Charter approved by the board. All members must be non-executive directors. The Chairman must not also be the Chairman of the board. The Committee is responsible for considering the effectiveness of the systems of internal control and financial reporting. Due to the size and structure of the board, and having regard to the number of non-executive directors, it is not currently practicable for the Audit Committee to consist of more than two members. The Audit Committee met twice during the year.

The Audit Committee comprised the following members during the year:

- J Gosse (Chairman)
- B Spork

The responsibilities of the Audit Committee are to:

1. Oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
2. Oversee the financial reporting process;
3. Review the annual and half-year financial reports and recommend them for approval by the board;
4. Nominate external auditors; and
5. Review the existing external audit arrangements.

The Audit Committee also requires the Company's administrator, FundBPO Pty Ltd, to report annually on the operation of internal controls.

The external audit firm partner responsible for the Company's audit attends Audit Committee meetings by invitation and presents to the Audit Committee twice per year. The Audit Committee formally reports to the Board after each of its meetings.

The Audit Committee Charter can be found in the Corporate Governance section of the Company's website.

The Committee formally reports to the board after each meeting. Details of the number of meetings of the Audit Committee during the year are set out in the Directors' Report.

External auditor

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. Pitcher Partners Sydney (formerly Moore Stephens Sydney) was appointed as the external auditor in November 2015. It is Pitcher Partners' policy to rotate audit engagement partners on listed companies in accordance with the *Corporations Act 2001*.

The external auditor is requested to attend the Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk management policy

The board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

Risks are identified and assessed by the Company's board as well as by the Company's auditors. Controls (which may include policies, procedures, reviews, audits and/or obtaining appropriate insurance) are implemented to deal with risks based on an assessment of:

- The nature and extent of the risk facing the Company;
- The extent and categories of risks which the board considers acceptable to bear;
- The likelihood of the risk materialising;
- The Company's ability to minimize the risk of incident and its resultant impact on the business should a particular risk materialise; and
- The costs of operating particular controls relative to the benefit obtained by managing the relevant risk.

The Investment Manager, Clime Asset Management Pty Ltd, will report any instances of control or policy failure or breach to enable the board to consider whether relevant controls require reassessment, strengthening or improvement and whether the level of monitoring by the Audit Committee and the board is adequate.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE GOVERNANCE STATEMENT

Risk management policy (continued)

In accordance with the ASX Corporate Governance Principles and Recommendations, the Investment Manager is required to state to the board in writing that:

- The Company's financial reports present a true and fair view, in all material respects, of the Company's financial position and operational results and are in accordance with relevant Accounting Standards;
- The statement above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company does not have an internal audit function.

A summary of financial risks including credit, liquidity, market, interest rate, other price and foreign exchange rate risks are included in Note 15 in the Annual Report.

Director and executive dealing in Company shares

Directors and executives are not required to hold a minimum number of shares in order to hold their positions. All director and executive shareholdings are disclosed in the Related Parties note within the Annual Report.

Subject to not being in possession of undisclosed price-sensitive information (and with adequate time being provided for the information to be reflected in the Company's share price), directors and executives may deal in shares of the Company. On the basis that Clime Capital Limited is a listed investment company obligated to disclose its net tangible asset position on a monthly basis, the board believes that the Company's shareholders are generally fully informed.

Independent professional advice and access to Company information.

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the director is made available to all other members of the board.

Executive management

The Company's operations are primarily conducted through Clime Asset Management Pty Limited (Investment Manager) and FundBPO Pty Limited (Administrator).

These entities, together with the Company Secretaries, incorporate the specialist wholesale investment and administration personnel who undertaken the Company's executive operations. The Company Secretaries reports directly to the Board through the Chairman and is accessible to all directors.

The Company's executive management arrangements have been structured to provide investors with an extremely cost efficient investment vehicle and access to a significant depth of professional resources.

Ethical standards and code of conduct

The board has developed a Code of Conduct (the Code) which applies to all directors and executives. The Code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of both the law and Company policies.

A copy of the Code is available on the Corporate Governance section of the Company's website.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
CORPORATE GOVERNANCE STATEMENT

Continuous disclosure

The Company has established a written continuous disclosure policy designed to ensure compliance with ASX Listing Rules and accountability at a senior executive level for that compliance. The policy aims to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way. The continuous disclosure policy can be found in the Corporate Governance section of the Company's website.

Shareholder communications.

The board informs shareholders of all major developments affecting the Company's state of affairs.

The Company Secretaries are primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the board.

Relevant information is communicated to the Company's shareholders through the following measures:

- An Annual Report will be mailed at the close of the financial year to those shareholders who have elected to receive a hard copy. Alternatively, for those shareholders who so choose, a link to a copy of the Annual Report on the Company's website will be emailed in lieu of a hard copy;
- Net asset backing per share is released to the ASX by the 14th day following each month-end; and
- Any information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the ASX Continuous Disclosure requirement.

The board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The communication policy can be found in the Corporate Governance section of the Company's website.

The company's registrar, Boardroom Pty Limited, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at www.clientonline.com.au.

The following charters and policies are available on request or can be found in the Corporate Governance section of the Company's website at www.climecapital.com.au:

- Board of Directors Charter
- Code of Conduct
- Securities Trading Policy
- Continuous Disclosure Policy
- Communications Policy
- Audit Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Risk Management Policy

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Investment income			
Investment revenue	2	3,110,768	3,551,608
Net realised gain on disposal of financial assets at fair value through profit or loss		1,094,461	3,158,296
Net unrealised loss on financial assets at fair value through profit or loss		(4,860,047)	(6,555,390)
Net foreign exchange gain		407,101	302,634
Total investment (loss)/income		(247,717)	457,148
Expenses			
Management fees		(860,027)	(960,705)
Administrative expenses		(444,316)	(391,472)
Directors' fees and company secretarial fees	14(a)	(139,000)	(138,840)
Total expenses		(1,443,343)	(1,491,017)
Loss for the year before income tax expense		(1,691,060)	(1,033,869)
Income tax benefit	4(a)	1,051,840	911,517
Loss for the year		(639,220)	(122,352)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(639,220)	(122,352)
Basic loss per share	6	(2.46cps)	(1.91cps)
Diluted loss per share	6	(2.46cps)	(1.91cps)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Assets			
Cash and cash equivalents	12(a)	13,802,084	12,356,444
Trade and other receivables	7	436,276	1,150,272
Financial assets at fair value through profit or loss	8	68,794,890	78,772,561
Current tax benefit	4(b)	164,471	-
Deferred tax asset	4(c)	1,719,644	276,992
Prepayments		23,005	24,455
Total assets		84,940,370	92,580,724
Liabilities			
Financial liabilities at fair value through profit or loss	8	10,670	-
Trade and other payables	9	4,177,986	3,571,902
Dividends payable	5(b)	1,275,225	1,320,673
Current tax liability	4(b)	-	121,144
Total liabilities		5,463,881	5,013,719
Net assets		79,476,489	87,567,005
Equity			
Issued capital	10	81,159,617	83,406,253
Retained earnings	11(a)	(9,822,029)	(6,182,809)
Profit reserve	11(b)	8,138,901	10,343,561
Total equity		79,476,489	87,567,005

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

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Note	Issued Capital	Earnings	Profit Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2014	83,044,378	(1,360,457)	10,859,592	92,543,513
Loss for the year	-	(122,352)	-	(122,352)
Other comprehensive income/(loss) for the year	-	-	-	-
Total comprehensive loss for the year	-	(122,352)	-	(122,352)
Transactions with owners in their capacity as owners				
Issue of Ordinary shares	10(a)	717,940	-	717,940
Shares acquired under buy-back	10(a)	(355,286)	-	(355,286)
Transaction cost on shares buy-back	10(a)	(779)	-	(779)
Dividends provided for or paid - Ordinary shares	5	-	(3,778,923)	(3,778,923)
Dividends provided for or paid - Converting Preference Shares	5	-	(1,437,108)	(1,437,108)
Transfer to profit reserve		(4,700,000)	4,700,000	-
		361,875	(4,700,000)	(4,854,156)
Balance at 30 June 2015	83,406,253	(6,182,809)	10,343,561	87,567,005
Loss for the year	-	(639,220)	-	(639,220)
Other comprehensive income/(loss) for the year	-	-	-	-
Total comprehensive loss for the year	-	(639,220)	-	(639,220)
Transactions with owners in their capacity as owners				
<i>Ordinary shares:</i>				
Issue of shares	10(a)	766,985	-	766,985
Options exercised	10(a)	934	-	934
Shares acquired under buy-back	10(a)	(2,502,767)	-	(2,502,767)
Transaction costs on shares acquired under buy-back	10(a)	(4,448)	-	(4,448)
Income tax on transaction costs	10(a)	1,568	-	1,568
Dividends provided for or paid	5	-	(3,855,994)	(3,855,994)
<i>Total ordinary shares</i>		(1,737,728)	(3,855,994)	(5,593,722)
<i>Preference shares:</i>				
Shares acquired under buy-back	10(c)	(508,334)	-	(508,334)
Transaction costs on shares acquired under buy-back	10(c)	(820)	-	(820)
Income tax on transaction costs	10(c)	246	-	246
Dividends provided for or paid	5	-	(1,348,666)	(1,348,666)
<i>Total preference shares</i>		(508,908)	(1,348,666)	(1,857,574)
Transfer to profit reserve		-	(3,000,000)	-
		(2,246,636)	(3,000,000)	(7,451,296)
Balance at 30 June 2016	81,159,617	(9,822,029)	8,138,901	79,476,489

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

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Proceeds from sale of investments		87,537,326	54,688,811
Payments for purchase of investments		(79,367,295)	(76,115,823)
		<u>8,170,031</u>	<u>(21,427,012)</u>
Dividends and trust distributions received		2,434,198	2,078,989
Interest received		737,088	1,483,314
Payments for administrative and other expenses		(584,765)	(592,825)
Investment manager's fees paid		(868,519)	(966,885)
Income tax paid		<u>(674,613)</u>	<u>(1,457,007)</u>
Net cash inflow/(outflow) from operating activities	12(b)	<u>9,213,420</u>	<u>(20,881,426)</u>
Cash flows from financing activities			
Dividends paid net of dividend reinvestment		(4,483,123)	(4,471,878)
Net proceeds from exercise of options		934	-
Payment for shares buy-back including transaction costs		<u>(3,016,369)</u>	<u>(356,065)</u>
Net cash outflow from financing activities		<u>(7,498,558)</u>	<u>(4,827,943)</u>
Net increase/(decrease) in cash held		1,714,862	(25,709,369)
Effects of exchange rate movements on cash		(269,222)	124,032
Cash and cash equivalents at beginning of the financial year		<u>12,356,444</u>	<u>37,941,781</u>
Cash and cash equivalents at end of the financial year	12(a)	<u>13,802,084</u>	<u>12,356,444</u>

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

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with applicable Accounting Standards, including Australian Accounting Interpretations, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Clime Capital Limited is a publicly listed company, incorporated and domiciled in Australia.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The Directors revalue the trading portfolio on a daily basis.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Investments

i) Classification

The Company's investments are categorised as at fair value through profit or loss. They comprise:

- derivative financial instruments (options); and
- investments in publicly listed and unlisted companies and fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the Statement of Financial Position on a liquidity basis.

ii) Valuation

All investments are classified as "held-for-trading" investments and are recognised at fair value.

iii) Recognition/derecognition

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

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

iv) Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investments (continued)

iv) Measurement (continued)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

v) Investment income

Dividend income is recognised in profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

vi) Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

(vii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately in profit or loss unless the instrument is designated as a hedging instrument, in which case the recognition of the gain or loss will depend on the nature of the hedge relationship.

Where derivatives have been designated as a hedging instrument, their fair value will be disclosed in Note 16.

(viii) Bills of Exchange

Bills receivable are held at face value less unearned discount. Revenue and costs are recognised on an effective yield basis.

(c) Income tax

The charge for current income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred taxes are recognised in profit or loss except where they relate to items that may be recognised directly in equity, in which case they are adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax (continued)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Cash and cash equivalents

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

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as being part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Earnings per share

i) Basic earnings per share

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

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(h) Issued capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) New and revised accounting requirements applicable to the current year reporting period

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Company.

(j) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Company's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Company. The Company has not yet decided if it will early adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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	2016 \$	2015 \$
2. INVESTMENT REVENUE		
Dividends received	2,374,964	2,215,061
Interest	735,804	1,336,547
TOTAL	3,110,768	3,551,608
3. AUDITORS' REMUNERATION		
Remuneration of Pitcher Partners in relation to:		
Audit and review of the financial reports	25,166	24,785
Taxation	4,150	4,150
TOTAL	29,316	28,935
4. TAXATION		
(a) Income tax (benefit)/expense		
The prima facie tax on profit before income tax is reconciled to income tax expense as follows:		
Prima facie tax benefit on loss before income tax at 30%	(507,318)	(310,161)
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation gross up on dividends received	230,384	245,435
Franking credits on dividends received	(767,945)	(818,118)
Withholding tax on dividends received	(31,661)	-
Permanent differences	24,700	(28,673)
	(1,051,840)	(911,517)
Income tax benefit	(1,051,840)	(911,517)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
4. TAXATION (continued)		
(a) Income tax (benefit)/expense (continued)		
The applicable weighted average effective tax rates are as follows:	(62.20%)	(88.17%)
(b) Current tax benefit/(liability)		
Income Tax	164,471	(121,144)
(c) Net deferred tax liabilities		
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% on the following items:		
Other temporary differences	(44,919)	(46,559)
	(44,919)	(46,559)
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:		
Tax on unrealised losses on investment portfolio	1,720,429	255,584
Costs associated with the issue of shares deductible in future years	44,134	67,967
	1,764,563	323,551
Net deferred tax assets	1,719,644	276,992
(d) Income tax benefit recognised in the profit or loss		
Current income tax benefit	(507,318)	(310,161)
Deferred tax relating to the origination and reversal of temporary differences	(544,522)	(601,356)
	(1,051,840)	(911,517)

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NOTES TO THE FINANCIAL STATEMENTS
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	2016 \$	2015 \$
5. DIVIDENDS		
(a) Paid in the current year		
Dividends paid in the current year		
A fully franked final dividend on ordinary shares in respect of the 2015 financial year of 1.2 cents per share was paid on 23 July 2015 (2015: A fully franked final dividend on ordinary shares in respect of the 2014 financial year of 1.15 cents per share was paid on 22 July 2014)	975,767	930,395
A fully franked dividend on converting preference shares in respect of the 2015 financial year of 4.5 cents per share was paid on 22 July 2015 (2015: A fully franked dividend on converting preference shares in respect of the 2014 financial year of 4.75 cents per share was paid on 21 July 2014)	344,906	364,068
A fully franked dividend on ordinary shares for the quarter ended 30 September 2015 of 1.2 cents per share was paid on 23 October 2015 (2015: A fully franked dividend on ordinary shares for the quarter ended 30 September 2014 of 1.15 cents per share was paid on 23 October 2014)	973,311	932,495
A fully franked dividend on converting preference shares for the quarter ended 30 September 2015 of 4.5 cents per share was paid on 22 October 2015 (2015: A fully franked dividend on converting preference shares for the quarter ended 30 September 2014 of 4.75 cents per share was paid on 22 October 2014)	344,906	364,068
A fully franked dividend on ordinary shares for the quarter ended 31 December 2015 of 1.2 cents per share was paid on 22 January 2016 (2015: A fully franked dividend on ordinary shares for the quarter ended 31 December 2014 of 1.15 cents per share was paid on 23 January 2015)	969,625	934,618
A fully franked dividend on converting preference shares for the quarter ended 31 December 2015 of 4.5 cents per share was paid on 21 January 2016 (2015: A fully franked dividend on converting preference shares for the quarter ended 31 December 2014 of 4.75 cents per share was paid on 22 January 2015)	344,906	364,067
A fully franked dividend on ordinary shares for the quarter ended 31 March 2016 of 1.2 cents per share was paid on 22 April 2016 (2015: A fully franked dividend on ordinary shares for the quarter ended 31 March 2015 of 1.15 cents per share was paid on 23 April 2015)	963,866	936,043
A fully franked dividend on converting preference shares for the quarter ended 31 March 2016 of 4.5 cents per share was paid on 21 April 2016 (2015: A fully franked dividend on converting preference shares for the quarter ended 31 March 2015 of 4.75 cents per share was paid on 22 April 2015)	332,821	364,067
	5,250,108	5,189,821

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
5. DIVIDENDS (CONTINUED)		
(b) Provided for in the current year		
A fully franked dividend in respect of the 2016 year of 1.2 cents per share was payable on ordinary shares as at 30 June 2016 (2015: A fully franked dividend in respect of the 2015 year of 1.2 cents per share was payable on ordinary shares as at 30 June 2015)	949,192	975,767
A fully franked dividend in respect of the 2016 year of 4.5 cents per share was payable on converting preference shares as at 30 June 2016 (2015: A fully franked dividend in respect of the 2015 year of 4.5 cents per share was payable on converting preference shares as at 30 June 2015)	326,033	344,906
	1,275,225	1,320,673
(c) Dividend franking account		
Franking account balance	1,713,987	2,524,656
Impact on franking account balance of dividends not recognised, paid on 21 and 22 July 2016 (2015: 21 and 22 July 2015)	(546,525)	(566,003)
	1,167,462	1,958,653
6. EARNINGS PER SHARE		
Basic loss per share	(2.46cps)	(1.91cps)
Diluted loss per share (Note a)	(2.46cps)	(1.91cps)
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Total comprehensive loss for the year	(639,220)	(122,352)
Less: dividends provided or paid - converting preference shares	(1,348,666)	(1,437,108)
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the year)	(1,987,886)	(1,559,460)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	80,799,265	81,550,466

Note a.

Because diluted earnings per share is increased when taking the converting preference shares into account, the converting preference shares are antidilutive and are ignored in the calculation of diluted earnings per share.

Converting preference shareholders will accrue the bonus issue and upon conversion will receive 1.387 ordinary shares for every Converting Preference shares held. There are 10,049,915 unissued ordinary shares of Clime Capital that are likely to be issued on conversion of preference shares as at the date of this report.

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NOTES TO THE FINANCIAL STATEMENTS
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	2016	2015
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Unsettled trades	16,242	664,648
Income receivable	390,536	455,490
Other debtors	29,498	30,134
	436,276	1,150,272

Terms and conditions

Income receivable represents dividends and interest accrued and receivable at reporting date. Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the sale being executed. Other debtors consists of GST receivables that can be recovered from the Australian Tax Office. No interest is applicable to any of these amounts.

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

8. INVESTMENTS

Financial assets at fair value through profit or loss

(1) Listed equities - domestic	49,892,225	53,121,026
Listed equities - international	12,548,510	15,999,170
(2) Interest bearing securities		
Listed convertible notes	4,094,794	4,686,969
Floating rate notes	2,259,361	4,878,961
(3) Derivatives		
Stock covered call options	-	86,435

Total financial assets at fair value through profit or loss

68,794,890 78,772,561

Financial liabilities at fair value through profit or loss

(1) Derivatives		
Stock covered call options	10,670	-

Total financial liabilities at fair value through profit or loss

10,670 -

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NOTES TO THE FINANCIAL STATEMENTS
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	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Accrued expenses	86,507	90,042
Amount payable to related parties	66,315	74,807
Unsettled trades	4,025,164	3,407,053
	4,177,986	3,571,902

Terms and conditions

Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed.

10. ISSUED CAPITAL

Issued and paid-up capital

(a) 79,099,297 (2015: 81,278,425) ordinary fully paid shares	63,427,294	65,165,022
(b) 7,245,177 (2015: 7,664,573) converting preference fully paid shares	17,732,323	18,241,231
	81,159,617	83,406,253

Balance at the end of the year

	2016	2015		
	Number of	Number of		
	shares	shares		
(a) Movements in ordinary share capital				
Balance at beginning of the year	81,278,425	80,903,880	65,165,022	64,803,147
Shares buy-back	(3,090,282)	(384,845)	(2,502,767)	(355,286)
Transaction cost on shares buy-back	-	-	(4,448)	(779)
Options exercised	898	-	934	-
Income tax relating to share issue costs	-	-	1,568	-
Dividend reinvestment plan	910,256	759,390	766,985	717,940
Balance at the end of the year	79,099,297	81,278,425	63,427,294	65,165,022

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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NOTES TO THE FINANCIAL STATEMENTS
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10. ISSUED CAPITAL (CONTINUED)

(a) Movements in ordinary share capital (continued)

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

(b) On-market share buy-back

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 3,090,282 (2015: 384,845 ordinary shares) shares during the year. The number of shares bought back and cancelled during the 12 month period was within the '10/12 limit' imposed by s257B of the Corporation Act 2001, and as such, shareholder approval was not required. The shares were acquired at an average price of \$0.83 per share (2015: \$0.93), with prices ranging from \$0.755 cents to \$0.92 cents (2015: \$0.93 cents to \$0.94 cents). The total cost of \$2,502,767 (2015: \$355,286), including \$2,880 (2015: \$779) transaction costs net of tax, was deducted from contributed equity.

The shares bought back in the current year were cancelled immediately.

	2016	2015	2016	2015
	Number of	Number of	\$	\$
	shares	shares		
(c) Movements in converting preference share capital				
Balance at beginning of the year	7,664,573	7,664,573	18,241,231	18,241,231
Shares buy-back	(419,396)	-	(508,334)	-
Transaction cost on shares buy-back	-	-	(820)	-
Income tax relating to share issue costs	-	-	246	-
Balance at the end of the year	7,245,177	7,664,573	17,732,323	18,241,231

Holders of converting preference shares carry a right to be paid a quarterly dividend equal to 7.5% of the issue price annually, subject to the availability of profits and the Directors, at their discretion, determining to pay that dividend. The dividends payable are non-cumulative.

The converting preference shares automatically convert into ordinary shares in ten years (April 2017) from allotment date, or sooner at the option of the holder. The convertible preference shares are non-redeemable. In the event of winding up the Company, converting preference shareholders will rank ahead of Company's ordinary shareholders to the extent of the paid-up capital on the preference shares plus accrued but unpaid dividends.

Holders of converting preference shares are entitled to vote at shareholders' meetings in certain circumstances as outlined in the Prospectus dated 16 March 2007.

(d) On-market share buy-back

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 419,396 (2015: nil) preference shares during the year. The number of shares bought back and cancelled during the 12 month period was within the '10/12 limit' imposed by s257B of the Corporation Act 2001, and as such, shareholder approval was not required. The shares were acquired at an average price of \$1.207 per share (2015: \$Nil), with prices ranging from \$1.15 cents to \$1.255 cents (2015: \$Nil). The total cost of \$508,334 (2015: \$Nil), including \$574 (2015: \$Nil) transaction costs net of tax, was deducted from contributed equity.

(e) Capital risk management

The Company's capital structure currently consist of equity and retained earnings and there is no long term debt or short term debt. The operating cash flows of the Company are used to finance short term capital. The capital risk management is continuously reviewed as the Company has surplus cash available for investment.

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FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
11. RESERVES AND RETAINED PROFITS		
(a) Retained earnings		
Balance at the beginning of the year	(6,182,809)	(1,360,457)
Net loss attributable to members of the Company	(639,220)	(122,352)
Transfer to profit reserve	(3,000,000)	(4,700,000)
Balance at end of financial year	(9,822,029)	(6,182,809)
(b) Profit reserve		
Balance at the beginning of the year	10,343,561	10,859,592
Transfer from retained earnings	3,000,000	4,700,000
Dividends provided for or paid	(5,204,660)	(5,216,031)
Balance at end of financial year	8,138,901	10,343,561
Profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.		
12. CASH FLOW INFORMATION		
(a) Reconciliation of cash		
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	13,802,084	12,356,444
Total cash and cash equivalents	13,802,084	12,356,444
(b) Reconciliation of net loss attributable to members of the Company to net cash inflow/(outflow) from operating activities		
Loss attributable to members of the Company	(639,220)	(122,352)
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	709,563	(645,177)
Decrease/(increase) in investments at fair value through profit or loss	10,261,998	(21,031,326)
Decrease/(increase) in prepayments	1,450	(1,030)
Decrease in deferred tax asset	25,647	25,285
Increase in trade and other payables	606,082	3,286,983
Decrease in deferred tax liability	(1,466,485)	(1,956,247)
Decrease in current tax liability	(285,615)	(437,562)
Net cash inflow/(outflow) from operating activities	9,213,420	(20,881,426)
(c) Non-cash transaction		
During the current year the company entered in to the following financing activities which were not reflected in the cash flows.		
Dividends Reinvested	766,985	717,940

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NOTES TO THE FINANCIAL STATEMENTS
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13. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

(a) Management and Performance Fees

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

	2016 \$	2015 \$
Clime Asset Management Pty Ltd - Mr. John B. Abernethy note (c)(i)	645,020	720,529
Clime Investment Management Ltd - Mr. John B. Abernethy note (c)(ii)	59,000	59,000
Boutique Asset Management Pty Ltd - Mr. Geoffrey J Wilson note (c)(iii)	215,007	240,176
	919,027	1,019,705

As at 30 June 2016, \$66,315 (2015: \$74,807) of the year's management and performance fees remain unpaid and within payables.

(b) Dividends

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

(c) Nature of Relationships

(i) Clime Asset Management Pty Ltd

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

(ii) Clime Investment Management Ltd

Mr John Abernethy is a Director in Clime Investment Management Ltd. Clime Investment Management Ltd receives management fees as remuneration for the employment of the Chairman and Secretary as detailed in Note 14. Clime Investment Management Ltd directly owns 7.47% of the share capital of the Company as at 30 June 2016. Clime Investment Management Limited through the Investment Manager has the indirect power to dispose 7.75% of the Company's shares held by the Investment Managers discretionary share portfolio clients.

(iii) Boutique Asset Management Pty Ltd

Boutique Asset Management Pty Ltd, a company in which Mr Geoffrey Wilson is a director, has an assignment from the Investment Manager to receive 25% of all management fees payable by the Company under the Management Agreement.

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NOTES TO THE FINANCIAL STATEMENTS
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14. KEY MANAGEMENT PERSONNEL DISCLOSURE

The Company's Chairman (Mr. John B Abernethy) and Secretary (Mr. Richard Proctor) are employed by Clime Investment Management Ltd and do not receive any form of direct remuneration from the Company. Instead Clime Investment Management Limited receives fees from the Company designed to cover the cost of provision of these services. Clime Asset Management Pty Ltd as the Manager receives a management and performance fee from the Company as detailed below. The Company has no other staff and therefore has no key management personnel other than the Directors.

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 13.

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

John Abernethy	- Non-Executive Chairman
Geoffrey Wilson	- Non-Executive Director
Julian Gosse	- Non-Executive Director
Brett Spork	- Non-Executive Director
Richard Proctor	- Company Secretary

(a) Remuneration of Directors and Other Key Management Personnel

In accordance with Section 300A of the *Corporations Act 2001*, all detailed information regarding the remuneration of Directors and other key management personnel has been included in the Remuneration Report in the Directors' Report of the Annual Report.

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

	2016	2015
	\$	\$
Cash salary, fees and commissions	135,095	134,949
Short-term employee benefits	135,095	134,949
Superannuation	3,905	3,891
Post-employment benefits	3,905	3,891
Total employment benefits	139,000	138,840

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14. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(b) Shareholdings

2016

	Balance at 1 July 2015	Shares acquired / (disposed)	Balance at 30 June 2016
Ordinary Shares			
John Abernethy (Chairman)	600,000	29,660	629,660
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	-	60,496
Richard Proctor	300,000	-	300,000
	1,716,770	29,660	1,746,430

2015

	Balance at 1 July 2014	Shares acquired / (disposed)	Balance at 30 June 2015
Ordinary Shares			
John Abernethy (Chairman)	467,745	132,255	600,000
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	-	60,496
Richard Proctor	322,364	(22,364)	300,000
	1,606,879	109,891	1,716,770

Converting Preference Shares

John Abernethy (Chairman)	111,641	(111,641)	-
	111,641	(111,641)	-

(c) Options to acquire ordinary shares

2016

	Opening balance	Acquired/ Lapsed	Closing balance
John Abernethy (Chairman)	464,701	(464,701)	-
Geoffrey Wilson	756,274	(756,274)	-
Brett Spork	60,496	(60,496)	-
Richard Proctor	77,364	(77,364)	-
	1,358,835	(1,358,835)	-

2015

	Opening balance	Acquired/ Lapsed	Closing balance
John Abernethy (Chairman)	464,701	-	464,701
Geoffrey Wilson	756,274	-	756,274
Brett Spork	60,496	-	60,496
Richard Proctor	77,364	-	77,364
	1,358,835	-	1,358,835

CLIME CAPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

14. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(c) Options to acquire ordinary shares

There were no shares or options granted during the reporting period as compensation.

15. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives, Policies and Procedures

The Company's accounting policies are included in Note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are included under the appropriate note for that instrument.

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk. The Company is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and equity of the Company from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Company. These mandate limits reflect the investment strategy of the Company, as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Company on a regular basis as deemed appropriate.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

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NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

Credit is not considered to be a material risk to the Company as any cash and fixed interest securities held by the Company or in its portfolios are invested with financial institutions that have a Standard and Poor's long term rating between BBB and AA-. Also the majority of maturities are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Accordingly, the entity is not considered to be exposed to material liquidity risks in relation to its financial instruments.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise trade and other payables which have no contractual maturities but are typically settled within 30 days.

(d) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature, as a listed investment company that invests in tradeable securities in various securities exchanges, the Company will always be subject to market risk and risks of changes in foreign currency exchange rates as it invests its capital in securities which are not risk free. The market prices of these securities can and do fluctuate in accordance with multiple factors.

The Company seeks to reduce market risk by attempting to invest in equity securities where there is a significant 'margin of safety' between the underlying companies' value and share price. The Company does not have set parameters as to a minimum or maximum margin of safety. The Company does set broad parameters regarding the maximum amount of the portfolio that can be invested in a single company or sector to ensure an appropriate level of diversification.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on page 44.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rates risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity date.

2016	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Fixed Interest Rate \$	Total \$
Financial Assets					
Cash and cash equivalents	1.75%	13,802,084	-	-	13,802,084
Trade and other receivables		-	408,030	-	408,030
Financial assets held at fair value through profit and loss		6,354,155	62,440,735	-	68,794,890
Total Financial Assets		20,156,239	62,848,765	-	83,005,004
Financial Liabilities					
Trade and other payables		-	4,091,479	-	4,091,479
Dividends payable		-	1,275,225	-	1,275,225
Financial liabilities at fair value through profit or loss		-	10,670	-	10,670
Total Financial Liabilities		-	5,377,374	-	5,377,374
2015					
Financial Assets					
Cash and cash equivalents	2.68%	12,356,444	-	-	12,356,444
Trade and other receivables		-	1,120,138	-	1,120,138
Financial assets held at fair value through profit and loss		9,565,930	69,206,631	-	78,772,561
Total Financial Assets		21,922,374	70,326,769	-	92,249,143
Financial Liabilities					
Trade and other payables		-	3,481,860	-	3,481,860
Dividends payable		-	1,320,673	-	1,320,673
Total Financial Liabilities		-	4,802,533	-	4,802,533

CLIME CAPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(ii) Other Price Risk

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

(iii) Summarised sensitivity analysis

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

	Price risk		Interest rate risk Impact on profit and loss/equity		Foreign exchange rate risk	
	-10%	+10%	-100 bps	+100 bps	-10%	+10%
30 June 2016	(6,878,422)	6,878,422	(74,970)	74,970	(1,952,082)	1,952,082
30 June 2015	(7,877,256)	7,877,256	(238,422)	238,422	(2,196,319)	2,196,319

No effect on other comprehensive income would result from price, interest rate or foreign exchange rate risk in 2016 or 2015.

16. FAIR VALUE MEASUREMENT

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

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

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

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

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

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 1 of the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Company is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

CLIME CAPITAL LIMITED
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FOR THE YEAR ENDED 30 JUNE 2016

16. FAIR VALUE MEASUREMENT (CONTINUED)

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

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

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

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

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

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

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

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

CLIME CAPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

16. FAIR VALUE MEASUREMENT (CONTINUED)

(c) Recognised fair value measurements

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2016				
Financial assets at fair value through profit or loss				
Listed equities - domestic	49,892,225	-	-	49,892,225
Listed equities - international	12,548,510	-	-	12,548,510
Listed convertible notes	4,094,794	-	-	4,094,794
Floating rate notes	2,259,361	-	-	2,259,361
Total financial assets at fair value through profit or loss	68,794,890	-	-	68,794,890
Financial liabilities at fair value through profit or loss				
	10,670	-	-	10,670
Total financial liabilities at fair value through profit or loss	10,670	-	-	10,670
At 30 June 2015				
Financial assets at fair value through profit or loss				
Listed equities - domestic	53,121,026	-	-	53,121,026
Listed equities - international	15,999,170	-	-	15,999,170
Listed convertible notes	4,686,969	-	-	4,686,969
Floating rate notes	4,878,961	-	-	4,878,961
Derivatives - options	86,435	-	-	86,435
Total financial assets at fair value through profit or loss	78,772,561	-	-	78,772,561

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

17. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No assets and liabilities were offset in the statement of financial position as at 30 June 2016 and 30 June 2015.

18. SEGMENT INFORMATION

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

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

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

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

19. CONTINGENT LIABILITIES

As at 30 June 2016, the Company has no contingent liabilities or commitments (2015: Nil).

20. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 July 2016 the Board announced its intention to refresh the share buy-back of its preference shares (within the 10/12 limit) which will commence from 15 August 2016 and end on 14 August 2017).

No other matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21. COMPANY DETAILS

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

Level 7
1 Market Street
Sydney NSW 2000

CLIME CAPITAL LIMITED
ABN 99 106 282 777
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2016

The directors declare that:

- (a) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position and performance of the Company;
- (b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated on Note 1(a) of the financial statements;
- (d) The directors have been given the declarations required by S.295A of the *Corporations Act 2001*; and
- (e) The remuneration disclosures contained in the Remuneration Report comply with S300A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to S.295(5) of the *Corporations Act 2001*.

On behalf of the directors



John Abernethy
Director

Sydney, 22 August 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME CAPITAL LIMITED
ABN 99 106 282 777**

Report on the Financial Report

We have audited the accompanying financial report of Clime Capital Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Clime Capital Limited are responsible for the preparation and fair presentation 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME CAPITAL LIMITED
ABN 99 106 282 777**

Independence

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

Opinion

In our opinion:

- a) the financial report of Clime Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2016. The directors of the company 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.

Opinion

In our opinion, the Remuneration Report of Clime Capital Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



S M WHIDDETT
Partner

22 August 2016



PITCHER PARTNERS
Sydney

CLIME CAPITAL LIMITED
ABN 99 106 282 777

ASX ADDITIONAL INFORMATION

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

A. Distribution of Equity and Preference Shareholders (as at 18 August 2016)

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

Ordinary Shares and Options	No. of Holders
1 - 1,000	158
1,001 - 5,000	258
5,001 - 10,000	239
10,001 - 100,000	841
100,001 and over	127
	1,623
Converting Preference Shares	No. of Holders
1 - 1,000	45
1,001 - 5,000	205
5,001 - 10,000	107
10,001 - 100,000	106
100,001 and over	12
	475

B. Equity and Preference Share Holders

The names of the twenty largest holders of quoted equity securities are listed below as at 18 August 2016.

Name	Ordinary Shares	
	No. of Shares	Percentage of issued shares
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,121,524	7.733
CLIME INVESTMENT MANAGEMENT LTD	5,923,280	7.483
MR VICTOR JOHN PLUMMER	3,000,000	3.790
SANOLU PTY LIMITED	2,290,204	2.893
DI IULIO HOMES PTY LIMITED <DI IULIO SUPER FUND A/C>	1,778,841	2.247
JOHN E GILL OPERATIONS PTY LTD	1,106,404	1.398
MR MARK JOHN TOYE & MR STEPHEN WILLIAM TOYE <SWT SUPER FUND A/C>	1,100,000	1.390
GLEN RANELAGH PTY LTD	1,033,744	1.306
MR ORLANDO BERARDINO DI IULIO & MS CATHARINA MARIA KOOPMAN	1,000,000	1.263
HEATHERS SUPER PTY LTD <HEATHERS FAMILY S/F A/C>	990,556	1.251
GLEN RANELAGH PTY LTD	939,420	1.187
DYNASTY PEAK PTY LTD <THE AVOCA SUPER FUND A/C>	654,745	0.827
EMERALD SHARES PTY LIMITED <EMERALD UNIT A/C>	650,000	0.821
MRS MARITA TOOHER	583,275	0.737
MR PAUL WILHELM MCCAULEY & MRS LISA-GAYE MCCAULEY <ASAP SUPER FUND A/C>	544,011	0.687
DR MICHAEL JULIAN CALEY & DR LINDA SCHWARZKOPF <CALEY FAMILY A/C NO 2>	500,000	0.632
HUDSON RETIREMENT PTY LTD <SEAGULLS SUPER A/C>	476,022	0.601
THE SPORTS CAFE (AUSTRALIA) PTY LTD	414,794	0.524
LUTON PTY LTD	407,225	0.514
BARRY GEORGE FORBES & CARLA FORBES <FORBES SUPER FUND A/C>	404,218	0.511
	29,918,263	37.795

CLIME CAPITAL LIMITED
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ASX ADDITIONAL INFORMATION

The names of the twenty largest holders of quoted convertible preference shares are listed below as at 18 August 2016.

Converting Preference Shares

Name	No. of Shares	Percentage of issued shares
DI IULIO HOMES PTY LIMITED <DI IULIO SUPER FUND A/C>	536,246	7.401
MRS KRISTIN EILEEN FRANCO	502,024	6.929
LIC INVESTMENTS PTY LTD <LIC INVESTMENTS UNIT A/C>	316,000	4.362
MR ALLAN GOODWIN	259,720	3.585
GREAT D PTY LTD <GREAT D SUPER FUND A/C>	250,000	3.451
MRS MARITA TOOHER	193,200	2.667
COAD AND PRATT SUPERFUND PTY LTD <COAD AND PRATT S/F P/L A/C>	161,000	2.222
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	140,208	1.935
MR ORLANDO BERARDINO DI IULIO & MS CATHARINA MARIA KOOPMAN	125,000	1.725
HUDSON RETIREMENT PTY LTD <SEAGULLS SUPER A/C>	118,205	1.631
ROBINSON PAGE MANAGEMENT PTY LTD <BEGGS-PAGE SUPER FUND A/C>	111,000	1.532
MRS MARGARET JOY MOSS	105,967	1.463
HEATHERS SUPER PTY LTD <HEATHERS FAMILY S/F A/C>	100,000	1.380
MR ANTHONY JOHN GILL <THE STAG A/C>	95,000	1.311
MR HUGH ROBINSON BEGGS <THE BEGGS A/C>	92,600	1.278
MR ANTHONY GEOFFREY HARTNELL & MRS MARYED HARTNELL <HARTNELL RETIREMENT FUND A/C>	88,800	1.226
ABBWOOD NOMINEES PTY LTD <ABBOTT FAMILY S/F NO 1 A/C>	80,000	1.104
MR GRAHAM ROGER MOSS & MRS MARGARET JOY MOSS <MOSSFAM SUPERFUND A/C>	72,030	0.994
HOWZAT SERVICES PTY LTD <HOWARTH SUPER FUND A/C>	70,000	0.966
BEVELES INVESTMENTS & SERVICES PTY LIMITED	64,000	0.883
	3,481,000	48.045

Unquoted equity securities

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

C. Substantial Holders

Substantial holders in the company are set out below (based on voting interest in fully paid ordinary shares) as at 18 August 2016

Name	No. of shares held	Percentage of issued shares
Clime Investment Management Limited - Direct	5,923,280	7.48%
Clime Investment Management Limited - Indirect	6,121,524	7.73%

D. Voting Rights

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

(a) Fully Paid Ordinary Shares

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

(b) Converting Preference Share

One vote for each share held, but limited to matters affecting the rights of such shares.

CLIME CAPITAL LIMITED
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ASX ADDITIONAL INFORMATION

E. Investments held at the balance date

	No. of shares held	Fair Value at 30 June 2016
Domestic securities		
Multiplex Convertible Note 31/12/2049	30,898	2,186,034
Seven Grp Hld Convertible Notes	34,085	1,908,760
Macq Perp Notes	3,209,500	2,066,758
National Bank NABHA FRN 08/49	300,000	192,603
Australia & New Zealand Banking Group Limited	84,000	2,026,080
APN Outdoor Group Limited	108,500	748,650
APN Property Group	3,260,000	1,630,000
Aims Property Security Fund	8,950,978	1,118,872
Ardent Leisure Trust Group	1,227,000	2,306,760
Bentham IMF Ltd	836,000	1,274,900
Caltex Australia Limited	40,000	1,276,000
Commonwealth Bank of Australia	44,250	3,310,872
Computershare Limited	250,000	2,292,500
Credit Corp Group	167,000	2,005,670
Crown Limited	177,000	2,231,970
Elanor Investor Group	356,108	667,703
Elders Limited	215,000	799,800
Flight Centre Limited	51,000	1,610,580
GPT Metro Office Fund	409,687	962,764
Gateway Lifestyle	33,000	94,710
Henderson Gp PLC - CDI	632,000	2,382,640
IPH Limited	180,001	1,155,606
Japara Healthcare Limited	535,797	1,366,282
National Australia Bank Limited	157,500	4,005,225
Nick Scali Ltd	400,000	1,992,000
QBE Insurance Group Limited	271,000	2,826,530
Qube Holdings Limited	1,285,454	2,840,853
Retail Food Group Ltd	295,980	1,636,769
Seek Limited	106,000	1,612,260
Telstra Corporation Limited	588,000	3,269,280
Wesfarmers Limited	12,000	481,200
Woolworths Limited	94,100	1,965,749
		56,246,380
International securities		
Alphabet Inc Class C	400	371,797
American Express Company	7,100	579,366
American International Group	20,000	1,420,629
Baidu.com Sponsored ADR's	4,000	887,188
Bank of America Corp	50,000	891,082
CF Industries Holdings Inc	20,000	647,327
China Mobile Ltd - Spons ADR's	12,000	933,118
Cognizant Tech Solutions	15,000	1,153,102
Diageo Plc- Sponsored ADR	9,000	1,364,384
Microsoft Corporation	5,000	343,607
Oracle Corp	25,000	1,374,228
Priceline.com Inc	500	838,309
Roche Holdings Ltd-Spons Adr	15,000	663,779
Wells Fargo & Company	17,000	1,080,594
		12,548,510
		68,794,890

CLIME CAPITAL LIMITED
ABN 99 106 282 777

ASX ADDITIONAL INFORMATION

F. During the year ended 30 June 2016, the Company recorded 1,074 transactions in securities (including options). \$194,553 (excluding GST) in brokerage was paid or accrued for the year.

G. Investment Manager

The Company has an Investment Management Agreement with the Investment Manager Clime Asset Management Pty Limited an 100% subsidiary of Clime Investment Management Limited (ASX:CIW).

Base fee

The Investment Manager is entitled to a monthly base fee calculated as 0.08334% (excluding GST) of the market value of all assets less total indebtedness of the Company. The Investment Manager has excluded deferred tax assets from the calculation of the base fee thereby reducing the base fee amount.

Performance fee

The Investment Manager is entitled to a performance fee calculated as 20% (excluding GST) of the amount by which the absolute dollar value of the investment performance (after deducting the base fee) exceeds the All Ordinaries accumulation Index for the annual period, provided that the performance is positive.