

# Appendix 4D

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

## Half-Year Ended 31 December 2020

(Previous corresponding period – Half-Year Ended 31 December 2019)

Revenue from ordinary activities	up	74%	to	\$ 14,728,225
Profit from ordinary activities before tax attributable to members	up	121%	to	\$ 12,131,237
Profit from ordinary activities after tax attributable to members	up	108%	to	\$ 8,736,687

<i>Dividends per share - Fully Paid Ordinary Shares</i>	<i>Amount per security</i>	<i>Franked amount per security</i>
Quarterly dividend - April to June 2020 (paid)	1.050c	1.050c
Quarterly dividend - July to September 2020 (paid)	1.125c	1.125c
Quarterly dividend - October to December 2020 (paid)	1.175c	1.175c
Quarterly dividend - January 2021 to March 2021 (payable on 29 April 2021)	1.200c	1.200c

Record date for determining entitlements to March quarter dividend is 8 April 2021

### Explanation of Revenue

Investment income for the half-year increased to \$14,728,225 (HY 19: \$8,460,334). This increase was primarily due to higher unrealised gains on the portfolio recognised during the half-year, due to favourable movement in the market values of the underlying securities held in the portfolios.

Dividends, trust distributions, and interest income decreased by 21% to \$1,648,260 from \$2,091,151 in HY 19.

### Explanation of Net Profit to members

Profit after tax attributable to members was \$8,736,687 (HY 19: \$4,203,491). This result was primarily due to higher unrealised gains on portfolio recognised during the half-year as explained above.

Total operating expenses during the half-year decreased from \$2,085,278 to \$1,644,593. This was mainly due to lower performance fees and legal fees incurred during the current half-year.

It is worthy to note that the annualised Management Expense Ratio of the Company at 31 December 2020 decreased to 1.58% when compared to 1.64% of the comparative annualised period.

## Dividends

Details of dividends paid in relation to the half-year ended 31 December 2020 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend	Franked amount per security	Foreign sourced dividend amount per security
<b>Fully Paid Ordinary Shares</b>						
13 July 2020	30 July 2020	Final	1.050 cents	\$1,188,964	1.050 cents	-
9 October 2020	30 October 2020	Quarterly	1.125 cents	\$1,270,525	1.125 cents	-
		<b>Total</b>	<b>2.175 cents</b>	<b>\$2,459,489</b>	<b>2.175 cents</b>	<b>-</b>
<b>Grossed-up dividend yield including franking</b>					<b>3.107 cents</b>	

## Dividend/Distribution Reinvestment Plans

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

## Net tangible assets per security (Cum-Dividend)

	December 2020 \$	December 2019 \$
Net tangible asset backing per ordinary share – pre-tax	\$0.88	\$0.99
Net tangible asset backing per ordinary share – post-tax	\$0.87	\$0.96

## Controlled Entities

There were no changes to the controlled entity during the period.

## Termination of CBG Capital Investment Agreement

Total Investment Income includes an amount of \$533,520 received from the Investment Manager as reimbursement of termination costs paid to CBG Asset Management Limited for terminating the investment management agreement, of CBG Capital Limited's portfolios, following the merger of CBG Capital Limited's portfolios into Clime Capital Limited with effect from 1 July 2020.

## Associates and Joint Venture entities

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

## Foreign Accounting standards

Not applicable.

## Review

This report is based on the interim financial statements that have been reviewed by auditors, Pitcher Partners Sydney. The unqualified review report is attached on page 24 of the interim financial statements.



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# Clime Capital Limited

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Interim Financial Statements  
For the half-year ended  
31 December 2020

Clime Capital Limited

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# Interim Financial Statements

**For the half-year ended  
31 December 2020**

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# Directors' Report

Your directors present their report on Clime Capital Limited ("the Company" or "CAM") for the half-year ended 31 December 2020.

## Directors

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

Mr. John Abernethy  
*Chairman (Non-independent)*

Mr. Julian Gosse  
*Independent Director*

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

Mr. Marc Schwartz  
*Independent Director*  
*(appointed 21 October 2020)*

Mr. Brett Spork  
*Independent Director*  
*(resigned 23 October 2020)*

## Review of Operations

The Company recorded an after tax profit of \$8,736,687 for the half-year ended 31 December 2020 compared to an after tax profit of \$4,203,491 for the half-year ended 31 December 2019. This result was primarily due to unrealised gains on financial assets at fair value through profit or loss recognised during the period.

During the half-year, investment revenue (dividends, trust distributions and interest received) plus realised gains on financial assets sold was \$1,814,878 compared to \$5,458,325 for the half-year ended on 31 December 2019. The unrealised gain on portfolio mark-to-market movements was \$12,379,427 compared to a \$3,002,009 unrealised gain for the half-year ended 31 December 2019.

The Company has continued payment of quarterly dividends to its ordinary shareholders. Dividends declared during the period totalled \$2,648,034 (31 December 2019: \$2,832,890).

As at 31 December 2020 the Company has Net Tangible Assets (NTA) of \$0.88 per share (pre-tax and

cum-dividend)(30 June 2020: \$0.80) and \$0.87 per share (post-tax and cum-dividend)(30 June 2020: \$0.82).

## After balance date events

On 29 January 2021, the Company announced its intention to refresh its ability to implement an on-market buy-back (within the 10/12 limit) for a further 12-month period which will commence from 15 February 2021 and ends on 14 February 2022. During this period, the Company has the ability to buy a maximum of 11,723,484 fully paid ordinary shares.

On 29 January 2021, a fully franked dividend for the quarter ended 31 December 2020 of 1.175 cents per share was paid on ordinary shares.

On 2 February 2021, the Company declared a fully franked dividend for the quarter ended 31 March 2021 of 1.20 cents on ordinary shares payable on 29 April 2021.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2020 or on the results and cash flows of the Company for the half-year ended on that date.

## Rounding off of amounts

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

## COVID-19

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant volatility in global and domestic financial markets. At the date of signing of the financial statements, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short- or longer-term financial impact on the Company.

## 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 7.

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



**John Abernethy**  
Chairman  
Clime Capital Limited  
Sydney, 15 February 2021



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## Auditor's Independence Declaration

### To the Directors of Clime Capital Limited

ABN 99 106 282 777

In relation to the independent auditor's review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

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

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

**M Godlewski**  
Partner

**Pitcher Partners**  
Sydney

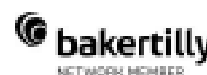
15 February 2021

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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**INTERIM FINANCIAL STATEMENTS | Statement of Profit or Loss and Other Comprehensive Income**  
For the half-year ended 31 December 2020

		Half-year ended	
	Note	31 December 2020 \$	31 December 2019 \$
<b>Investment income</b>			
Investment revenue	3	1,648,260	2,091,151
CBG termination cost recovered		533,520	-
Net realised gain on disposal of financial assets at fair value through profit or loss		166,618	3,367,174
Net unrealised gain on financial assets at fair value through profit or loss		12,379,427	3,002,009
Gain on cancellation of convertible notes bought back		400	-
<b>Total investment income</b>		<b>14,728,225</b>	<b>8,460,334</b>
<b>Expenses</b>			
Management fees		(636,166)	(574,614)
Performance fees		-	(552,297)
Brokerage costs		(164,626)	(139,336)
Accounting fees		(31,935)	(28,290)
Custody fees		(14,868)	(14,500)
ASX fees		(11,988)	(77,743)
Share registry fees		(44,633)	(67,505)
Directors and company secretarial fees		(82,000)	(67,000)
Legal and professional fees		(8,212)	(486,474)
CBG termination cost paid		(553,520)	-
Other administrative expenses		(116,645)	(77,519)
<b>Total expenses before finance costs</b>		<b>(1,644,593)</b>	<b>(2,085,278)</b>
Finance costs	7	(952,395)	(892,531)
<b>Profit for the half-year before income tax expense</b>		<b>12,131,237</b>	<b>5,482,525</b>
Income tax expense		(3,394,550)	(1,279,034)
<b>Profit for the half-year</b>		<b>8,736,687</b>	<b>4,203,491</b>
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		<b>8,736,687</b>	<b>4,203,491</b>
<b>Basic earnings per share</b>	6	<b>7.68cps</b>	<b>4.01cps</b>
<b>Diluted earnings per share</b>	6	<b>6.63cps</b>	<b>3.68cps</b>

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



INTERIM FINANCIAL STATEMENTS | Statement of Financial Position  
As at 31 December 2020

		As at	
	Note	31 December 2020 \$	30 June 2020 \$
<b>Assets</b>			
Cash and cash equivalents		4,300,823	8,268,698
Trade and other receivables		149,486	382,730
Financial assets at fair value through profit or loss	2	127,658,900	110,639,378
Current tax benefit		575,069	929,502
Prepayments		88,089	76,599
Net deferred tax assets		604,234	2,583,468
<b>Total assets</b>		<b>133,376,601</b>	<b>122,880,375</b>
<b>Liabilities</b>			
Trade and other payables		360,637	555,377
Dividends payable	5	1,377,509	1,188,964
Convertible notes	7	28,656,701	27,437,310
<b>Total liabilities</b>		<b>30,394,847</b>	<b>29,181,651</b>
<b>Net assets</b>		<b>102,981,754</b>	<b>93,698,724</b>
<b>Equity</b>			
Issued capital	4	104,636,282	101,441,905
Option premium on convertible notes	7	227,904	227,904
Accumulated losses		(24,188,107)	(24,189,794)
Profit reserve		22,305,675	16,218,709
<b>Total equity</b>		<b>102,981,754</b>	<b>93,698,724</b>

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

**INTERIM FINANCIAL STATEMENTS | Statement of Changes in Equity**  
For the half-year ended 31 December 2020

	Note	Issued Capital	Accumulated Losses	Profit Reserve	Option Premium on Convertible Notes	Total
		\$	\$	\$	\$	\$
Balance as at 1 July 2019		81,438,887	(10,361,709)	14,279,874	196,351	85,553,403
Profit for the half-year		-	4,203,491	-	-	4,203,491
Other comprehensive income for the half-year		-	-	-	-	-
<b>Total comprehensive income for the half-year</b>		-	4,203,491	-	-	4,203,491
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares		331,239	-	-	-	331,239
Shares acquired under buy-back		(122,694)	-	-	-	(122,694)
Shares issued via scrip consideration for acquisition		20,243,983	-	-	-	20,243,983
Convertible notes issued via scrip consideration for acquisition		-	-	-	45,076	45,076
Deferred tax on issue of convertible notes		-	-	-	(13,523)	(13,523)
Transaction costs on shares acquired under buy-back		(92)	-	-	-	(92)
Income tax on transaction costs		28	-	-	-	28
Dividends provided for or paid		-	-	(2,832,890)	-	(2,832,890)
		20,452,464	-	(2,832,890)	31,553	17,651,127
Transfer to profit reserve		-	(4,464,000)	4,464,000	-	-
		20,452,464	(4,464,000)	1,631,110	31,553	17,651,127
Balance at 31 December 2019		101,891,351	(10,622,218)	15,910,984	227,904	107,408,021
Balance at 1 July 2020		101,441,905	(24,189,794)	16,218,709	227,904	93,698,724
Profit for the half-year		-	8,736,687	-	-	8,736,687
Other comprehensive income for the half-year		-	-	-	-	-
<b>Total comprehensive income for the half-year</b>		-	8,736,687	-	-	8,736,687
<b>Transactions with owners in their capacity as owners</b>						
Issue of ordinary shares	4	3,726,889	-	-	-	3,726,889
Transaction costs on issue of ordinary shares	4	(37,254)	-	-	-	(37,254)
Shares acquired under buy-back	4	(506,918)	-	-	-	(506,918)
Conversion of convertible notes into ordinary shares	7	850	-	-	-	850
Transaction costs on shares acquired under buy-back	4	(523)	-	-	-	(523)
Income tax on transaction costs	4	11,333	-	-	-	11,333
Dividends provided for or paid		-	-	(2,648,034)	-	(2,648,034)
		3,194,377	-	(2,648,034)	-	546,343
Transfer to profit reserve		-	(8,735,000)	8,735,000	-	-
		3,194,377	(8,735,000)	6,086,966	-	546,343
Balance at 31 December 2020		104,636,282	(24,188,107)	22,305,675	227,904	102,981,754

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

**INTERIM FINANCIAL STATEMENTS | Statement of Cash Flows**  
For the half-year ended 31 December 2020

	Half-year ended	
	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial assets	33,347,483	44,411,381
Payments for purchase of financial assets	(37,863,036)	(41,890,427)
	(4,515,553)	2,520,954
Dividends and trust distributions received	1,677,470	2,186,564
Interest received	4,526	26,308
Other income received	543,530	-
Payments for administrative and other expenses	(1,019,389)	(1,020,874)
Investment manager's fees paid	(599,860)	(569,525)
Income tax paid	(1,049,550)	(1,187,625)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(4,958,826)</b>	<b>1,955,802</b>
<b>Cash flows from financing activities</b>		
Dividends paid net of dividend reinvestment	(2,119,332)	(2,226,736)
Proceeds from issue of convertible notes	1,128,912	-
Proceeds from issue of shares	3,349,478	-
Payment for share buy-back including transaction costs	(507,441)	(122,787)
Payments for buy-back of convertible notes including transaction costs	(24,030)	-
Finance costs paid on convertible notes	(836,636)	(762,601)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>990,951</b>	<b>(3,112,124)</b>
<b>Net decrease in cash held</b>	<b>(3,967,875)</b>	<b>(1,156,322)</b>
Cash and cash equivalents at beginning of the financial half-year	8,268,698	4,584,628
<b>Cash and cash equivalents at end of the financial half-year</b>	<b>4,300,823</b>	<b>3,428,306</b>
<b>Non-cash financing activities</b>		
Shares issued via scrip consideration for acquisition	-	20,243,983
Convertible notes issued via scrip consideration for acquisition	-	7,173,364
Dividends reinvested	340,157	331,239
Conversion of convertible notes into ordinary shares	850	-

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

## NOTE 1

### Statement of Accounting Policies

#### (a) Basis of accounting

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

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

These interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide full understanding of the financial performance, financial position and financing and investing activities of the Company as the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

#### *Details of Reporting Period*

The current reporting period is the half-year ended 31 December 2020. For the statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2019. For the Statement of Financial Position, the previous corresponding period is 30 June 2020.

#### (b) Accounting policies

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

The accounting policies in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2020.

The interim financial report was authorised for issue on 15 February 2021.

#### (c) Rounding off of amounts

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

#### (d) Key judgements and estimates

##### *Recovery of deferred tax assets*

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

## NOTE 2

### Fair Value Measurement

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

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

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

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

## NOTE 2

### Fair Value Measurement (continued)

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

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

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

The quoted market price used for financial assets held by the Company is the closing quoted last price at the end of the reporting period.

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

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

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

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

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

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

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

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

**NOTE 2**

**Fair Value Measurement  
(continued)**

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

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 31 December 2020.

At 31 December 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets at fair value through profit or loss</b>				
Listed equities - domestic	117,144,786	-	-	117,144,786
Unlisted unit trusts	-	-	10,514,114	10,514,114
<b>Total financial assets at fair value through profit or loss</b>	<b>117,144,786</b>	<b>-</b>	<b>10,514,114</b>	<b>127,658,900</b>
<b>At 30 June 2020</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed equities - domestic	76,698,091	-	-	76,698,091
Unlisted equities - domestic	-	25,867,686	-	25,867,686
Unlisted unit trusts	-	-	8,073,601	8,073,601
<b>Total financial assets at fair value through profit or loss</b>	<b>76,698,091</b>	<b>25,867,686</b>	<b>8,073,601</b>	<b>110,639,378</b>



## NOTE 2

### Fair Value Measurement (continued)

#### (c) Transfer between levels

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

The Company owns 100% of the shares on issue in CBG Capital Limited (CBC). As a result of this acquisition, CBC delisted from the Australian Securities Exchange on 25 September 2019. At this point the Company's investment in CBC was transferred from level 1 to level 2. In previous periods, the Directors have assessed the requirements of AASB 10 Consolidated Financial Statements and have applied the criteria set out in that standard to the operations of the Company. Clime Capital Limited and CBG Capital Limited are considered to be investment entities and as a result, CBG Capital Limited was not consolidated into the financial statements of the Company, but rather accounted for as a financial asset at fair value through profit or loss and was classified as a Level 2 investment in fair value hierarchy.

Effective 1 July 2020, the investment portfolio of CBC, which is mainly composed of listed equities, has been merged with the Clime Capital Limited's investment portfolio. As a result, the former Level 2 investment relating investment in CBG Capital Limited is now made up of various Level 1 investments from the investment portfolio of CBC.

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

#### (d) Reconciliation of recurring Level 3 fair value movements

	Level 3 Unlisted unit trusts \$
Opening balance - 31 December 2019	8,206,095
Return of capital	(336,700)
Total gains recognised in profit or loss	204,206
Closing balance - 30 June 2020	8,073,601
Purchases	2,262,813
Sales	(125,000)
Total gains recognised in profit or loss	302,700
Closing balance - 31 December 2020	10,514,114

\$302,700 (30 June 2020: \$204,206) of the total gains and losses recognised in profit or loss in respect to level 3 fair value remeasurements are unrealised as they are attributable to assets held at the end of the reporting period.

#### (e) Valuation inputs and relationships to fair value

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

Description	Fair Value \$	Unobservable inputs	Range of inputs (probability - weighted average)	Relationships of unobservable inputs to fair value
As at 31 December 2020				
Unlisted unit trusts	10,514,114	Reported net asset value by investment manager	N/A	Direct
As at 30 June 2020				
Unlisted unit trusts	8,073,601	Reported net asset value by investment manager	N/A	Direct

## NOTE 2

### Fair Value Measurement (continued)

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

The Company's Income Sleeve investments are typically unlisted syndicated investments with a medium-term investment horizon. The value of investment was initially recorded at cost / acquisition price. The Manager of these unlisted funds issues periodic updates (quarterly or half yearly) to communicate the performance of underlying assets, summary financial information and periodically, independent valuation of the trust's underlying assets. An independent external valuation is generally done annually and communicated to the investors through the regular fund update.

The Company reviews these updates and will reflect the investment valuation based on the independent valuation if and when it changes. As observable prices are not available for these securities, the Company has relied on valuations provided by managers of the underlying funds, based on the net asset value per unit reported by those trusts, in order to derive the fair value of the units.

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

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

## NOTE 3

### Investment Revenue

	Half-year ended	
	31 December 2020 \$	31 December 2019 \$
Dividends and trust distributions	1,633,724	2,064,843
Interest	4,526	26,308
Other income	10,010	-
<b>Total</b>	<b>1,648,260</b>	<b>2,091,151</b>

## NOTE 4

### Issued Capital

	As at	
	31 December 2020 \$	30 June 2020 \$
Issued and paid-up capital		
117,234,844 (30 June 2020: 113,234,687) ordinary fully paid shares	104,636,282	101,441,905

NOTE 4

**Issued Capital (continued)**

(a) Movements in ordinary share capital

	31 December 2020 Number of shares	30 June 2020 Number of shares	31 December 2020 \$	30 June 2020 \$
Balance at beginning of the period	113,234,687	91,720,037	101,441,905	81,438,887
Issue of ordinary shares	4,233,415	-	3,386,732	-
Transaction costs on issue of ordinary shares	-	-	(37,254)	-
Shares acquired under buy-back	(659,328)	(1,104,298)	(506,918)	(978,280)
Conversion of convertible notes into ordinary shares	908	42,582	850	39,879
Issue of ordinary shares as scrip consideration for acquisition of CBG on 13 September 2019	-	21,017,112	-	19,545,914
Issue of ordinary shares as compulsory consideration for acquisition of CBG on 25 October 2019	-	758,771	-	698,069
Transaction costs on shares acquired under buy-back	-	-	(523)	(1,137)
Income tax on transaction costs	-	-	11,333	341
Dividend reinvestment plan	425,162	800,483	340,157	698,232
Balance at the end of the period	117,234,844	113,234,687	104,636,282	101,441,905

**Issue of Shares under Clime Capital Limited's Replacement Prospectus to Eligible Fund Unit Holders**

During the period, Clime Capital Limited successfully completed its offer to unit holders of Clime Australian Value Fund and CBG Retail Fund. Application money received under the offer was applied 75% to the subscription of CAM Shares and 25% to the subscription of CAM Notes. Under the offer, 4,233,415 CAM shares were issued at an issue price of \$0.80 (being the pre-tax unaudited Net Tangible Assets value as at 4 November 2020) and 1,175,950 CAM Notes were issued at a face value of \$0.96.

NOTE 5

Dividends

(a) Paid in the current period

*Dividends paid in the current period*

A fully franked final dividend on ordinary shares in respect of the 2020 financial year of 1.05 cents per share was paid on 30 July 2020 (2019: A fully franked final dividend on ordinary shares in respect of the 2019 financial year of 1.25 cents per share was paid on 26 July 2019)

A fully franked dividend on ordinary shares for the quarter ended 30 September 2020 of 1.125 cents per share was paid on 30 October 2020 (2019: A fully franked dividend on ordinary shares for the quarter ended 30 September 2019 of 1.25 cents per share was paid on 25 October 2019)

Half-year ended	
31 December 2020 \$	31 December 2019 \$
1,188,964	1,146,503
1,270,525	1,411,475
2,459,489	2,557,978

(b) Provided for in the current period

A fully franked dividend for the quarter ended 31 December 2020 of 1.175 cents per share was payable on ordinary shares as at 31 December 2020 (30 June 2020: A fully franked dividend in respect of the 2020 year of 1.05 cents per share was payable on ordinary shares as at 30 June 2020)

31 December 2020 \$	30 June 2020 \$
1,377,509	1,188,964
1,377,509	1,188,964

(c) Dividend franking account

Franking account balance

Impact on franking account balance of dividends not recognised, paid on 29 January 2021 (2019: 24 January 2020)

31 December 2020 \$	31 December 2019 \$
548,540	727,319
(590,361)	(609,178)
(41,821)	118,141

NOTE 6

## Earnings Per Share

		Half-year ended	
		31 December 2020 \$	31 December 2019 \$
Basic earnings per share		7.68cps	4.01cps
Diluted earnings per share		6.63cps	3.68cps
Reconciliation of earnings used in calculating basic and diluted earnings per share:			
<i>Basic earnings per share</i>			
Total comprehensive income for the half-year	\$	8,736,687	4,203,491
Earnings used in calculating basic earnings per share	\$	8,736,687	4,203,491
Weighted average number of ordinary shares used in the calculation of basic earnings per share	Nos	113,766,183	104,705,847
<i>Diluted earnings per share</i>			
Earnings used in calculating basic earnings per share	\$	8,736,687	4,203,491
Add: interest expense on convertible notes (net of tax)	\$	666,677	624,772
Earnings used in calculating diluted earnings per share	\$	9,403,364	4,828,263
Weighted average number of ordinary shares used in the calculation of basic earnings per share	Nos	113,766,183	104,705,847
Adjustments for calculation of diluted earnings per share:			
• Convertible notes	Nos	28,005,619	26,443,837
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	Nos	141,771,802	131,149,684

## NOTE 7

### Convertible Notes

#### *Notes issued under Entitlement Offer and Placement*

On 14 December 2017, the Company issued 22,280,162 unsecured convertible notes at face value of \$0.96 per note (14,988,496 notes under Entitlement Offer and 7,291,666 notes under Placement), with a term expiring on 30 November 2021 and fixed interest rate of 6.25% per annum payable quarterly in arrears.

Noteholders have the right to convert some or all of their notes to shares at any time before the maturity date. Convertible Noteholders should note that in accordance with the terms of the Prospectus dated 17 November 2017, CAMG Notes will accrue the bonus issue and upon conversion will receive 1.025 Ordinary shares for every Convertible Note.

The equity element is presented in equity, under the heading of "option premium on convertible notes". The effective interest rate of the liability element on initial recognition was 7.27% per annum.

#### *Notes issued under Takeover Bid Offer of CBG Capital Limited*

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

The equity element is presented in equity, under the heading of "option premium on convertible notes". The effective interest rate of the liability element on initial recognition was 6.22% per annum for those under the initial takeover and 5.74% per annum for those under the compulsory acquisition.

#### *Notes issued under CAM Replacement prospectus*

On 2 December 2020, pursuant to Clime Capital Limited replacement prospectus, the Company issued 1,175,950 CAM notes to eligible fund unit holders. This issuance operated on the same terms as existing Notes.

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



NOTE 7

## Convertible Notes (continued)

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

	As at	
	31 December 2020 \$	30 June 2020 \$
Proceeds from issue of convertible notes (net of raising costs)	29,176,618	28,047,706
Liability component at the date of issue	(28,851,040)	(27,722,128)
Equity component at the date of issue	325,578	325,578
Deferred tax on issue of convertible notes	(97,674)	(97,674)
Equity component at the end of the period	227,904	227,904
Classification of liability component as at the end of the period:		
• Current	28,656,701	140,557
• Non-current	-	27,296,753
	28,656,701	27,437,310
	Half-year ended	
	31 December 2020 \$	31 December 2019 \$
Liability component at the beginning of the period/date of issue	27,437,310	20,963,020
Net proceeds from issue of convertible notes during the period	1,128,912	7,128,288
Interest expense for the period calculated at effective interest rates	952,395	892,531
Finance costs paid	(836,636)	(762,604)
Convertible notes bought back	(24,430)	-
Conversion of convertible notes into ordinary shares	(850)	-
Liability component at the end of the period	28,656,701	28,221,235

### Fair value

Fair value of the convertible notes as at 31 December 2020 amounting to \$29,236,818 (30 June 2020: \$27,817,835) was determined by reference to published price quotation \$0.986 (30 June 2020: \$0.976) on convertible note ticker ASX:CAMG as at 31 December 2020.

## NOTE 8

### Contingencies and Commitments

The Company has no contingent liabilities or commitments as at 31 December 2020 and 30 June 2020.

## NOTE 9

### Events Subsequent to Reporting date

On 29 January 2021, the Company announced its intention to refresh its ability to implement an on-market buy-back (within the 10/12 limit) for a further 12-month period which will commence from 15 February 2021 and ends on 14 February 2022. During this period, the Company has the ability to buy a maximum of 11,723,484 fully paid ordinary shares.

On 29 January 2021, a fully franked dividend for the quarter ended 31 December 2020 of 1.175 cents per share was paid on ordinary shares.

On 2 February 2021, the Company declared a fully franked dividend for the quarter ended 31 March 2021 of 1.20 cents on ordinary shares payable on 29 April 2021.

No other significant events have occurred since the reporting date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2020 or on the results and cash flows of the Company for the half-year ended on that date.

## NOTE 10

### Segment Information

The Company is organised into one main segment which operates solely in the business of investment management within Australia. The Company operates in Australia and holds all assets within Australia. The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

## NOTE 11

### Company Details

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

Level 12  
20 Hunter Street  
Sydney NSW 2000

## Directors' Declaration

The directors of the Company declare that:

- (a) the financial statements and notes set out on pages 8 to 22:
  - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- (b) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**John Abernethy**  
Director

15 February 2021



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## Independent Auditor's Review Report To the Members of Clime Capital Limited ABN 99 106 282 777

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Clime Capital Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Clime Capital Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

**M Godlewski**  
Partner

15 February 2021

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

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