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

Year Ended 30 June 2013
(Previous corresponding period – 30 June 2012)

Results for Announcement to the Market

Revenue from ordinary activities	up	169%	$9,109,186
Profit before tax attributable to members	up	310%	$7,786,565
Profit after tax attributable to members	up	315%	$6,203,262

	Amount per security	Franked amount per security
Dividends per share – Fully Paid Ordinary Shares		
Interim Dividend – FY13 (paid 26 October 2012)	1 cent	1 cent
Interim Dividend – FY13 (paid 25 January 2013)	1 cent	1 cent
Interim Dividend – FY13 (paid 30 April 2013)	1 cent	1 cent
Final Dividend – FY13 (paid 23 July 2013)	1 cent	1 cent
Dividends per share – Converting Preference Shares		
July to Sep 12 – Quarterly Dividend (paid 25 October 2012)	4.75 cents	4.75 cents
Oct to Dec 12 – Quarterly Dividend (paid 24 January 2013)	4.75 cents	4.75 cents
Jan to Mar 13 – Quarterly Dividend (paid 29 April 2013)	4.75 cents	4.75 cents
Apr to Jun 13 – Quarterly Dividend (paid 22 July 2013)	4.75 cents	4.75 cents

Explanation of revenue from ordinary activities
Revenues for the period increased to $9,109,186 (FY12: $3,383,970). This increase was primarily caused by an increase in unrealised gains on financial assets and increase in investment revenue.

Explanation of profit from ordinary activities after tax attributable to members
Profit after tax attributable to members increased to $6,203,262 (FY12: 1,494,086).

COMMENTARY ON RESULTS
FINANCIAL YEAR ENDED 30 JUNE 2013

Clime Capital Limited (CAM) produced a solid return on its investment portfolio and continued to maintain a track record of solid profit increases.

The Manager believes that a reasonable target rate of return for it (CAM) over a long period from the equity market is 10% per annum. This is above the historical long term return of the equity market but it does acknowledge that CAM retains the ability to hold cash until true “risk adjusted” value appears. This is an absolute return approach and CAM believes the 10% return is the true bench mark for its “value” investment style.

The Board is pleased to report that CAM has achieved the 10% return on its capital over the last 4 years since the GFC. What follows is an interesting outline of the movements in shareholders’ equity (after tax) and the payments of dividends net of reinvestment to shareholders (including preference shareholders) over the last 4 years as reported in our Annual results.

12 months ending {$ in millions)	**June 2010** **$**	**June 2011** **$**	**June 2012** **$**	**June 2013** **$**	**Total** **$**
Opening equity	50.90	59.59	62.23	60.90	50.90
Profit after tax	11.40	5.30	1.50	6.20	24.40
Cash dividends paid	(2.30)	(2.60)	(2.80)	(3.10)	(10.80)
Tax paid	-	-	-	(0.90)	(0.90)
Capital raised	-	-	-	17.20	17.20
Timing differences on dividends and DRPs	(0.41)	(0.06)	(0.03)	0.74	0.24
Closing Equity	59.59	62.23	60.90	81.04	81.04

Thus in the 4 years since June 2009 the company has increased equity after tax (excluding the capital raised in 2013) by $12.9 million and paid fully franked cash dividends of $10.80 million, which equates to an annualised return of ***10.06% p.a. or 46.7% over the 4 year period***.

It is pleasing to report that the Manager achieved a positive portfolio return in 2012/13 after all costs and expenses, against our target return of 10%.

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.

During the 2012/13 financial year CAM declared a 1 for 20 bonus share issues and maintained the ordinary dividend levels on the increased shares. The Directors believe that bonus shares have improved the liquidity of CAM shares and resulted in a re-rating of CAM shares in the market.

In addition during 2012/13, CAM successfully raised funds from new and existing shareholders. Newly placed shares raised $3.9m and a rights issue raised $13.4m. The cash raised is slowly being deployed in assets that meet our outlined investment process criteria.

The Board is of the view that buybacks of CAM stock would result in reduced liquidity and a de-rating of CAM shares. Further, the Manager is contracted to invest in investments to generate attractive returns for shareholders over both the medium and longer term. Clearly the investing of capital in late 2008 and early 2009 was a highly beneficial activity. Had the manager been focused on buying back CAM shares then the significant returns to shareholders in the following three years would not have eventuated.

Supplementary Appendix 4E information

<u>Additional dividend/distribution information</u>

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2013 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						
12 Oct 2012	26 Oct 2012	Interim	1 cent	$475,972	1 cent	-
11 Jan 2013	25 Jan 2013	Interim	1 cent	$501,145	1 cent	-
15 April 2013	30 April 2013	Interim	1 cent	$670,019	1 cent	-
28 June 2013	23 July 2013	Final	1 cent	$671,332	1 cent	-
Converting Preference Shares						
12 Oct 2012	25 Oct 2012	Quarterly	4.75 cents	$364,068	4.75 cents	-
11 Jan 2013	24 Jan 2013	Quarterly	4.75 cents	$364,068	4.75 cents	-
15 April 2013	29 April 2013	Quarterly	4.75 cents	$364,068	4.75 cents	-
28 June 2013	22 July 2013	Quarterly	4.75 cents	$364,068	4.75 cents	-

Dividend/distribution reinvestment plan

The company operates a dividend reinvestment plan.

Net tangible assets per security (Cum-Dividend)

	2013 $	2012 $
Fully diluted net tangible asset backing per ordinary share – pre-tax	$1.10	$1.12
Fully diluted net tangible asset backing per ordinary share – post-tax	$1.06	$1.09

During 2012/13 bonus shares were issued to existing shareholders on a 1 for 20 basis. The record date of this event was 24 October 2012.

Controlled Entities

The company did not gain or lose control over any entities during the 12 months ended 30 June 2013.

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 in the process of being audited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Investment income			
Investment revenue	2	3,906,732	3,872,570
Net realised gain on disposal of financial assets at fair value through profit or loss		855,128	2,296,883
Net unrealised gain/(loss) on financial assets at fair value through profit or loss		4,347,326	(2,962,715)
Other income		-	177,232
Total investment income		**9,109,186**	**3,383,970**
Expenses			
Management fees		(757,903)	(650,949)
Performance fees		-	(386,059)
Administrative expenses		(440,718)	(320,472)
Directors' fees and company secretarial fees		(124,000)	(126,500)
Total expenses		**(1,322,621)**	**(1,483,980)**
Profit for the year before income tax expense		**7,786,565**	**1,899,990**
Income tax expense	4(a)	(1,583,303)	(405,904)
Profit for the year		**6,203,262**	**1,494,086**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**6,203,262**	**1,494,086**
Basic earnings per share	6	**7.35cps**	**.05cps**
Diluted earnings per share	6	**7.35cps**	**.05cps**

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 2013

	Note	2013 $	2012 $
Assets			
Cash and cash equivalents	13(a)	27,718,478	9,847,819
Trade and other receivables	7	1,025,864	1,023,382
Financial assets at fair value through profit or loss	8	56,976,925	53,907,134
Prepayments	9	22,773	23,571
Total assets		**85,744,040**	**64,801,906**
Liabilities			
Trade and other payables	10	853,403	933,999
Dividends payable	5(b)	1,035,400	838,952
Current tax liability	4(b)	1,467,635	866,728
Deferred tax liabilities	4(c)	1,347,669	1,266,116
Total liabilities		**4,704,107**	**3,905,795**
Net assets		**81,039,933**	**60,896,111**
Equity			
Issued capital	11	71,946,458	54,231,158
Retained earnings	12(a)	(231,785)	1,164,953
Profit reserve	12(b)	9,325,260	5,500,000
Total equity		**81,039,933**	**60,896,111**

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 2013

	Note	Issued Capital $	Retained Earnings $	Profit Reserve $	Total Equity $
Balance at 1 July 2011		**53,754,701**	**8,473,953**	**-**	**62,228,654**
Profit for the year		-	1,494,086	-	1,494,086
Other comprehensive income/(loss) for the year		-	-	-	-
Total comprehensive income for the year		**-**	**1,494,086**	**-**	**1,494,086**
Transactions with owners in their capacity as owners					
Issue of Ordinary shares	11(a)	476,457	-	-	476,457
Dividends provided for or paid - Ordinary shares	5	-	(1,846,817)	-	(1,846,817)
Dividends provided for or paid - Converting Preference Shares	5	-	(1,456,269)	-	(1,456,269)
Transfer to profit reserve			(5,500,000)	5,500,000	-
		476,457	**(8,803,086)**	**5,500,000**	**(2,826,629)**
Balance at 30 June 2012		**54,231,158**	**1,164,953**	**5,500,000**	**60,896,111**
Profit for the year		-	6,203,262	-	6,203,262
Other comprehensive income/(loss) for the year		-	-	-	-
Total comprehensive income for the year		**-**	**6,203,262**	**-**	**6,203,262**
Transactions with owners in their capacity as owners					
Issue of Ordinary shares	11(a)	17,791,120	-	-	17,791,120
Share issue costs		(108,314)	-	-	(108,314)
Income tax relating to share issue costs		32,494	-	-	32,494
Dividends provided for or paid - Ordinary shares	5	-	-	(2,318,468)	(2,318,468)
Dividends provided for or paid - Converting Preference Shares	5	-	-	(1,456,272)	(1,456,272)
Transfer to profit reserve		-	(7,600,000)	7,600,000	-
		17,715,300	**(7,600,000)**	**3,825,260**	**13,940,560**
Balance at 30 June 2013		**71,946,458**	**(231,785)**	**9,325,260**	**81,039,933**

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 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Proceeds from sale of investments		36,960,041	16,885,745
Payments for purchase of investments		(34,591,962)	(18,826,434)
		2,368,079	(1,940,689)
Dividends and trust distributions received		2,594,166	2,368,253
Interest received		1,309,498	1,482,413
Payments for administrative and other expenses		(511,118)	(463,282)
Investment manager's fees paid		(740,071)	(651,830)
Performance fees paid		(386,059)	-
Income tax paid		(868,351)	-
Other income received		-	177,232
Net cash inflow from operating activities	13(b)	**3,766,144**	**972,097**
Cash flows from financing activities			
Dividends paid		(3,095,322)	(2,799,041)
Proceeds from issue of shares		17,199,837	-
Net cash inflow/(outflow) from financing activities		**14,104,515**	**(2,799,041)**
Net increase/(decrease) in cash held		17,870,659	(1,826,944)
Cash and cash equivalents at beginning of the financial year		9,847,819	11,674,763
Cash and cash equivalents at end of the financial year	13(a)	**27,718,478**	**9,847,819**

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

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.

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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

(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.

(g) Operating segments

The Company has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purpose.

The information being reported is based on what the key decision makers use internally for evaluating segment performances and deciding how to allocate resources to operating segments. The company is organised into one main segment which operates solely in the business of investment management within Australia.

(h) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the Company. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 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.

(ii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Company will adopt the new standard from its operative date, which means that it would be applied in the annual reporting period ending 30 June 2014. The directors do not expect this to have a significant impact on the Company.

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.

	2013 $	2012 $
2. INVESTMENT REVENUE		
Dividends received	2,567,670	2,415,335
Trust distributions	37,561	40,969
Interest	1,301,501	1,416,266
TOTAL	**3,906,732**	**3,872,570**

3. AUDITORS' REMUNERATION

Remuneration of the auditors of the Company in relation to:

	2013 $	2012 $
Audit and review of the financial reports		
Moore Stephens Sydney	23,000	-
Grant Thornton Audit Pty Limited	-	19,229
Taxation		
Moore Stephens Sydney	3,800	-
Grant Thornton Audit Pty Limited	-	1,500
TOTAL	**26,800**	**20,729**

4. TAXATION

(a) Income tax expense

	2013 $	2012 $
The prima facie tax on profit before income tax is reconciled to income tax expense as follows:		
Prima facie tax payable on profit before income tax at 30%	2,335,970	569,997
Adjusted for tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Imputation gross up on dividends received	312,849	249,442
Franking credits on dividends received	(1,042,828)	(831,472)
Permanent differences	(24,311)	(35,092)
Under provision of prior year tax	1,623	456,173
	1,583,303	409,048
Recoupment of tax losses not previously brought to account	-	(3,144)
Income tax expense	**1,583,303**	**405,904**
The applicable weighted average effective tax rates are as follows:	(20.33%)	(21.36%)

(b) Current tax liabilities

	2013 $	2012 $
Income Tax	**1,467,635**	**866,728**

4. TAXATION (continued)

(c) Net deferred tax liabilities

	2013 $	2012 $
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% on the following items:		
Tax on unrealised losses on investment portfolio	1,323,499	1,190,490
Other temporary differences	50,165	75,626
	1,373,664	1,266,116
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:		
Costs associated with the issue of shares deductible in future years	25,995	-
	25,995	-
Net deferred tax liabilities	**1,347,669**	**1,266,116**

(d) Income tax expense recognised in the profit or loss

	2013 $	2012 $
Current income tax expense	1,467,635	869,872
Recoupment of tax losses not previously brought to account	-	(3,144)
Under provision of prior year tax	1,623	456,173
Deferred tax relating to the origination and reversal of temporary differences	114,045	(916,996)
	1,583,303	**405,904**

5. DIVIDENDS

(a) Paid in the current year

	2013 $	2012 $
Dividends paid in the current year		
A fully franked final dividend on ordinary shares in respect of the 2012 financial year of 1 cent per share was paid on 30 July 2012 (2012: A fully franked final dividend on ordinary shares in respect of the 2011 financial year of 1 cent per share was paid on 28 July 2011)	474,885	447,295
A fully franked dividend on converting preference shares in respect of the 2012 financial year of 4.75 cents per share was paid on 27 July 2012 (2012: A fully franked dividend on converting preference shares in respect of the 2011 financial year of 4.75 cents per share was paid on 27 July 2011)	364,067	364,068
A fully franked dividend on ordinary shares for the quarter ended 30 September 2012 of 1 cent per share was paid on 26 October 2012 (2012: A fully franked dividend on ordinary shares for the quarter ended 30 September 2011 of 1 cent per share was paid on 28 October 2011)	475,972	448,550
A fully franked dividend on converting preference shares for the quarter ended 30 September 2012 of 4.75 cents per share was paid on 25 October 2012 (2012: A fully franked dividend on converting preference shares for the quarter ended 30 September 2011 of 4.75 cents per share was paid on 27 October 2011)	364,068	364,068
A fully franked dividend on ordinary shares for the quarter ended 31 December 2012 of 1 cent per share was paid on 25 January 2013 (2012: A fully franked dividend on ordinary shares for the quarter ended 31 December 2011 of 1 cent per share was paid on 19 January 2012)	501,145	449,801
A fully franked dividend on converting preference shares for the quarter ended 31 December 2012 of 4.75 cents per share was paid on 24 January 2013 (2012: A fully franked dividend on converting preference shares for the quarter ended 31 December 2011 of 4.75 cents per share was paid on 18 January 2012)	364,068	364,067
A fully franked dividend on ordinary shares for the quarter ended 31 March 2013 of 1 cent per share was paid on 30 April 2013 (2012: A fully franked dividend on ordinary shares for the quarter ended 31 March 2012 of 1 cent per share was paid on 30 April 2012)	670,019	473,581
A fully franked dividend on converting preference shares for the quarter ended 31 March 2013 of 4.75 cents per share was paid on 29 April 2013 (2012: A fully franked dividend on converting preference shares for the quarter ended 31 March 2012 of 4.75 cents per share was paid on 27 April 2012)	364,068	364,067
	3,578,292	**3,275,497**

5. DIVIDENDS (CONTINUED)

(b) Provided for in the current year

	2013 $	2012 $
A fully franked dividend in respect of the 2013 year of 1 cent per share was payable on ordinary shares as at 30 June 2013 (2012: A fully franked dividend in respect of the 2012 year of 1 cent per share was payable on ordinary shares as at 30 June 2012)	671,332	474,885
A fully franked dividend in respect of the 2013 year of 4.75 cents per share was payable on converting preference shares as at 30 June 2013 (2012: A fully franked dividend in respect of the 2012 year of 4.75 cents per share was payable on converting preference shares as at 30 June 2012)	364,068	364,067
	1,035,400	**838,952**

(c) Dividend franking account

	2013 $	2012 $
Franking account balance	1,699,046	1,272,880
Impact on franking account balance of dividends not recognised, payable on 23 and 22 July 2013 (2012: 30 and 27 July 2012)	(443,743)	(359,551)
	1,255,303	**913,329**

6. EARNINGS PER SHARE

	2013 $	2012 $
Basic earnings per share	**7.35cps**	**.05cps**
Diluted earnings per share	**7.35cps**	**.05cps**
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Total comprehensive income for the year	6,203,262	1,494,086
Less: dividends provided or paid - converting preference shares	(1,456,272)	(1,456,268)
Earnings used in calculating basic earnings per share (adjusted for preference dividends paid during the year)	4,746,990	37,818
Earnings used in calculating diluted earnings per share (adjusted for preference dividends paid during the year)	4,746,990	37,818
Weighted average number of ordinary shares used in the calculation of basic earnings per share	64,569,981	76,479,310
Weighted average number of shares used in the calculation of diluted earnings per share	64,569,981	76,479,310
Reconciliation of weighted average number of shares:		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	54,531,920	66,441,249
Add:		
Weighted average number of converting preference shares at 1.30967 per share used in the calculation of earnings per share	10,038,061	10,038,061
Weighted average number of shares used in the calculation of earnings per share	64,569,981	76,479,310

	2013 $	2012 $

7. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Income receivable	527,227	524,159
Unsettled trades	462,755	472,485
Other debtors	35,882	26,738
	1,025,864	**1,023,382**

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

8. INVESTMENTS

	2013 $	2012 $
Financial assets at fair value through profit or loss		
(1) Listed equities	47,180,348	43,365,543
Unlisted trust	300,000	300,000
(2) Interest bearing securities		
Listed convertible notes	6,957,523	9,312,387
Floating rate notes	2,539,054	929,204
Total financial assets at fair value through profit or loss	**56,976,925**	**53,907,134**

9. OTHER ASSETS

	2013 $	2012 $
Prepayments	22,773	23,571
	22,773	**23,571**

10. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Accrued expenses	106,238	44,292
Amount payable to related parties	71,906	440,133
Unsettled trades	675,259	449,574
	853,403	**933,999**

Terms and conditions

Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 3 days of the purchase being executed.

			2013 $	2012 $
11. ISSUED CAPITAL				
Issued and paid-up capital				
(a) 67,133,286 (2012: 47,488,465) ordinary fully paid shares			53,705,227	35,989,927
(b) 7,664,573 (2012: 7,664,573) converting preference fully paid shares			18,241,231	18,241,231
Balance at the end of the year			**71,946,458**	**54,231,158**
	2013 Number of shares	**2012 Number of shares**		
(a) Movements in ordinary share capital				
Balance at beginning of the year	47,488,465	42,598,946	35,989,927	35,513,470
Issue of ordinary shares pursuant to a 1 for 20 bonus issue on 7 July 2011)	-	2,130,554	-	-
Issue of ordinary shares pursuant to a 1 for 20 bonus issue on 9 March 2012)	-	2,255,727	-	-
Issue of ordinary shares pursuant to a 1 for 20 bonus issue on 1 November 2012 (2012: Nil)	2,380,415	-	-	-
Shares placement	3,381,000	-	3,905,055	-
Issue of ordinary shares pursuant to a rights issue	13,400,013	-	13,403,096	-
Placement and rights issue costs	-	-	(108,314)*	-
Income tax relating to share issue costs	-	-	32,494	-
Dividend reinvestment plan	483,393	503,238	482,969	476,457
Balance at the end of the year	**67,133,286**	**47,488,465**	**53,705,227**	**35,989,927**

* Includes $10,000 paid to Mr. Spork on fee for advisory services provided in relation to the rights issue which has been debited to share issue costs in equity.

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.

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.

11. ISSUED CAPITAL (CONTINUED)

(b) Movements in converting preference share capital

	2013 Number of shares	2012 Number of shares	2013 $	2012 $
(b) Movements in converting preference share capital				
Balance at beginning of the year	7,664,573	7,664,573	18,241,231	18,241,231
Balance at the end of the year	**7,664,573**	**7,664,573**	**18,241,231**	**18,241,231**

Holders of convertible 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 convertible preference shares automatically convert into ordinary shares in ten years 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, convertible 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 convertible preference shares are entitled to vote at shareholders' meetings in certain circumstances as outlined in the Prospectus dated 16 March 2007.

(c) 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.

12. RESERVES AND RETAINED PROFITS

	2013 $	2012 $
(a) Retained earnings		
Balance at the beginning of the year	1,164,953	8,473,953
Net profit attributable to members of the Company	6,203,262	1,494,086
Transfer to profit reserve	(7,600,000)	(5,500,000)
Dividends provided for or paid	-	(3,303,086)
Balance at end of financial year	**(231,785)**	**1,164,953**
(b) Profit reserve		
Balance at the beginning of the year	5,500,000	-
Transfer from retained earnings	7,600,000	5,500,000
Dividends provided for or paid	(3,774,740)	-
Balance at end of financial year	**9,325,260**	**5,500,000**

Profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments.

13. CASH FLOW INFORMATION

(a) Reconciliation of cash

	2013 $	2012 $
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash at bank	12,684,471	531,401
Short term bank deposits with maturity less than three months	15,034,007	9,316,418
Total cash and cash equivalents	**27,718,478**	**9,847,819**

(b) Reconciliation of net profit attributable to members of the Company to net cash provided by operating activities

	2013 $	2012 $
Profit attributable to members of the Company	6,203,262	1,494,086
Changes in assets and liabilities:		
Increase in trade and other receivables	(12,215)	(29,383)
Increase in investments at fair value through profit or loss	(2,834,375)	(1,274,857)
Decrease in prepayments	798	1,407
Increase in deferred tax asset		
Decrease in current tax asset	-	990
Decrease in deferred tax asset	6,499	-
(Decrease)/increase in trade and other payables	(306,280)	374,940
Increase/(decrease) in provisions	-	-
Increase/(decrease) in deferred tax liability	107,548	(461,814)
Increase in current tax liability	600,907	866,728
Net cash provided by operating activities	**3,766,144**	**972,097**

14. RELATED PARTY TRANSACTIONS

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

(a) Management and Performance Fees

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

	2013 $	2012 $
Clime Asset Management Pty Ltd - Mr. John B. Abernethy note (c)(i)	568,427	874,271
Clime Investment Management Ltd - Mr. John B. Abernethy note (c)(ii)	54,000	54,000
Boutique Asset Management Pty Ltd - Mr. Geoffrey J Wilson note (c)(iii)	189,476	162,737
	811,903	**1,091,008**

As at 30 June 2013, $71,906 (2012: $440,133) 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.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

(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 15. Clime Investment Management Ltd owns 10.56% of the share capital of the Company.

(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.

15. 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 14.

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

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

15. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(a) Remuneration of Directors and Other Key Management Personnel (continued)

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

	2013 $	2012 $
Cash salary, fees and commissions	130,697*	122,991
Short-term employee benefits	**130,697***	**122,991**
Superannuation	3,303	3,509
Post-employment benefits	**3,303**	**3,509**
Total employment benefits	**134,000**	**126,500**

* Includes $10,000 paid to Mr. Spork on fee for advisory services provided in relation to the rights issue which has been debited to share issue costs in equity.

(b) Shareholdings

2013

	Balance at 1 July 2012	Shares acquired / (disposed)	Balance at 30 June 2013
Ordinary Shares			
John Abernethy (Chairman)	327,882	111,858	439,740
Geoffrey Wilson (including holdings of spouse)	505,776	221,410	727,186
Brett Spork	-	58,169	58,169
Richard Proctor	80,124	4,831	84,955
	913,782	**396,268**	**1,310,050**
Converting Preference Shares			
John Abernethy (Chairman)	111,641	-	111,641
	111,641	**-**	**111,641**

2012

	Balance at 1 July 2011	Shares acquired / (disposed)	Balance at 30 June 2012
Ordinary Shares			
John Abernethy (Chairman)	290,756	37,126	327,882
Geoffrey Wilson (including holdings of spouse)	461,737	44,039	505,776
Richard Proctor	324,503	(244,379)	80,124
	1,076,996	**(163,214)**	**913,782**
Converting Preference Shares			
John Abernethy (Chairman)	111,641	-	111,641
	111,641	**-**	**111,641**

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

16. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives, Policies and Procedures

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

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

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

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

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

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

(b) Credit risk

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

Credit is not considered to be a major 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.

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.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk

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

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk 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, nor does it have set parameters regarding a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

(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 below.

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.

2013	Weighted Average Effective Interest Rate %	Floating Interest Rate $	Non Interest Bearing $	Fixed Interest Rate $	Total $
Financial Assets					
Cash and cash equivalents	3.48%	7,650,951	-	20,067,527	27,718,478
Trade and other receivables		-	989,982	-	989,982
Financial assets held at fair value through profit and loss		9,496,577	47,480,348	-	56,976,925
Total Financial Assets		**17,147,528**	**48,470,330**	**20,067,527**	**85,685,385**
Financial Liabilities					
Trade and other payables		-	747,165	-	747,165
Dividends payable		-	1,035,400	-	1,035,400
Total Financial Liabilities		**-**	**1,782,565**	**-**	**1,782,565**

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(i) Interest rate risk (continued)

2012	Weighted Average Effective Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate	Total
		%	$	$	$
Financial Assets					
Cash and cash equivalents	4.49%	531,401	-	9,316,418	9,847,819
Trade and other receivables		-	996,644	-	996,644
Financial assets held at fair value through profit and loss		10,241,591	43,665,543	-	53,907,134
Total Financial Assets		**10,772,992**	**44,662,187**	**9,316,418**	**64,751,597**
Financial Liabilities					
Trade and other payables		-	889,707	-	889,707
Dividends payable		-	838,952	-	838,952
Total Financial Liabilities		**-**	**1,728,659**	**-**	**1,728,659**

(ii) Equity Price Risk

Equity 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. Equity 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 interest rate risk and price 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			
	-10%	**+10%**	**-100 bps**	**+100 bps**
30 June 2013	(5,697,692)	5,697,692	(156,365)	156,365
30 June 2012	(5,390,713)	5,390,713	(103,871)	103,871

No effect on other comprehensive income would result from price or interest rate risk in 2013 or 2012.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values of financial assets and financial liabilities

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

The table below presents the Company's assets measured and recognised at fair value at 30 June 2013 by level of the following fair value measurement hierarchy:

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

	Level 1 $’000	Level 2 $’000	Level 3 $’000	Total $’000
At 30 June 2013				
Financial assets at fair value through profit or loss				
Listed equities	47,180,348	-	-	**47,180,348**
Unlisted unit trust	-	-	300,000	**300,000**
Listed convertible notes	6,957,523	-	-	**6,957,523**
Floating rate notes	2,539,054	-	-	**2,539,054**
Total financial assets at fair value through profit or loss	**56,676,925**	**-**	**300,000**	**56,976,925**
At 30 June 2012				
Financial assets at fair value through profit or loss				
Listed equities	43,365,543	-	-	**43,365,543**
Unlisted unit trust	-	-	300,000	**300,000**
Listed convertible notes	9,312,387	-	-	**9,312,387**
Floating rate notes	929,204	-	-	**929,204**
Total financial assets at fair value through profit or loss	**53,607,134**	**-**	**300,000**	**53,907,134**

The fair value of financial instruments traded in active markets (publicly traded derivatives and trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (over-the-counter derivatives and unlisted unit trusts) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

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

17. 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.

18. CONTINGENT LIABILITIES

As at 30 June 2013, the Company has no contingent liabilities or commitments (2012: Nil).

19. EVENTS SUBSEQUENT TO REPORTING DATE

No dividends have been recommended by the Directors subsequent to the end of the financial year.

No 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.

20. COMPANY DETAILS

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

Level 5
352 Kent Street
Sydney NSW 2000