Company Announcements
Australia Stock Exchange
by e-lodgement

7 March 2012

Net Tangible Assets (NTA) Update

NTA $1.18 before tax and $1.16 after tax (cum bonus)

The Clime Capital board is pleased to report the NTA of Clime Capital Limited as at 29 February 2012.

Investments	31 December 2011	31 January 2012	29 February 2012
Equities	$52.5m	$53.5m	$52.8m
Cash	$9.6m	$10.0m	$11.4m
Net Assets	$61.2m	$63.4m	$63.9m
NTA before tax per share	**$1.14**[1,2]	**$1.18**[1,2]	**$1.18**[1,3]

1 Fully Diluted NTA per share incorporates both the fully paid ordinary shares and converting preference shares on issue and bonus entitlements due to be paid on conversion of the preference shares
2 Dividend of $813,869 provided 31/12/2011 and paid on 18/01/2012
3 on 17 February 2012, the Board declared a bonus issue for ordinary shareholders on a 1 for 20 basis. The record date for this bonus issue is 3/03/2012. NTA before tax per share disclosed above is before the effect of this dilution.

	3 months	1 year	2 years*	3 years*	4 years*
Clime Capital Limited	4.3%	-1.4%	4.6%	20.2%	8.3%
ASX All Ordinaries Acc. Index	6.1%	-6.7%	1.4%	14.8%	-2.0%
Outperformance	-1.8%	5.3%	3.2%	5.4%	10.3%

* Annualised investment performance to 29 February 2012.

Top Ten Portfolio Holdings – 29 February 2012

ASX Code	Company Name	Portfolio Weighting (%)
MMS	McMillan Shakespeare Limited	8.22
TLS	Telstra Corporation Limited	7.66
BHP	BHP Billiton Limited	7.31
AAZPB	Australand Convertible Notes 31/12/2049	6.33
EPX	Ethane Pipeline Income Fund	6.09
ANZ	Australia & New Zealand Banking Group Limited	5.12
MXUPA	Multiplex Convertible Note 31/12/2049	5.07
WOW	Woolworths Limited	4.81
BKW	Brickworks Limited	4.31
WBC	Westpac Banking Corporation	4.03

Investment Update

A buoyant start to the year (the ASX up about 5% since 1 January) belies a much more benign share market over the last one and two years. The price index is still down about 15% since its recent peak in April 2011. It is also down about 15% from its early 2010 peak of 5100 points.

Index investors and those without a focus on yield have been sadly let down. Stock selection has for two years been extremely important. A careful focus on the yields of growing companies has been well rewarded. Judicious reinvestment from profits by good businesses and of dividends by shareholders into those same businesses - has produced positive returns. In contrast most equity fund managers and index huggers have produced negative returns.

We maintain our view that the Australian equity market is undervalued. However, whilst there are many stocks which are trading at a discount to their intrinsic value – many of these do not appeal as companies that will offer acceptable growth to their owners over the medium term.

We maintain that it is crucial for us to maintain our focus on those companies that have a history of high returns on equity, that have understandable businesses, that have a bright future and are run by honest people. If we do then our 5 year out performance of the market should be safely maintained.

China's growth forecasts in context

We maintain our positive stance for the Australian economy and our equity market because of our strong belief in the continued growth of China. This Week's National Peoples Conference has done little to temper our enthusiasm.

At the Conference the Chinese leadership lowered its forecast and targeted GDP growth rate to 7.5% p.a. and this is likely to be its targeted rate of growth for the next 5 years. Whilst it is a slowing in the rate of growth, it is still a massive growth rate by the world's second largest economy. Growth of 7.5% in China is equivalent to the US growing at 3.5%. The US will struggle to grow by just 2% this year. Consequently China continues to be the most dynamic of the G20 economies and its growth underwrites the world's growth.

Headlines that China has slashed its growth rate are mindless. The projected growth clearly means that China will in 2012 need more iron ore, coal and copper than it did in 2011. It will need more again in 2013 and very likely in each year of its next five year plan. The chants of western economists who predict some dire Chinese economic outcome continue to defy reality and logic.

Back in Australia

We are frankly staggered that the Australian Reserve Bank held interest rates steady despite a lift in bank mortgage rates in early February (and by Bank of Queensland last night), benign inflation, a powerful dollar, a declining building industry and a fall in corporate profits in the fourth quarter 2011. The Board appears to be hanging its hat on the employment growth recorded in January when everybody was on holidays and absolutely no business was recruiting anyone other than visa holders. How real these employment numbers turn out to be will make interesting reading and so too will be the eventual admission by the RBA that Australia's non- resource based growth is anemic.

Clearly, in this environment, only the best managed and funded businesses in Australia will show growth in the coming six months.

Kind regards

John Abernethy
Chairman

Clime Capital Limited