

Company Announcements  
Australian Securities Exchange, Sydney

17 February 2020

## Announcement of Half-Year Results – 31 December 2019

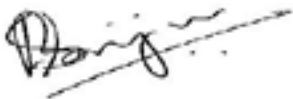
Clime Investment Management Limited is pleased to announce the half-year information under Listing Rule 4.2A.

Please find attached the following documents with respect to the Group's results for the half-year ended 31 December 2019:

- Appendix 4D; and
- Interim financial report for the half-year ended 31 December 2019, including the auditor's unqualified review report.

This information should be read in conjunction with the most recent Annual Report of the Group for the financial year ended 30 June 2019.

Yours sincerely,



Biju Vikraman  
Company Secretary

## Appendix 4D

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

## Half-Year Ended 31 December 2019

(Previous corresponding period - Half-Year Ended 31 December 2018)

Revenue from ordinary activities	up	40%	to	\$7,227,639
Profit from ordinary activities before tax attributable to members	up	268%	to	\$1,202,116
Profit from ordinary activities after tax attributable to members	up	303%	to	\$862,864

Dividend per share	Amount per security	Franked amount per security
Interim Dividend - FY20 (proposed)	1.00 cent	1.00 cent
Final Dividend - FY19 (paid)	1.50 cents	1.50 cents

Record date for determining entitlements to the interim dividend is 20 March 2020

### Explanation of Revenue and Net Profit

Please refer to the Directors' Report included in the interim financial statements for the half-year ended 31 December 2019 for further explanations.

### Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share before tax	\$0.17	\$0.16
Net tangible asset backing per ordinary share after tax	\$0.16	\$0.16

### Dividends

Details of dividends/distributions declared or paid during or subsequent to the six months ended 31 December 2019 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend \$000's	Franked amount per security	Foreign sourced dividend amount per security
19 September 2019	3 October 2019	Final	1.50 cents	841	1.50 cents	-
20 March 2020	15 April 2020	Interim	1.00 cent	560	1.00 cent	-

### Dividend/Distribution Reinvestment Plans

The consolidated entity does not currently operate a dividend/distribution reinvestment plan.

### Joint Venture entity

Name	Ownership Interest		Contribution to net profit	
	Current period %	Previous corresponding period %	Current period \$	Previous corresponding period \$
Clime Super Pty Ltd	-	50	-	17,027

### Review

This report is based on accounts that have been reviewed. The unqualified review report is attached on page 26 of the attached Interim Financial Report.



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# Clime Investment Management Limited

and Controlled Entities

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## Interim Financial Report 31 December 2019

Clime Investment Management Limited

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# General Purpose Interim Financial Report

**31 December 2019**

## Contents

Directors' Report	5
Auditor's Independence Declaration	9
Interim Financial Statements	10
Directors' Declaration	25
Independent Auditor's Review Report	26
Corporate Directory	28

# Director's Report

The Directors present their report on the consolidated entities (the "Group" or "Clime") consisting of Clime Investment Management Limited and its controlled entities for the half-year ended 31 December 2019.

## Directors

The names of the Group's directors who held office during the reporting period and until the date of this report are:

Donald McLay	Non-Executive Chairman
John Abernethy	Non-Independent Director
Neil Schafer	Independent Director
Allyn Chant	Independent Director

## Key Highlights

The Directors of the Group are pleased to report a strong result for the first half of the financial year. For HY 2019 the Group recorded a net profit before tax of \$1,202,116 compared with \$326,803 in HY 2018.

Net profit after tax attributable to members was \$862,864 for HY 2019 compared with \$214,062 in HY 2018.

Basic earnings per share for the six-month period to 31 December 2019 was 1.6 cents per share compared with 0.4 cents per share as at 31 December 2018.

## Review of Operations

The gross FUM baance of the group as at 31 December 2019 was \$1,019 million compared to \$924 million as at 30 June 2019, an increase of 10%.

Clime had positive fund inflows from new and existing investors as well as strong investment performance across all portfolios for the 6-month period to 31 December 2019. In terms of FUM growth, Individually Managed Accounts grew 9%, the Listed Investment Company (LIC) Clime Capital Limited grew 4%, Managed Funds and mandates grew 12%, and Separately Managed Accounts grew 22% during the first half of financial year 2020 as follows:

Gross Funds under Management (FUM)	31 December 2019	30 June 2019
Clime Individually Managed Accounts	\$485 million	\$443 million
Listed Investment Company (Clime Capital Limited - ASX: CAM)	\$143 million	\$138 million
Managed Funds and mandates	\$314 million	\$280 million
Separately Managed Accounts	\$77 million	\$63 million
	<b>\$1,019 million</b>	<b>\$924 million</b>

It should be noted that Clime Individually Managed Accounts do have funds invested in some of the Clime Managed Funds.

During the current period, the Group continued its strategy of moving from an Australian equity manager to an integrated wealth management business by expanding its financial services offering for clients.

During the previous financial year, Clime launched two strategic initiatives to enhance client engagement and growth of assets under management. The first of these initiatives, Clime Private Wealth, delivers tailored private wealth advisory services for wholesale and sophisticated investors. Clime Private Wealth has improved client retention and introduced a new revenue stream: fee-based Client Service and Advice.

The second of these initiatives, third-party distribution, is providing the national community of around 25,000 Australian financial advisers with access to Clime's high-quality investment products and services. This initiative is expected to further grow assets under management over time, driven by regulatory requirements for non-conflicted advice that mean financial advisers will utilise external investment management expertise to manage their client's investments.

## Financial Highlights

The operating business margin for the 6 months ended 31 December 2019 was \$172,290 (HY 2018: \$149,519), an increase of \$22,771. The increase in revenue was offset by an increase in administrative expenses due to an increase in staff costs on the prior corresponding period. This is a direct result of investments made in implementing the Clime Private Wealth and third-party distribution initiatives, which are expected to deliver benefit for shareholders in the medium term. It is important to note these investments have been expensed in the accounts.

The Group earned performance fees of \$2,312,533 in HY 2019 compared with \$259,367 in HY 2018. This is the result of refinement and improvement of the Clime Group investment process and methodology implemented in 2019, with Clime focusing on investing in quality stocks with a strong

valuation discipline across all investment portfolios. Direct investment income mainly represents dividends received from listed investments with limited uplift from mark-to-market movements.

Underlying cash profit for HY 2019 at \$1,731,680 is higher than the \$645,726 achieved in the previous corresponding period due to the increase in performance fees on account of strong investment performance across all portfolios.

Clime recorded an after-tax profit attributable to members of \$862,864 for the half-year to 31 December 2019 (HY 2018: \$214,062). The operating result is reported after amortisation of intangibles of \$224,137 compared with \$223,225 during half-year to 31 December 2018.

## Review of financial results

Below is a summary of the Group's profit and loss on a sector basis to enable shareholders to distinguish between the operational investment management business and the direct investment components.

	31 December 2019 \$	31 December 2018 \$
Funds management and related activities revenue	4,563,553	4,462,143
Investment software revenue	180,239	246,625
Administrative and occupancy expenses	(3,899,976)	(3,698,132)
Third party custody, management & funds administration services	(478,648)	(572,199)
<b>Operating business activities revenue less administrative costs</b>	<b>365,168</b>	<b>438,437</b>
Marketing and lead generation costs	(192,878)	(288,918)
<b>Operating business margin</b>	<b>172,290</b>	<b>149,519</b>
Performance fees	2,312,533	259,367
Short-term incentives	(994,619)	-
Direct investment income	241,476	219,813
Income from joint venture	-	17,027
<b>Underlying cash profit</b>	<b>1,731,680</b>	<b>645,726</b>
Redundancy costs	(4,676)	(95,698)
Amortisation of intangibles	(224,137)	(223,225)
Depreciation of right-of-use assets	(106,682)	-
Other unusual expenses	(194,069)	-
<b>Statutory profit before income tax</b>	<b>1,202,116</b>	<b>326,803</b>
Income tax expense attributable to operating profit	(339,252)	(112,741)
<b>Statutory profit after income tax</b>	<b>862,864</b>	<b>214,062</b>

Funds management fees of \$4,563,553 slightly increased from \$4,462,143 earned in HY 2018, on account of higher FUM. Gross FUM as at 31 December 2019 was \$1,019 million compared to \$816 million at 31 December 2018.

Software revenue from the Clime Direct (formerly StocksInValue) business was \$180,239 compared to \$246,625 in HY 2018 as a result of a drop in membership numbers. Clime has been focusing on enhancing the user experience and improving functionalities to increase subscriber base.

Administrative and occupancy expenses rose to \$3,899,976 in HY 2019 from \$3,698,132 incurred in HY 2018 as result of the strategic initiatives of Private Wealth and third-party distribution, as highlighted above. These initiatives will lead to growth in the operating business via expanding total assets under management. Third party custody, management &

funds administration services costs have decreased in the half-year to \$478,648 from \$572,199 incurred in HY 2018 mainly due to implementation of new service provider arrangements.

Direct investment income comprises dividends, trust distributions, interest income, realised gains as well as mark-to-market of our investments. For the 6 months to 31 December 2019, this represented \$175,465 (HY 2018: \$188,246) of income and \$66,011 (HY 2018: \$31,567) mark-to-market movements of investments.

Increase in depreciation of right-of-use assets of \$106,682 was on account of the adoption of the new accounting standard AASB 16 Leases during the current period commencing 1 July 2019.

Other unusual expenses of \$194,069 represent legal and recruitment costs incurred during the period.

## Summary of Total Equity

The Total Equity at balance date comprised the following:

	31 December 2019 \$	30 June 2019 \$
Cash and cash equivalents	3,809,462	4,199,534
Other financial asset at amortised cost	230,809	-
Trade and other receivables less payables	311,628	394,756
Listed investment – Clime Capital Limited	5,909,506	5,856,758
Unlisted investments – Managed funds	378,047	10,000
Equity accounted investment – Clime Super Pty Ltd	-	13,730
Other tangible assets less liabilities	(1,986,795)	(833,196)
<b>Net tangible assets</b>	<b>8,652,657</b>	<b>9,641,582</b>
Intangible and right-of-use assets	9,468,677	8,371,147
Deferred tax assets	504,525	494,306
<b>Total Equity</b>	<b>18,625,859</b>	<b>18,507,035</b>
No. of Ordinary Shares on Issue (Excluding shares issued under EIS)	54,820,687	54,737,771
Equity per Share	34.0 cents	33.8 cents
Net Tangible Assets per Share	15.8 cents	17.6 cents

## Dividend

During the six months to 31 December 2019, shareholders received 1.5 cents per share fully franked dividend amounting to \$841,061 which was paid on 3 October 2019.

## Subsequent Events

An interim dividend of 1 cent per share (100% franked) (HY 2018: 0.75 cents), totalling \$560,707 (HY 2018: \$427,113) has been declared by the Directors. This dividend has not been reflected in these financial statements.

On 13 January 2020, 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 7 February 2020 and end on 5 February 2021. During this period, the Company has the ability to buy a maximum of 5,607,068 fully paid ordinary shares.

No other matters or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in the future financial periods.

## New Accounting Standards Implemented

Clime has adopted AASB 16 Leases during the current period commencing 1 July 2019. The new standard has resulted in changes to the accounting policy which, along with the impact on the financial statements, are disclosed in Note 1. Increase in depreciation of right-of-use assets of \$106,682 and interest of \$36,811 was on account of the adoption of the new accounting standard AASB 16 Leases during the current period commencing 1 July 2019, offset by a reduction in occupancy expenses by \$115,385.

## 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 9.

## Rounding off of amounts

In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

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



Donald McLay  
Chairman



John Abernethy  
Director

Sydney, 17 February 2020





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## Auditor's Independence Declaration

To the Directors of Clime Investment Management Limited

ABN 37 067 185 899

In relation to the independent auditor's review for the half year ended 31 December 2019, 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.

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

A handwritten signature in cursive script that reads 'Mark Godlewski'.

**M Godlewski**  
Partner

**Pitcher Partners**  
Sydney

17 February 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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# Interim Financial Statements

31 December 2019

## Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements	15

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Clime Investment Management Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



INTERIM FINANCIAL STATEMENTS | Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half-year ended 31 December 2019

	Note	Half-Year	
		31 December 2019 \$	31 December 2018 \$
<b>Revenue</b>	4	7,227,639	5,154,229
Net realised and unrealised gains on financial assets at fair value through profit or loss		70,162	33,719
Occupancy expenses		(112,289)	(159,677)
Depreciation and amortisation expense		(353,942)	(244,639)
Administrative expenses		(5,592,643)	(4,473,856)
Finance costs		(36,811)	-
Share of profit from joint venture		-	17,027
<b>Profit before income tax</b>		1,202,116	326,803
Income tax expense attributable to operating profit		(339,252)	(112,741)
<b>Profit for the period</b>		862,864	214,062
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income for the period</b>		862,864	214,062
<b>Profit attributable to members of Clime Investment Management Limited</b>		862,864	214,062
<b>Total comprehensive income attributable to members of Clime Investment Management Limited</b>		862,864	214,062
<b>Earnings per share</b>			
Basic - cents per share		1.6 cents	0.4 cents
Diluted - cents per share		1.5 cents	0.4 cents

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

INTERIM FINANCIAL STATEMENTS | Consolidated Statement of Financial Position  
As at 31 December 2019

	31 December 2019 \$	30 June 2019 \$
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	3,809,462	4,199,534
Other financial asset at amortised cost	230,809	-
Trade and other receivables	3,001,997	3,124,338
Other current assets	141,859	141,894
Financial assets at fair value through profit or loss	6,287,553	5,866,758
<b>Total Current Assets</b>	<b>13,471,680</b>	<b>13,332,524</b>
Non-Current Assets		
Investments accounted for using equity method	-	13,730
Property, plant and equipment	146,044	79,128
Right-of-use assets	1,173,504	-
Deferred tax assets	504,525	494,306
Intangible assets	8,295,173	8,371,147
<b>Total Non-Current Assets</b>	<b>10,119,246</b>	<b>8,958,311</b>
<b>Total Assets</b>	<b>23,590,926</b>	<b>22,290,835</b>
<b>LIABILITIES</b>		
Current Liabilities		
Trade and other payables	2,428,811	2,691,380
Lease liabilities	204,338	-
Current tax liabilities	261,558	38,202
Contract liabilities	428,820	472,024
Provisions	277,646	252,410
<b>Total Current Liabilities</b>	<b>3,601,173</b>	<b>3,454,016</b>
Non-Current Liabilities		
Lease liabilities	997,274	-
Deferred tax liabilities	244,623	232,536
Provisions	121,997	97,248
<b>Total Non-Current Liabilities</b>	<b>1,363,894</b>	<b>329,784</b>
<b>Total Liabilities</b>	<b>4,965,067</b>	<b>3,783,800</b>
<b>Net Assets</b>	<b>18,625,859</b>	<b>18,507,035</b>
<b>EQUITY</b>		
Issued capital	17,033,856	16,933,128
Reserves	295,194	298,901
Retained earnings	1,296,809	1,275,006
<b>Total Equity</b>	<b>18,625,859</b>	<b>18,507,035</b>

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

INTERIM FINANCIAL STATEMENTS | Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2019

Consolidated	Issued capital	Share-based payments reserve	Retained earnings	Total
	\$	\$	\$	\$
<b>Balance as at 1 July 2018</b>	17,006,379	233,556	1,088,001	18,327,936
Profit for the period	-	-	214,062	214,062
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>214,062</b>	<b>214,062</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>				
• On-market buy-back, including transaction costs	(63,985)	-	-	(63,985)
• Recognition of share-based payments	-	31,053	-	31,053
• Shares issued as consideration for CBG acquisition	187,500	-	-	187,500
• Dividends paid or provided for	-	-	(852,726)	(852,726)
<b>Balance as at 31 December 2018</b>	<b>17,129,894</b>	<b>264,609</b>	<b>449,337</b>	<b>17,843,840</b>
Profit for the period	-	-	1,247,382	1,247,382
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>1,247,382</b>	<b>1,247,382</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>				
• On-market buy-back, including transaction costs	(196,766)	-	-	(196,766)
• Recognition of share-based payments	-	34,292	-	34,292
• Dividends paid or provided for	-	-	(421,713)	(421,713)
<b>Balance as at 1 July 2019</b>	<b>16,933,128</b>	<b>298,901</b>	<b>1,275,006</b>	<b>18,507,035</b>
Profit for the period	-	-	862,864	862,864
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>862,864</b>	<b>862,864</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>				
• On-market buy-back, including transaction costs	(19,322)	-	-	(19,322)
• Transfer of loan repayment to issued capital on completion of EIS loan term	102,700	-	-	102,700
• Transfer from share-based payments reserve to issued capital on completion of EIS loan term	17,350	(17,350)	-	-
• Recognition of share-based payments	-	13,643	-	13,643
• Dividends paid or provided for	-	-	(841,061)	(841,061)
<b>Balance as at 31 December 2019</b>	<b>17,033,856</b>	<b>295,194</b>	<b>1,296,809</b>	<b>18,625,859</b>

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

INTERIM FINANCIAL STATEMENTS | Consolidated Statement of Cash Flows  
For the half-year ended 31 December 2019

	Half-Year	
	31 December 2019 \$	31 December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Fees received in the course of operations	7,808,562	6,599,888
Expense payments in the course of operations	(6,474,241)	(5,768,726)
Dividends and distributions received	160,301	148,462
Interest received	24,110	37,632
Income taxes paid	(114,026)	(199,370)
	<b>1,404,706</b>	<b>817,886</b>
Proceeds from disposal of financial assets at fair value through profit or loss	50,000	516,426
Payments for financial assets at fair value through profit or loss	(400,000)	(816,288)
	<b>(350,000)</b>	<b>(299,862)</b>
<b>Net cash provided by operating activities</b>	<b>1,054,706</b>	<b>518,024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for other financial asset at amortised cost	(230,809)	-
Payments for property, plant & equipment	(90,038)	(23,773)
Payments for intangibles	(148,163)	-
<b>Net cash used in investing activities</b>	<b>(469,010)</b>	<b>(23,773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for shares bought back (including transaction costs)	(19,322)	(63,985)
Principal elements of lease payments	(78,574)	-
Finance costs paid	(36,811)	-
Dividends paid to Company's shareholders	(841,061)	(852,726)
<b>Net cash used in financing activities</b>	<b>(975,768)</b>	<b>(916,711)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(390,072)</b>	<b>(422,460)</b>
Cash and cash equivalents at beginning of the period	4,199,534	4,735,297
<b>Cash and cash equivalents at end of the period</b>	<b>3,809,462</b>	<b>4,312,837</b>
<b>Non-cash investing activities</b>		
Exchange of investments via scrip for scrip consideration	250,041	-

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

## NOTE 1

### Basis of Preparation of the Interim Financial Report

#### (a) Basis of accounting

These consolidated general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The half-year financial statements have been prepared on the basis of the historical cost convention, as modified by the valuation of investments.

These interim half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

#### Details of Reporting Period

The current reporting period is the half-year ended 31 December 2019. For the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2018. For the Statement of Financial Position, the previous corresponding date is 30 June 2019.

#### (b) Accounting policies

The accounting policies applied in these interim financial statements have been applied consistently throughout the period. Except as disclosed below, the accounting policies in these half-year financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2019.

#### New and revised accounting standards effective during the reporting period

Certain accounting standards and interpretations were effective for the first time during the current reporting period. The affected policies are:

##### (i) AASB 16 Leases

The Group has adopted AASB 16 Leases retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from AASB 16 are therefore recognised as an opening balance adjustment on 1 July 2019.

##### i. Adjustments recognised on adoption to AASB 16 Leases

On adoption of AASB 16 Leases, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 7.07%.

The Group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

**NOTE 1**

**Basis of Preparation of the Interim Financial Report (continued)**

**(b) Accounting policies (continued)**

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	31 December 2019 \$
Operating lease commitments disclosed as at 30 June 2019	1,658,137
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,403,959
Less: Amounts relating to short-term leases recognised on a straight-line basis as expense	(123,773)
Operating lease amounts subject to AASB 16	1,280,186
Lease liability recognised as at 1 July 2019 of which are:	
- Current lease liabilities	175,963
- Non-current lease liabilities	1,104,223
	<b>1,280,186</b>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. These right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the Statement of Financial Position on 1 July 2019:

- right-of-use assets – increase by \$1,280,186
- lease liabilities – increase by \$1,280,186

**ii. The Group's leasing activities and how these are accounted for**

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

Until 30 June 2019 financial year, leases of the offices were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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



## NOTE 1

### Basis of Preparation of the Interim Financial Report (continued)

#### (b) Accounting policies (continued)

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

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

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

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

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

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

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

#### (c) Rounding off of amounts

In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

## NOTE 2

### Dividends

	Half-Year	
	2019 \$	2018 \$
<b>Fully Paid Ordinary Shares</b>		
1.5 cents per share (2018: 1.5 cents) fully franked dividends were paid during the period in respect of the previous financial period	841,061	852,726

**NOTE 3**

## Issuing and Repurchases of Equity Securities

	Half-Year		Half-Year	
	2019 No. of Shares	2018 No. of Shares	2019 \$	2018 \$
<b>Issuing and repurchases of ordinary shares during the half-year</b>				
Ordinary shares issued for acquisition of CBG Asset Management Ltd	-	375,001	-	187,500
On-market buy-back of ordinary shares during the half-year	42,084	135,000	19,322	63,985
Transfer of loan repayment to issued capital on completion of EIS loan term	125,000	-	102,700	-

### Employee Incentive Scheme ("EIS")

As at 31 December 2019, there are 1,250,000 (December 2018: 1,575,000) EIS 'in-substance' options on issue. During the period, no new in-substance options were granted (December 2018: nil), 125,000 in-substance options were exercised and 50,000 options were transferred/forfeited (December 2018: 550,000).

Share options granted under the Company's employee incentive scheme carry no rights to dividends and no voting rights.

### Shares issued for acquisition of CBG Asset Management Ltd

On 16 July 2018, the Group issued 375,001 ordinary shares at a deemed issue price of 50 cents per share as final settlement of the deferred consideration for the acquisitions of CBG Asset Management Ltd.

**NOTE 4**

**Revenue**

	Half-Year	
	31 Dec 2019 \$	31 Dec 2018 \$
<b>Revenue from contract with customers</b>		
Funds management		
Management fees <sup>1,2</sup>	4,102,987	3,767,407
Performance fees <sup>1</sup>	2,312,533	259,367
Other fees <sup>2</sup>	161,751	694,736
	<b>6,577,271</b>	<b>4,721,510</b>
Private wealth		
Advice and other fees <sup>1,2</sup>	298,815	-
Investment software		
Subscription fees <sup>1</sup>	180,239	246,625
<b>Other revenue</b>		
Direct investments		
Dividends and distributions	147,204	148,462
Interest income	24,110	37,632
	<b>171,314</b>	<b>186,094</b>
<b>TOTAL REVENUE</b>	<b>7,227,639</b>	<b>5,154,229</b>

<sup>1</sup> Revenue from contracts with customers recognised over time

<sup>2</sup> Revenue from contracts with customers recognised at a point in time

Refer to Note 5 for an analysis of revenue by segment.

## NOTE 5

### Segment Information

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

- Funds management
- Private Wealth
- Investment software
- Direct investments

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#### Funds Management

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

#### Private Wealth

The Group recently launched Private Wealth as one of its strategic initiatives to enhance client engagement and growth of assets under management. Private Wealth delivers tailored private wealth advisory services for wholesale and sophisticated investors.

#### Investment Software

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

#### Direct Investments

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

Other than creation of a new Private Wealth segment and consequently reclassification of previous corresponding period numbers, there have been no other changes in the basis of segmentation or the basis of segment profit or loss since the previous financial report.

**NOTE 5**

**Segment Information (continued)**

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

Half-year ended 31 December 2019	Funds Management	Private Wealth	Investment Software	Direct Investments	Unallocated	Consolidated
	\$	\$	\$	\$	\$	\$
<b>Segment revenue</b>						
Sales to external customers	6,399,007	298,815	180,239	-	178,264	7,056,325
Investment income	-	-	-	171,314	-	171,314
<b>Total segment revenue</b>	<b>6,399,007</b>	<b>298,815</b>	<b>180,239</b>	<b>171,314</b>	<b>178,264</b>	<b>7,227,639</b>
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	70,162	-	70,162
Share of profits from investment in joint venture	-	-	-	-	-	-
<b>Net group result</b>						
Net group result before tax	2,778,118	(579,773)	74,076	241,476	(1,311,781)	1,202,116
Income tax expense						(339,252)
<b>Profit for the year</b>						<b>862,864</b>
Depreciation and amortisation expense	282,298	-	31,835	-	39,809	353,942
<b>Half-year ended 31 December 2018</b>						
<b>Segment revenue</b>						
Sales to external customers	4,669,524	-	246,625	-	51,986	4,968,135
Investment income	-	-	-	186,094	-	186,094
<b>Total segment revenue</b>	<b>4,669,524</b>	<b>-</b>	<b>246,625</b>	<b>186,094</b>	<b>51,986</b>	<b>5,154,229</b>
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	33,719	-	33,719
Share of profits from investment in joint venture	-	-	-	17,027	-	17,027
<b>Net group result</b>						
Net group result before tax	1,940,578	(949,621)	119,103	236,840	(1,020,097)	326,803
Income tax expense						(112,741)
<b>Profit for the year</b>						<b>214,062</b>
Depreciation and amortisation expense	195,364	-	31,199	-	18,076	244,639

Information about the segment assets and liabilities are not regularly reviewed by the CODM. As a result, information relating to segment assets and liabilities are not presented.

## NOTE 6

### Events Occurring After the Reporting Date

An interim dividend of 1 cent (fully franked)(2018: 0.75 cents fully franked) per share, totalling \$560,707 (2018: \$427,113) has been declared by the Directors. This dividend has not been reflected in the financial statements.

On 13 January 2020, 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 7 February 2020 and end on 5 February 2021. During this period, the Company has the ability to buy a maximum of 5,607,068 fully paid ordinary shares.

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

## NOTE 7

### Contingent Liabilities and Commitments

There has been no material change in contingent liabilities or commitments since the last annual reporting date.

## NOTE 8

### Fair Value Measurement

The Group measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. The Group has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

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

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

#### (i) Recognised fair value measurements

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

At 31 December 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equities	5,909,506	-	-	5,909,506
Unlisted unit trusts	-	378,047	-	378,047
	5,909,506	378,047	-	6,287,553
At 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equities	5,856,758	-	-	5,856,758
Unlisted unit trusts	-	-	10,000	10,000
	5,856,758	-	10,000	5,866,758

## NOTE 8

### **Fair Value Measurement (continued)**

#### **(ii) Transfers between levels**

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

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

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

#### **(iv) Valuation techniques**

Listed Investment in equity and preference securities and managed funds

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

Unlisted unit trusts

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



## Director's Declaration

The Directors declare that:

- (a) in the Directors' opinion, the financial statements and notes set out on pages 10 to 24 are in accordance with the Corporations Act 2001; and
  - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
  - (ii) give a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion, there are reasonable grounds, at the date of this declaration, 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:



**Donald McLay**  
Chairman



**John Abernethy**  
Director

Sydney, 17 February 2020



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## Independent Auditor's Review Report

### To the Members of Clime Investment Management Limited

ABN 37 067 185 899

#### Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Clime Investment Management Limited ("the Company") and its Controlled Entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

#### Directors' Responsibility for the Half Year 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

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of a Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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. As the auditor of Clime Investment Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

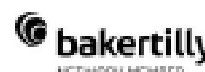
A review of the half year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing 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.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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## Independent Auditor's Review Report

### To the Members of Clime Investment Management Limited

ABN 37 067 185 899

#### Independence

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

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Clime Investment Management Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

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

**M Godlewski**  
Partner

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

**Pitcher Partners**  
Sydney

17 February 2020

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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# Corporate Directory

## Clime Investment Management

ABN 37 067 185 899

The shares of Clime Investment Management Limited are listed on the Australian Securities Exchange under the trade symbol CIW.

### Directors

D Mclay  
J Abernethy  
N Schafer  
A Chant

### Chief Executive Officer

R Bristow

### Company Secretary

B Vikraman

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### Auditor

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