

CLIME PRIVATE LIMITED

(ABN 89 614 090 309)

Interim Financial Report For the half-year ended 31 December 2019

Clime Private Limited

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www.clime.com.au/clime-private-limited/

**GENERAL PURPOSE INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

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DIRECTORS' REPORT

for the half-year ended 31 December 2019

Clime Private Limited

Dear Shareholders

Your Directors present their report of Clime Private Limited ("Clime Private") for the half-year ended 31 December 2019.

Directors

The following persons were Directors of Clime Private Limited during the financial period and up to the date of this report:

Donald McLay	-	Chairman
John Abernethy	-	Director
Rod Bristow	-	Director

Principal Activities

The Company's principal activity is the holding of its investments in Jasco Holdings Limited ("Jasco") on behalf of its investors.

Jasco is an unlisted public company that has been operating for over 55 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers. For further information about the Company please refer to Note 1 of the financial statements.

Review of Operations

The Company reported an interim profit after tax of \$175,317 (31 December 2018: \$129,470) for the half-year ended 31 December 2019.

	31 December 2019	30 June 2019
	\$	\$
Cash and cash equivalents	50,699	29,400
Trade and other receivables less payables	(33,311)	(17,203)
Investment in Jasco	8,246,889	8,174,806
Net Tangible Assets	8,264,277	8,187,003
Deferred tax assets	2,145	-
Total Equity	8,266,422	8,187,003
No. of Ordinary Shares on Issue	50,275,000	50,275,000
Net Tangible Assets per Share	16.4 cents	16.3 cents

There are no other significant changes in the operation of the Company since 30 June 2019.

Dividend

During the six months to 31 December 2019, shareholders received final dividend for the financial period ended 30 June 2019 of 0.20 cents per share fully franked amounting to \$100,550 (31 December 2018: for the financial period ended 30 June 2018 of 0.25 cents per share fully franked amounting to \$125,688). This dividend was paid on 24 December 2019.

Subsequent Events

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

DIRECTORS' REPORT

for the half-year ended 31 December 2019

Clime Private Limited


Auditor's Independence Declaration

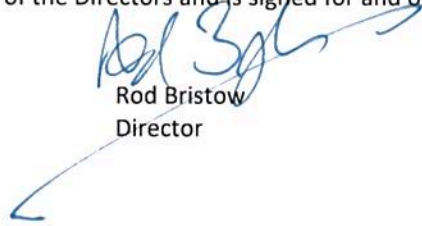
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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 interim financial report have been rounded to the nearest dollars, unless otherwise stated.

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


John Abernethy
Director


Rod Bristow
Director

Sydney, 13 March 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
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**Auditor's Independence Declaration
To the Directors of Clime Private Limited
ABN 89 614 090 309**

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.



S M Whiddett
Partner

Pitcher Partners
Sydney

13 March 2020

Clime Private Limited

Interim Financial Statements

For the half-year ended 31 December 2019

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2019

Clime Private Limited

	Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
Share of profit of associate accounted for using the equity method	173,916	133,180
Director fee from Jasco Holdings Limited	20,000	20,000
Interest income	321	594
Administrative expenses	<u>(14,474)</u>	<u>(24,176)</u>
Profit before income tax	179,763	129,598
Income tax expense attributable to operating profit	<u>(4,446)</u>	<u>(128)</u>
Profit for the period	175,317	129,470
Other comprehensive income	<u>4,652</u>	<u>13,558</u>
Total comprehensive income attributable to members of Clime Private Limited	179,969	143,028
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share	0.35 cents	0.26 cents
Diluted earnings per share	0.35 cents	0.26 cents

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Clime Private Limited

	31 December 2019 \$	30 June 2019 \$
ASSETS		
Current Assets		
Cash and cash equivalents	50,699	29,400
Trade and other receivables	-	10,000
Total Current Assets	50,699	39,400
Non-Current Assets		
Deferred tax assets	2,145	-
Investment accounted for using the equity method	8,246,889	8,174,806
Total Non-Current Assets	8,249,034	8,174,806
Total Assets	8,299,733	8,214,206
LIABILITIES		
Trade creditors and accruals	27,646	25,437
Provision for income tax	5,665	1,766
Total Liabilities	33,311	27,203
Net Assets	8,266,422	8,187,003
EQUITY		
Issued capital	7,807,933	7,807,933
Reserves	60,101	43,931
Retained earnings	398,388	335,139
Total Equity	8,266,422	8,187,003

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

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2019

Clime Private Limited

	Issued capital	Other reserves	Retained earnings	Total
	\$	\$	\$	\$
Balance as at 1 July 2018	7,807,933	(6,393)	255,726	8,057,266
Profit for the period	-	-	129,470	129,470
Other comprehensive income/(loss) for the period net of tax	-	29,913	(16,355)	13,558
Total comprehensive income for the period net of tax	-	29,913	113,115	143,028
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(125,688)	(125,688)
Balance as at 31 December 2018	7,807,933	23,520	243,153	8,074,606
Profit for the period	-	-	182,769	182,769
Other comprehensive income/(loss) for the period net of tax	-	20,411	(15,371)	5,040
Total comprehensive income for the period net of tax	-	20,411	167,398	187,809
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(75,412)	(75,412)
Balance as at 30 June 2019	7,807,933	43,931	335,139	8,187,003
Profit for the period	-	-	175,317	175,317
Other comprehensive income/(loss) for the period net of tax	-	16,170	(11,518)	4,652
Total comprehensive income for the period net of tax	-	16,170	163,799	179,969
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(100,550)	(100,550)
Balance as at 31 December 2019	7,807,933	60,101	398,388	8,266,422

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

STATEMENT CASH FLOWS

for the half-year ended 31 December 2019

Clime Private Limited

	Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received from Jasco	106,485	149,079
Payment of operating expenses	(12,265)	(18,735)
Director fee received	30,000	30,000
Income taxes paid	(2,692)	-
Interest received	321	594
Net cash inflow provided by operating activities	121,849	160,938
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(100,550)	(125,688)
Net cash used in financing activities	(100,550)	(125,688)
Net increase in cash and cash equivalents	21,299	35,250
Cash and cash equivalents at beginning of the period	29,400	30,206
Cash and cash equivalents at end of the period	50,699	65,456

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

NOTE 1: ORGANISATION

Clime Private Limited ("Clime Private" or the "Company") was incorporated in Australia on 5 August 2016, as a wholly owned subsidiary of Clime Investment Management Limited ("CIW"). The address of its registered office and principal place of business is Level 13, 20 Hunter Street, Sydney NSW 2000, Australia. The principal activity of the Company is the holding of its investments in Jasco Holdings Limited ("Jasco") on behalf of its investors.

Jasco is a leading Australian art, design and craft materials wholesaler and distributor. Jasco is an unlisted public company that has been operating for over 55 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers.

Retail

Jasco through its Eckersley's art and craft business ("Eckersley's") has 26 art supplies stores, four school supplies divisions, picture framing, easel hire and a business supplies division across Australia. Eckersley's provides artists, craft & design enthusiasts with the resources they need. The stores are located in major shopping locations and they supply artists, students and the general public. Eckersley's fastest sales growth channel has been derived from online sales through its website eckersleys.com.au. Eckersley's supplies school children, art college and University students with their "recommended education kits". The bulk of Eckersley's sales are derived from selling products supplied by the Jasco wholesale division.

Wholesale

Jasco is a wholesaler of leading art and craft brands to its retailer clients. With over 100 local and international suppliers and a sales force across Australia, it represents a large range of brands in art supplies, design materials, crafting and more. Its mission is to provide a one stop shop for the most innovative and highest quality art and design products; and to provide retail partners with full category solutions.

Jasco represents the world's leading art brands in Australia and New Zealand, including:

- Winsor & Newton: The world's leading brand of fine art materials with an unrivalled reputation for quality and reliability.
- Liquitex: The revolutionary pioneer of acrylics, making major contributions to the evolution of acrylic painting over the past 50 years.
- Conte a Paris: Used by the masters themselves, Conte a Paris high quality crayons, pastel pencils and drawing accessories have enriched art for more than a century.

In addition to art, design and craft materials, Jasco has a distribution alliance with ACCO brands to be the preferred distributor of the entire range of ACCO brands into the art and craft channel. The ACCO brands' range offers a wide selection of commercial stationery, office equipment and technical drawing products. This distribution alliance brings powerful consumer recognised brands to both companies and provides efficiency within the Office Products and Art & Craft distribution channels.

Jasco distribution centres and headquarters are based in Sydney and Auckland, with national distribution and warehouse capabilities. The main distribution centre is located in St. Mary's, west of Sydney, with 8,000m² of state-of-the-art facilities, ensuring prompt service to its customers on a daily basis.

NOTE 2: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT**(a) Basis of accounting**

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

These interim financial statements are prepared in accordance with the historical cost convention with the exception of the valuation of investments.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements.

NOTE 2: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)**(a) Basis of accounting (continued)**

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, 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 period is 30 June 2019.

(b) Accounting policies

The accounting policies applied in these interim financial statements have been applied consistently throughout the period and are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2019.

There are no new and revised accounting requirements significantly affecting the half yearly financial report. The half year financial report was authorised for issue on 13 March 2020.

(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 interim financial report have been rounded to the nearest dollars, unless otherwise stated.

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Company's financial statements.

(a) Deferred tax assets and liabilities on equity accounted investments

The Directors believe it to be inappropriate to recognise tax assets and liabilities in relation to the Company's equity accounted investment in Jasco on the basis that the Company is a long term investor and it is not anticipated that it will sell the investment in Jasco and thus incur a tax liability associated with the sale. Should individual investors wish to realise their investment in Jasco they have the ability to do so by selling their shares in Clime Private Limited.

The Directors believe that this accounting treatment is consistent with the recognition and measurement criteria in *AASB 112* Income Taxes.

NOTES TO INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

Clime Private Limited

NOTE 4: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**(a) Carrying amounts**

Name of Companies	Principal Activity	Carrying amounts			
		December 2019	June 2019	December 2019	June 2019
		%	%	\$	\$
<i>Unlisted</i>					
Jasco Holdings Limited (i)	Importing and distribution of art and craft materials	22.15	21.88	8,246,889	8,174,806

(i) Jasco Holdings Limited

Jasco is in the business of importing and distribution of art and craft materials and retailing of art and craft materials. More details of Jasco's business can be found in Note 1.

	\$
(b) Movements in carrying amounts	
Carrying amount as at 1 July 2018	8,040,061
Share of profit after income tax in FY19	307,819
Share of change in defined benefit plan in FY19	(31,726)
Share of change in reserves in FY19	50,324
Dividends received/receivable in FY19	(191,672)
Carrying amount as at 30 June 2019	8,174,806
Share of profit after income tax in HY20	173,916
Share of change in defined benefit plan in HY20	(11,518)
Share of change in reserves in HY20	16,170
Dividends received/receivable in HY20	(106,485)
Carrying amount as at 31 December 2019	8,246,889

NOTE 5: SHARE CAPITAL

	December 2019	June 2019	December 2019	June 2019
	No. of shares	No. of shares	\$	\$
Ordinary shares	50,275,000	50,275,000	7,807,933	7,807,933

In order to provide shareholders with some liquidity for their shares, Clime Private has received approval from the Australian Securities and Investments Commission (ASIC) to operate a low volume financial market under an exemption provided by section 791C of the Corporations Act 2001 and in accordance with the Corporations (Low Value Financial Markets) Instruments 2016/888.

NOTES TO INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2019

Clime Private Limited

NOTE 6: EARNINGS PER SHARE

	December 2019	December 2018
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	<u>0.35 cents</u>	<u>0.26 cents</u>
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	<u>0.35 cents</u>	<u>0.26 cents</u>
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic and diluted earnings per share</i>		
Profit for the period attributable to owners of the Company	<u>\$175,317</u>	<u>\$129,470</u>
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>\$175,317</u>	<u>\$129,470</u>
(d) Weighted average number of shares used as the denominator		
	December 2019 Number	December 2018 Number
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>50,275,000</u>	<u>50,275,000</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>50,275,000</u>	<u>50,275,000</u>

NOTE 7: DIVIDENDS

During the six months to 31 December 2019, shareholders received final dividend for the financial period ended 30 June 2019 of 0.20 cents per share fully franked amounting to \$100,550. This dividend was paid on 24 December 2019.

NOTE 8: SEGMENT INFORMATION

Due to the nature of the Company's operations and current size of the Company, for management reporting purposes, the Board of Directors currently considers and reports on the Company's operating results and financial position as one reportable operating segment. Refer to the statement of profit or loss and other comprehensive income for the Company's results.

NOTE 9: EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the period 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 periods.

NOTE 10: CONTINGENT LIABILITIES AND COMMITMENTS

The Company had no contingent liabilities or commitments as at 31 December 2019.

DIRECTORS' DECLARATION

for the half-year ended 31 December 2019

Clime Private Limited

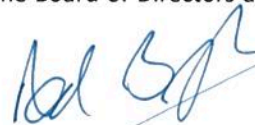
The Directors declare that:

- (a) in the Directors' opinion, the financial statements and notes set out on pages 4 to 12 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 Company as at 31 December 2019 and of its performance for the period 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:



John Abernethy
Director



Rod Bristow
Director

Sydney, 13 March 2020

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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**Independent Auditor's Review Report
to the Members of Clime Private Limited
ABN 89 614 090 309**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Clime Private Limited ("the Company"), which comprises the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, 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 Company'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 Private 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.

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 Private Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company'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*.



S M Whiddett
Partner

13 March 2020



Pitcher Partners
Sydney