

CLIME PRIVATE LIMITED

(ABN 89 614 090 309)

Annual Report For the financial year ended 30 June 2020

Clime Private Limited

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GENERAL PURPOSE FINANCIAL REPORT
30 JUNE 2020

CONTENTS	PAGE
Directors' Report	1
Auditor's Independence Declaration	5
Financial Statements	6
Directors' Declaration	22
Independent Auditor's Report	23

The directors present their report, together with the financial statements, on Clime Private Limited ("Clime Private" or "the Company") for the year ended 30 June 2020.

Directors

The following persons were directors of Clime Private Limited during the financial year and up to the date of this report, unless otherwise stated:

Donald McLay	-	Chairman
John Abernethy	-	Director
Rod Bristow	-	Director
Neil Schafer	-	Director (appointed 6 November 2020)

Information on Directors

Mr. Donald McLay Chairman

Experience and expertise

Mr. McLay has more than 40 years' experience within financial markets, investment banking and broad business services. He has previously held executive roles with a number of local and overseas investment managers and investment banking organisations, working in London, Singapore, Auckland and Sydney.

Other current directorships

Currently Mr. McLay is Chairman of Credit Corp Group Limited (ASX: CCP), appointed as a Non-Executive Director in March 2008 and Chairman on 30 June 2008 and Chairman of Registry Direct Limited (ASX: RD1) from 30 May 2016 (the company was listed on 1 November 2017).

Mr. McLay holds a Bachelor of Commerce degree, is a Chartered Accountant, a Chartered Secretary and a Senior Fellow of the Financial Services Institute of Australasia (FINSIA).

Former listed company directorships in last 3 years

Clime Investment Management Limited (ASX: CIW)

Special responsibilities

None

Interests in shares and options

6,623,168 ordinary shares at the date of this report

Mr. John Abernethy BCom (Econ), LL.B Director

Experience and expertise

Mr. Abernethy has over 35 years' funds management experience in Australia having been General Manager Investments of the NRMA. Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Other current directorships

Mr. Abernethy is a Director of Clime Capital Limited, Clime Investment Management Limited, WAM Research Limited, and Australian Leaders Fund Limited.

Former listed company directorships in last 3 years

WAM Active Limited, Watermark Market Neutral Fund Limited, Watermark Global Limited and CBG Capital Limited

Special responsibilities

None

Interests in shares and options

4,118,263 ordinary shares at the date of this report

Mr. Rod Bristow

Director

Experience and expertise

Mr. Bristow has over 25 years' experience in the financial services, consulting and agribusiness fields. Mr. Bristow commenced with the Clime Group as CEO in September 2018, responsible for developing and delivering group strategy to meet Clime's strategic, financial and operational objectives.

Previous roles Mr. Bristow has held include Chief Operating Officer, Responsible Manager and alternate Managing Director at Commonwealth Securities Limited; national Chief Executive of Australia's largest environmental NGO, Greening Australia Limited; and Managing Director and CEO of Infocus Wealth Management Limited.

Mr. Bristow holds a Bachelor of Science (Forestry) from the Australian National University. He is a Graduate of the Australian Institute of Company Directors and has completed post-graduate studies at the Australian Graduate School of Management (AGSM) and INSEAD.

Other current directorships

None

Former listed company directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

None at the date of this report

Mr. Neil Schafer

Director (appointed 6 November 2020)

Experience and expertise

Mr. Schafer has extensive experience in business strategy and execution, investment management, and banking and holds a First Class Honour's Degree in Applied Economics from the University of New England.

Other current directorships

Mr. Schafer is the Chairman of Clime Investment Management Limited and a director of Imperial Pacific Limited and London City Equities Limited.

Former listed company directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

548,007 ordinary shares at the date of this report

Meetings of directors

There were no meetings of the Company's Board of Directors ("the Board") that were held during the year ended 30 June 2020.

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 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

Profit for the year after income tax was \$536,293 (2019: \$312,239). The increase is due to a higher share in associate's profits during the current year.

Dividends paid during the year/period

	2020 \$	2019 \$
0.20 cents per share (2019: 0.25 cents per share) franked to 100% at 30% (2019: franked to 100% at 30%) corporate income tax rate, final ordinary dividend paid during the year on 24 December 2019 in respect of the prior financial period	100,550	125,688
0.15 cents per share (2019: 0.15 cents per share) franked to 100% at 30% (2019: franked to 100% at 30%) corporate income tax rate, interim ordinary dividend paid during the year on 16 June 2020 in respect of the current financial year	75,412	75,412
Total dividends paid	175,962	201,100

Directors expect to declare a final dividend in December 2020 depending on the final dividend paid by Jasco for the last financial year.

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.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Shares under option and shares issued on the exercise of options

There were no unissued shares under options and there were no shares issued on the exercise of options during or after the financial year.

Environmental regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Rounding off of amounts

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report have been rounded to the nearest dollars.

Insurance of officers and auditors

During the financial year, on behalf of the Company, Clime Investment Management Limited paid a premium for an insurance policy insuring all Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Directors or officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any of its controlled entities against a liability incurred by an officer or auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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 5.

Auditor

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:



John Abernethy
Director

Sydney, 6 November 2020

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Sydney NSW 2000

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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 audit of Clime Private Limited for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act* 2001; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

6 November 2020

Clime Private Limited

Financial Statements

30 June 2020

Contents

Financial Report	Page
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

Clime Private Limited

	Note	2020 \$	2019 \$
Share of profit of associate accounted for using the equity method	4	533,576	307,819
Director fee from Jasco Holdings Limited		40,000	40,000
Interest income		475	1,046
Share registry fees		(7,969)	(14,894)
Audit fees		(13,000)	(16,083)
Taxation fees		(2,382)	(2,266)
Other operating expenses		(9,397)	(1,489)
Profit before income tax		541,303	314,133
Income tax expense attributable to operating profit	7	(5,010)	(1,894)
Profit for the year after income tax		536,293	312,239
Other comprehensive income			
Share of other comprehensive income/(loss) of associate	4	(85,489)	18,598
Total comprehensive income attributable to members of Clime Private Limited		450,804	330,837
Earnings per share for profit attributable to the equity holders of the Company:			
Basic earnings per share	9(a)	1.07 cents	0.62 cents
Diluted earnings per share	9(b)	1.07 cents	0.62 cents

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

Clime Private Limited

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6(a)	33,332	29,400
Trade and other receivables		10,000	10,000
Total Current Assets		43,332	39,400
Non-Current Asset			
Investments accounted for using the equity method	4	8,452,517	8,174,806
Total Non-Current Assets		8,452,517	8,174,806
Total Assets		8,495,849	8,214,206
LIABILITIES			
Current Liabilities			
Trade and other payables		31,283	25,437
Provision for income tax		2,721	1,766
Total Liabilities		34,004	27,203
Net Assets		8,461,845	8,187,003
EQUITY			
Issued capital	8	7,807,933	7,807,933
Reserves		5,715	43,931
Retained earnings		648,197	335,139
Total Equity		8,461,845	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 year ended 30 June 2020

Clime Private Limited

	Note	Issued capital \$	Other reserves \$	Retained earnings \$	Total \$
Balance as at 30 June 2018		7,807,933	(6,393)	255,726	8,057,266
Profit for the year after income tax		-	-	312,239	312,239
Other comprehensive/(loss) income for the year net of tax		-	50,324	(31,726)	18,598
Total comprehensive income for the year net of tax		-	50,324	280,513	330,837
Transactions with equity holders in their capacity as equity holders:					
- Dividends paid	5	-	-	(201,100)	(201,100)
Balance as at 30 June 2019		7,807,933	43,931	335,139	8,187,003
Profit for the year after income tax		-	-	536,293	536,293
Other comprehensive income/(loss) for the year net of tax		-	(38,216)	(47,273)	(85,489)
Total comprehensive income for the year net of tax		-	(38,216)	489,020	450,804
Transactions with equity holders in their capacity as equity holders:					
- Dividends paid	5	-	-	(175,962)	(175,962)
Balance as at 30 June 2020		7,807,933	5,715	648,197	8,461,845

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

STATEMENT CASH FLOWS

for the year ended 30 June 2020

Clime Private Limited

	Note	2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received from associate		170,376	191,672
Payment of operating expenses		(26,903)	(32,423)
Director fee received		40,000	40,000
Interest received		476	1,045
Income tax paid		(4,055)	-
Net cash provided by operating activities	6(b)	179,894	200,294
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend payments		(175,962)	(201,100)
Net cash used in financing activities		(175,962)	(201,100)
Net increase/(decrease) in cash and cash equivalents		3,932	(806)
Cash and cash equivalents at beginning of the year		29,400	30,206
Cash and cash equivalents at end of the year	6(a)	33,332	29,400

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

1. Corporate information

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 12, 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 60 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, 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 the most innovative and highest quality art and design products; and to provide retail partners with full category solutions.

Jasco represents some of 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 a 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.

2. Summary of significant accounting policies

These general-purpose financial statements for the financial year ended 30 June 2020 have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Company comply with International Financial Reporting Standards (‘IFRS’).

2. Summary of significant accounting policies (cont.)*New and revised accounting standards effective during the reporting period*

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2019 that have a material impact on the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied throughout current period, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared in accordance with the historical cost convention, except for investments in associates accounted for using the equity method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Investment in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights and the power to participate in the financial and operating policy decisions of the entity. Investments in associates are accounted in the financial statements using the equity method of accounting, after initially being recognised at cost.

The Company's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in the statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from associates in the financial statements reduce the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

On 27 October 2016, CIW shareholders approved the separation of CIW's shareholdings in Jasco via Clime Private and in-specie distribution of Clime Private shares on a 1 on 1 basis to CIW shareholders by way of a capital reduction. The demerger was to simplify CIW's structure and to potentially unlock shareholder value. The distribution of Clime Private shares involved a reduction in CIW's paid up share capital (Contributed equity).

This demerger was completed on 11 November 2016.

As a result of this demerger, the carrying value of the Jasco investment of \$7,802,806 at the record date (3 November 2016) was de-recognised from CIW's book and was recorded in the statement of financial position of Clime Private. Following the de-merger, the Company is no longer part of CIW.

2. Summary of significant accounting policies (cont.)**(b) Investment in Associates (cont.)**

It is the intention of the Directors of Clime Private to hold this investment on a long-term basis. As at 30 June 2020, Clime Private held approximately 22.09% of share capital in Jasco.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of the amounts of goods and services tax paid, if any. Revenue is recognised for the major business activities as follows:

(i) Services income

Fees that relate to specific transactions or events are recognised as revenue in the period that the services are provided, and performance obligations are satisfied. When they are charged for services provided over a period, they are recognised as revenue on an accrual basis as the services are provided.

(ii) Interest income

Interest income is recorded in the statement of profit or loss and other comprehensive income when earned on an accruals basis using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

(e) Fair value estimation

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

2. Summary of significant accounting policies (cont.)**(f) Dividends**

A liability is recorded for the amount of any dividend declared on or before the end of the period but not distributed at reporting date.

(g) Earnings per share**- 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 period, adjusted for bonus elements in ordinary shares issued during the period.

- 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 potential dilutive ordinary shares.

(h) 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.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance. To measure the expected credit losses, trade receivables have been grouped based on due dates.

Trade and other receivables are non-interest bearing and do not contain impaired assets and are not past due. The carrying amounts of trade and other receivables are considered to represent a reasonable approximation of their fair values.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts of trade and other payables are considered to represent a reasonable approximation of their fair values.

(k) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

2. Summary of significant accounting policies (cont.)

(l) Rounding off of amounts

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial statements have been rounded to the nearest dollars.

(m) New Accounting Standards and Interpretations for application in future periods

There are no new standards or interpretations applicable that would have a material impact for the Company.

3. Critical accounting estimates and judgements

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.

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 Holdings Limited ("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.

4. Investment in associate accounted for using equity method

	2020 \$	2019 \$
Investment in associate	<u>8,452,517</u>	<u>8,174,806</u>

(a) Carrying amounts

Name of Companies	Principal Activity	Share Holding		Carrying amounts	
		2020 %	2019 %	2020 \$	2019 \$
<i>Unlisted</i>					
Jasco Holdings Ltd (i)	Importing and distribution of art and craft materials	22.09	21.88	8,452,517	8,174,806

The above associate is incorporated in Australia

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

4. Investment in associate accounted for using equity method

(i) Jasco Holdings Limited

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

	2020 \$	2019 \$
Carrying amount at the beginning of the financial year	8,174,806	8,040,061
Share of profit after income tax	533,576	307,819
Share of change in defined benefit plan	(47,273)	(31,726)
Share of change in reserves	(38,216)	50,324
Dividends received	(170,376)	(191,672)
Carrying amount at the end of the financial year	8,452,517	8,174,806
Associate		
Share of net profit of associate before income tax	762,251	439,741
Share of income tax expense	(228,675)	(131,922)
Share of profit after income tax	533,576	307,819

(c) Summarised financial information of associate

Summarised financial information in respect of the Company's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements for the year ended 30 June 2020 and 30 June 2019, prepared in accordance with Australian Accounting Standards.

Summarised statement of financial position

	2020 \$'000	2019 \$'000
Current assets	30,674	21,934
Non-current assets	39,186	35,945
Total assets	69,860	57,879
Current liabilities	27,431	12,840
Non-current liabilities	4,165	7,677
Total liabilities	31,596	20,517
Net assets	38,264	37,362

Summarised statement of profit or loss and other comprehensive income

	2020 \$'000	2019 \$'000
Revenue	58,838	52,298
Expenses	(55,353)	(50,193)
Profit before income tax	3,485	2,105
Income tax expense	(1,025)	(655)
Profit after income tax	2,460	1,450
Other comprehensive (loss)/income	(414)	83
Total comprehensive income	2,046	1,533

Contingent liabilities

	2020 \$'000	2019 \$'000
Share of bank guarantee	10	11
Share of lease guarantee	110	109
Share of potential withholding tax liabilities	289	272

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

5. Dividends

(a) Dividends paid during the year/period

	2020 \$	2019 \$
0.20 cents per share (2019: 0.25 cents per share) franked to 100% at 30% (2019: franked to 100% at 30%) corporate income tax rate, final ordinary dividend paid during the year on 24 December 2019 in respect of the prior financial period	100,550	125,688
0.15 cents per share (2019: 0.15 cents per share) franked to 100% at 30 (2019: franked to 100% at 30%) corporate income tax rate, interim ordinary dividend paid during the year on 16 June 2020 in respect of the current financial year	75,412	75,412
Total dividends paid	175,962	201,100

Directors expect to declare a final dividend in December 2020 depending on the final dividend paid by Jasco for the last financial year.

(b) Franking account balance

Amount of franking credits available for subsequent financial years	(4,179)	1,944
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6. Statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:

- Cash and bank balances

	2020 \$	2019 \$
	33,332	29,400

Cash at bank is interest bearing. Cash at bank bear floating interest rates at approximately 0.70%.

(b) Reconciliation of profit for the year to net cash flows from operating activities:

Profit for the year	536,293	312,239
Adjustment for:		
Share of profit of associate	(533,576)	(307,819)
Dividends received from associate	170,376	191,672
Change in operating assets and liabilities:		
Trade and other receivables	-	1,201
Trade and other payables	5,846	2,873
Provision for income tax	955	-
Deferred tax asset	-	128
Net cash provided by operating activities	179,894	200,294

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

7. Income tax expense

(a) Income tax expense

	2020 \$	2019 \$
Current tax	5,010	1,766
Deferred tax	-	128
	<u>5,010</u>	<u>1,894</u>
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	-	128

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2020 \$	2019 \$
Profit before income tax	541,303	314,133
Tax at the Australian tax rate of 30% (2019: 30%)	162,391	94,240
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Income not subject to tax	(160,073)	(92,346)
- Under provision of prior year tax	2,692	-
Income tax expense	<u>5,010</u>	<u>1,894</u>

8. Issued Capital

	30 June 2020 Number	30 June 2019 Number	30 June 2020 \$	30 June 2019 \$
Opening balance	50,275,000	50,275,000	7,807,933	7,807,933
Issue of ordinary shares	-	-	-	-
Closing balance	<u>50,275,000</u>	<u>50,275,000</u>	<u>7,807,933</u>	<u>7,807,933</u>

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

9. Earnings per share

	2020 Cents	2019 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	<u>1.07</u>	<u>0.62</u>
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	<u>1.07</u>	<u>0.62</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>\$536,293</u>	<u>\$312,239</u>
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>\$536,293</u>	<u>\$312,239</u>
(d) Weighted average number of shares used as the denominator		
	2020 Number	2019 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>

10. Segment information

Due to the nature of the Company's operations and current size of the Company, for management reporting purposes, the chief operating decision makers (being the Board of Directors) currently consider and report 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.

11. Subsequent events

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.

12. Contingent liabilities and commitments

The Company had no contingent liabilities or commitments as at 30 June 2020 (2019: Nil).

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

13. Financial risk management

The Company's activities expose it to various direct and indirect financial risks, including market risk, interest rate risk, credit risk, liquidity risk and fair values.

Risk management is carried out by senior management under policies and strategies approved by the Board and Audit Committee. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Interest risk

The Company is exposed to interest rate risk because at balance date, the Company has some assets held in interest-bearing bank accounts. However, the exposure to interest rate risk is insignificant given that the Company's interest-bearing assets are held with reputable banks to ensure the Company obtain competitive rates of return while providing sufficient liquidity to meet cash flow requirements.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

(i) Cash and cash equivalents

The maximum credit risk of the Company in relation to cash and cash equivalents is the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any given time is no greater than 90 days. All financial assets that are not impaired or past due are of good credit quality.

(ii) Trade and other receivables

The maximum credit risk of the Company in relation to trade and other receivables is their carrying amounts. The balance as at period end was due from Jasco, the associated Company which is profitable and had no history of default payment.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Company's Board actively reviews the liquidity position on a regular basis to ensure the Company is always in a position to meet its debts and commitments on a timely basis.

Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Maturity analysis – 2020	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	1-3 years
Financial liabilities	\$	\$	\$	\$	\$
Trade and other payables	31,283	31,283	31,283	-	-
Total financial liabilities	31,283	31,283	31,283	-	-

Maturity analysis – 2019	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	1-3 years
Financial liabilities	\$	\$	\$	\$	\$
Trade and other payables	25,437	25,437	25,437	-	-
Total financial liabilities	25,437	25,437	25,437	-	-

(d) Market and fair value risk

The Company was exposed to insignificant market and fair value risk as at period end.

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

14. Key management personnel disclosure

(a) Remuneration of Directors and other key management personnel

Directors and other key management personnel do not receive any remuneration from the Company.

(b) Equity instrument disclosures relating to directors and other key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

No options were provided as remuneration to Directors and other key management personnel.

(ii) Share holdings

The numbers of shares in the Company held during the year by each director of the Company and other key management personnel, including their personally-related entities, are set out below.

Directors' holding of ordinary shares in Clime Private Limited

2020

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
	Number	Number	Number
Mr. Donald McLay	6,623,168	-	6,623,168
Mr. John Abernethy	4,118,263	-	4,118,263
Mr. Rod Bristow	-	-	-

2019

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
	Number	Number	Number
Mr. Donald McLay	6,541,000	82,168	6,623,168
Mr. John Abernethy	3,943,263	175,000	4,118,263
Mr. Rod Bristow	-	-	-
Mr. Biju Vikraman - (resigned 27/09/18)	315,000	-	315,000

15. 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. Details of transactions between the Company and other related parties are disclosed below.

(a) Associate

The Company charged Jasco, the associated company, a director fee of \$40,000 (2019: \$40,000). \$10,000 (2019: \$10,000) remained outstanding as at year end. Other interests in associate are set out in Note 4.

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 14.

NOTES TO FINANCIAL STATEMENTS

for the year ended 30 June 2020

Clime Private Limited

The Directors declare that:

- (a) In the directors' opinion, the attached financial statements and notes thereto, as set out on pages 6 to 21, are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position and performance of the Company;
- (b) in the director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 to the financial statements.

Signed in accordance with a resolution of the Board of Directors made pursuant to S295 (5) of the *Corporations Act 2001*.

On behalf of the Directors



John Abernethy
Director

Sydney, 6 November 2020

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Clime Private Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of Clime Private Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2 Basis of preparation

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



S M Whiddett
Partner

6 November 2020



Pitcher Partners
Sydney