Company Announcements
Australian Stock Exchange, Sydney

25 August 2017

Announcement of Results – Year ended 30 June 2017

Please find attached the Appendix 4E and the Annual report for the year ended 30 June 2017.

Yours' sincerely,

Biju Vikraman
Company Secretary

Clime Investment Management Limited
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Appendix 4E
Preliminary Final Report
Lodged with the ASX under Listing Rule 4.3A
Year Ended 30 June 2017
(Previous corresponding period – 30 June 2016)

Results for Announcement to the Market

Revenue from ordinary activities	down	5%	to	$8,672,692
Profit after tax attributable to members	up	140%	to	$2,561,130

Dividends per share	**Amount per security**	**Franked amount per security**
Interim dividend – FY17 (paid on 3 April 2017)	1.50 cents	0.75 cents
Final dividend – FY17 (proposed)	1.50 cents	1.50 cents

Record date for determining entitlements to the final dividend is **26 September 2017**

Explanation of revenue from ordinary activities

Revenues for the period reduced to $8.67 million (FY16: $9.11 million).

FY16 Revenue	$9.11million
Increase in performance fees	$0.11million
Increase in other income	$0.12million
Decrease in management fees	($0.23million)
Decrease in investment software	($0.43million)
Decrease in interest and dividend income	($0.01million)
FY17 Revenue	$8.67million

Explanation of profit from ordinary activities after tax attributable to members

The Group generated an after-tax profit of $2.6 million for the year (FY16: profit of $1.1 million).

The primary drivers for the results are as follows:
1. Revenue as per above;
2. Net positive gains on Group's investments by $0.57million (FY16: $0.72million loss) mainly due to marked to market movements;
3. One-off write-back of $1.9 million deferred tax liability following the de-merger of Jasco Holding Limited in November 2016;
4. Equity accounted profit of Nil (FY16: $0.69million); and
5. Increase in administrative expenses by 9% to $8.23 million (FY16: $7.53million) mainly due to redundancy costs, legal, consulting and accounting fees incurred for Jasco demerger and various growth initiatives.

Associates and Joint Venture entities

Name of the entities	Ownership Interest		Contribution to net profit	
	Current period %	Previous corresponding period %	Current period $	Previous corresponding period $
Jasco Holdings Limited - Associate (see Note 1)	-	21.75	-	$694,764

Note 1

On 27 October 2016 Clime shareholders approved the separation of Clime's shareholdings in Jasco Holdings Limited via a subsidiary company Clime Private Limited (Clime Private) and in-specie distribution of Clime Private shares on a 1 on 1 basis by way of a capital reduction. The demerger was to simplify Clime's structure and to potentially unlock shareholder value.

As a result of the de-merger, the investment in associate was de-recognised during the financial year.

Audit Status

This report is based on the Annual Report which is audited.

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Clime Investment Management Limited

2017 Annual Report

Financial year 2017 has seen the company continue its journey from boutique fund manager to boutique wealth manager. Across a range of asset classes, Clime's value-based approach aligns investment strategy objectives with our clients' investment needs.

$759m*

in gross funds under management

$2.26m

cash dividends to shareholders

$7.80m

in-specie distribution

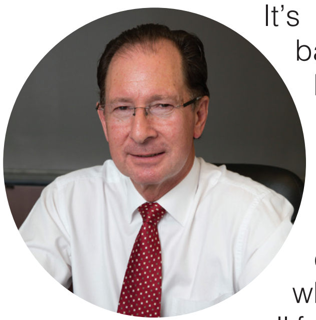
$4.37m

cash in the bank

* As at 18th August 2017

Contents

Chairman's Report



It's always satisfying to look back on the past year and see how far we have come in the transition from a monoline Australian equity manager into a diversified service provider supporting self-directed and self-managing wholesale investors. We can all feel proud as we reflect on the achievements and the support being received from this under-recognised sector of Australian wealth.

As we shared with shareholders last year, the plan includes:

- Building out our range of equity fund products;
- Expanding the range of investment products and solutions across asset classes;
- Building a private wealth advisory service under the Clime brand; and
- Developing a cost-effective Clime branded administration service for our SMSF clients.

More details about our progress towards achieving these goals are set out in the Managing Director's Report and elsewhere in the Annual Report.

Net profit after tax for the year more than doubled to $2.56 million and this included a one-off tax benefit of $1.94 million arising from the in-specie distribution to shareholders of the company's 21.75% direct stake in Jasco Holdings Limited in November 2016.

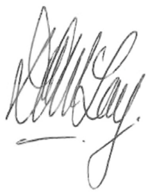
Revenue was impacted by a number of factors, including lower funds under management, some fee compression and a $0.4 million drop in Stocks in Value subscriptions. Similarly, operating expenses were impacted by close to $0.7 million arising from costs associated with the strategic initiatives being expensed as incurred. The board is comfortable that these costs are transitional factors and the underlying trends are supporting stronger recurrent income into the future.

A fully franked final dividend of 1.5 cents per share is proposed, which together with the interim dividend of 1.5 cents paid on 31 May 2017, gives a total payout of 3 cents per share (or 59%) on fully diluted earnings of 5.1 cents per share.

On behalf of the Board and shareholders, I wish to thank all our employees for their ongoing contribution and commitment to the Company. These are the people driving the change which will become even more visible over the balance of the current financial year. Thank you also to my fellow directors and our senior leadership team for their disciplined leadership and hard work in spearheading the transition.

Profit after tax doubled

I look forward to sharing our further progress over the next year.



Donald McLay
Chairman

Introducing the Clime Smaller Companies Fund

Established in Arpil 2017, the Clime Smaller Companies Fund (CSCF) seeks to deliver strong risk-adjusted total returns by investing in a portfolio of high quality smaller Australian companies that are attractively priced.

The Fund aims to achieve an annual total return of 8% above the Australian Consumer Price Index (CPI) after fees over rolling five to seven year investment periods.

The Fund seeks to take advantage of what we believe to be a structurally inefficient market. The micro and small-cap segments of the market typically have limited research coverage, reflecting the lower commission potential on offer for traditional brokerage business models.

Concurrently, lower levels of liquidity prevent large institutions from meaningful participation in this market segment. The traditional institutional asset management approach continues to focus on benchmark-relative investing and maximising profitability via increasing funds under management rather than preserving high returns for clients. In aggregate, we believe this creates the opportunity for value-based, focused smaller company investors.

The Clime Smaller Companies Fund is appropriate for wholesale investors who seek to diversify their portfolios by increasing exposure to higher growth businesses outside the ASX200.

The Clime Smaller Companies Fund (established April 2017) has an investment horizon of a minimum of 5 years. Short-term returns are therefore not necessarily reflective of our long-term goals.

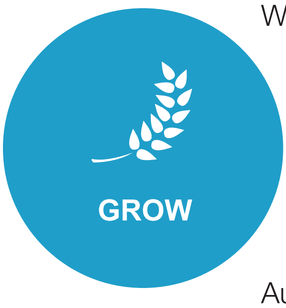
You can find out more about the Clime Smaller Companies Fund by visiting www.clime.com.au/cscf

About Clime Investment Managment

Clime is an independent, highly-regarded Australian fund manager specialising in value investing and focused on delivering absolute returns. We are run by a team of experienced investors, for investors.

The Clime Group offers a range of services and products for wholesale and retail investors via our three main entities - Clime Asset Management, CBG Asset Management and StocksInValue.

Clime applies a consistent value-based approach to identify the most attractive investment opportunities within our universe of stocks.



We are objective-based investors and seek to deliver strong risk-adjusted total returns.

Clime's investment objectives are aligned with our clients' investment objectives and are centred on helping everyday Australians achieve security in their retirement.

At Clime our investment goals are to:

- Grow your retirement savings,
- Guard your retirement savings along the way, and
- Generate meaningful retirement income.

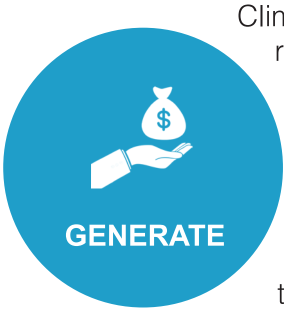
We don't focus on:

- Peer group surveys,
- Traditional benchmarks,
- Short-term returns, or
- Tracking error.

Because none of these things will help you achieve security in your retirement.

We seek to deliver a smooth profile of returns over a five to seven year investment horizon and are cognisant of the old adage that *"the best way to make money, is to not lose it in the first place".*

OUR INVESTMENT GOALS



Clime seeks to deliver strong risk-adjusted total returns. We aim to extract a solid return from the equity market while assuming an appropriate level of risk. A foundation of our investment approach is that investment risk must be appropriately compensated.

We employ an investment framework of:

- Capital deployed,
- At what risk,
- For what likely outcome.

Over the long term we aim to achieve a higher return than the market index with lower volatility.

The Executive Team

John Abernethy
Managing Director

John is the founder of Clime Investment Management Limited (ex Loftus Capital Partners).

John has over 30 years of experience across funds management, corporate advice and public company directorships.

Prior to establishing Clime John's roles included the Head of Equities at NRMA Investments and an Executive Director for a highly successful investment advisory group.

John holds a B.Com (Economics) LLB from the University of NSW.

Rob Hardy
Chief Operating Officer

Rob has been with Clime for more than 6 years, having previously held the position as Managing Director of Time Life Europe/ Asia Pacific. A leading member within the marketing industry for more than 25 years, running direct marketing companies all over the world.

Rob is responsible for all day to day operations, together with Sales and Marketing at Clime and together with John is responsible for driving the strategic development of the business.

Anthony Golowenko
Head of Investments

Anthony has 20 years portfolio investment experience and is passionate about developing innovative solutions to meet risk/return objectives.

Anthony joins Clime from State Street Global Advisors where his most recent roles included Senior Portfolio Strategist – Asia Pacific and Head of Active Australian Equities.

Anthony is responsible for portfolio management and risk management outcomes.

Biju Vikraman
Group Finance Manager and Company Secretary

Biju has been with Clime for more than 5 years and was appointed as Company Secretary in June 2015.

Biju is an Australian and Indian Chartered Accountant with a Bachelor of Commerce degree from the University of Mumbai.

Biju has held senior roles with big 4 accounting firms and listed entities within Australia, India and Africa.

Biju manages the Group's finance, reporting and compliance funtions.

INTEGRITY
Doing the best by our clients & doing what we say we will do.

TRANSPARENCY
In everything we do.

CONVICTION
Courage in our convictions.

Managing Director's Report

"Integrity, Transparency and Conviction"

I'm very pleased to share with you this update of the business in which you have a part ownership and outline its strategic plan and how it is being implemented.

During FY17, Clime continued to build out its portfolio of services to its target market. Our market can be broadly defined as the wholesale self-directed investor market. Clime's customers are drawn from those investors that manage their own superannuation or retirement funds. They are predominantly in pension stage or late accumulation stage.

Clime's customer base is readily identifiable. The self-directed or self-managed superannuation market has an estimated $600 billion of assets. These assets represent approximately 30% of the assets inside Australia's total superannuation system. The beneficiaries of these funds represent less than 4% of the total Australian population.

By defining our customer base, we can fine tune our products and services to better meet our clients' needs. These products and services encompass valuation tools, discrete multi-asset portfolios, managed funds, individually managed accounts, administration and advisory services. To develop our market and gain recognition of the Clime brand, we have for some time utilised sophisticated marketing systems. Today we have approximately 40,000 people receiving our investment newsletters. Our brand is commonly associated with thought leadership, education and value based investment services that are delivered to the market place with "integrity, transparency and conviction".

Looking out, we believe that our focus on education and the transparency of our business will allow us to partner and support the endeavours of independent advisors focused in both the retail and wholesale investor space. Australia has a large superannuation market which we believe naturally supports strategic alliances.

During the second half of FY17, Clime has moved quickly along the path of our business plan after many months of research and negotiation. The strategic acquisition of CBG Asset Management Limited (CBG) in July 2017 is an important building block in expanding our equities management capability.

Earlier in the year, we announced a strategic alliance with an independent national financial advisory dealer group. Following this we established "Clime Private Wealth" and successfully trialled a holistic advisory service in Brisbane. We intend to officially open our Brisbane office in early FY18 and open Clime Private Wealth offices in major cities across Australia over the next 18 months.

During FY17, we extended our in-house equities management capabilities and developed capability and functionality to manage a range of "separately managed accounts". In coming months, the CBG management team will support Clime to move into the fast growing separately managed accounts (SMA) area. Importantly, we believe the transparency of our equity valuation process, presented by our "stocksinvalue" website, will create a unique offering to the Australian market.

More recently, we established a jointly owned corporate entity with an established self-managed superannuation administrator. "Clime Super" will provide SMSF administration services to our direct clients and the broader market.

All of the above has been achieved in an investment environment that, broadly speaking, has not been particularly supportive of Australian equities. This reinforces another strategic initiative that has been implemented over the last few years, namely the extension of our investment solutions into Australian listed securities, direct property and international equities. In doing so, we have been able to offer our clients a balanced investment approach designed to align with their investment needs.

In conclusion, I want to thank the Clime staff for their support in building out the range of Clime services and particularly to our team members who produce top shelf investment analysis for our extended readership base.

Yours sincerely

John Abernethy
Managing Director

DID YOU KNOW?

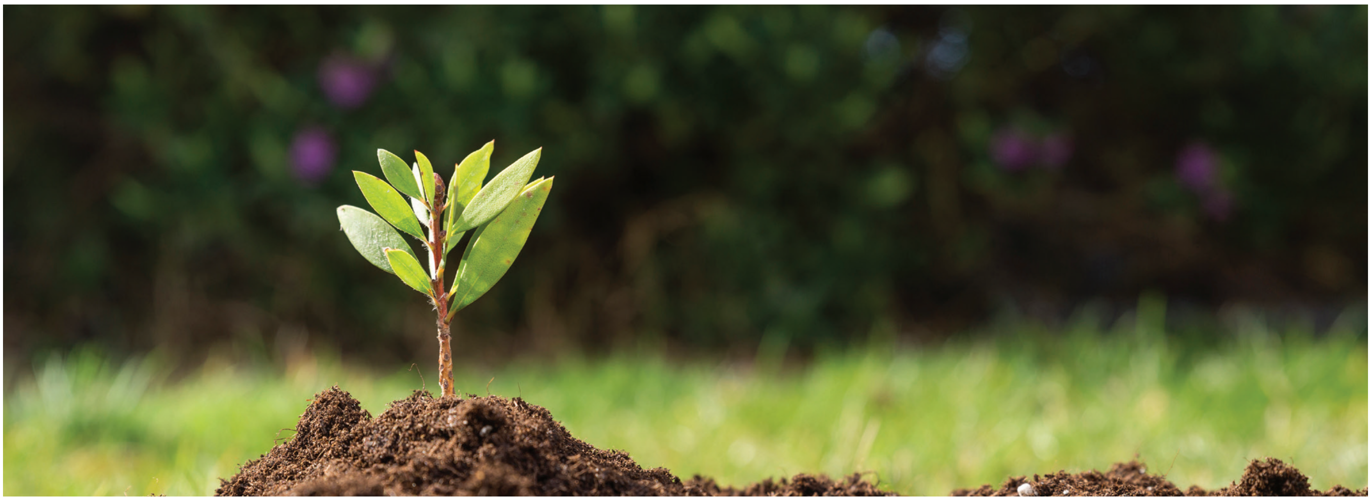
During FY17, over 8,000 investors registered to attend 150 educational investor briefings hosted by Clime

Research & Analysis with StocksInValue

Clime's success has been built on a value investing methodology. When other fund managers were chasing leveraged positions before the GFC, Clime moved towards cash, because stock valuations didn't stack up. After the GFC, when others reduced equity investments, Clime had the conviction to make investments in 'under-valued' stocks. This sober, analytical approach – driven by fundamental analysis of good quality companies – is the same one used by the world's most successful investor – Warren Buffett.

The core of this success has been a stable and focused group of analysts. Their job has been assisted by the strength of the StocksInValue tool, which they themselves manage and use to make investment decisions within their team. As such, a subscription to StocksInValue provides clients with access to the valuations and analysis of one of Australia's best performing funds teams. Subscribers to our Professional service, gain further access to their thinking, with more detailed reporting and long term future forecasts of value.

You can find out more about StocksInValue by visiting www.stocksinvalue.com.au



Investment Update

It has been a busy twelve months within the Clime investment team. In June of 2016, Clime Asset Management evolved its investment approach to more directly align our strategy objectives with those of our customers.

Through consistent effort across the investment team, sound progress has been made in this endeavour and is starting to become evident in portfolio outcomes. While individual account results may vary, for the 2016/2017 financial year the representative Australian Growth model portfolio (return objective is CPI + 6% p.a.), representative Australian Income model portfolio (return objective is RBA cash rate + 3% p.a. and keep pace with CPI), Clime International Fund (AUD return objective is CPI + 8% p.a.), and for the established direct property funds (return objective [from income] of 7-8% p.a.) have achieved their after-fee objectives and are building a solid foundation to deliver consistent long-term results .

The investment landscape continues to be dominated by central bank policy deliberations. Despite much discussion and some progress by the US Federal Reserve, we remain of the view that **'overly accommodative central bank policy, sustained for too long a period, has markedly inflated asset prices".**

The cumulative effect has been to distort the efficient allocation of capital and bring a distinct 'speculative tone' to global financial markets. We believe the unwinding of coordinated stimulus measures will be a carefully managed and likely tedious process. Abundant (virtually free) capital has sustained loss making and marginally profitable companies, a number of which have now developed extraordinary, disruptive technologies. We believe disruptive technologies will create an enduring era of low prices of consumer products and services which, as a result, will see persistent slow wages growth and subdued consumer confidence. We believe this will create both long lasting challenges and selective opportunities in the future. We see the paring back of overly stimulatory policy measures as being conducive to more efficient capital allocation decisions, something we believe will be beneficial for all investors.

Globally, investor optimism continues to buoy international equities. While the effectiveness of the Trump administration remains to be seen, the outlook for company earnings in the US and more broadly across the globe continues to improve. There are clearer economic signs of growing resilience in the US recovery and an improving outlook in Europe. We believe valuations remain full, opportunities may be fleeting, future returns are more subdued and (despite investor complacency) embedded financial risks are elevated. Currency markets are not immune from speculation. Recent USD weakness and the RBA's poorly managed 'contextualisation' of the theoretical neutral interest rate setting has seen a surge in the AUDUSD beyond 80c. We see the AUDUSD easing lower over 2H2017.

Locally, the clear challenges presented by the growing divide between the actual cost of living and what continues to be an uninspiring outlook for wage growth, and hence discretionary spending, are becoming more apparent in the Australian economy. The challenges are magnified by Australia's record level of household indebtedness. Particularly amongst large cap equities, the majority of future growth is forecast to be delivered via resources, which have historically provided a highly variable return profile. We maintain our stance on large caps being primarily utilised to deliver solid franked dividends within the portfolio. Despite broader domestic headwinds, we believe investment opportunities exist, and generally speaking at this time, we see these as more likely to be apparent in the mid and small-cap market segments.

Beyond those companies able to exploit market gaps created by disruptive technology, ASX-listed businesses positioned towards structural growth industries such as inbound tourism, the ageing population (selective health care and seniors living), education (international tertiary students / student accommodation, child care), funds management and quality food production will continue to be sought after. As value investors, we need to ensure that we pay an appropriate price for these structural growth opportunities.

April saw the launch of Clime's latest investment offering, the Clime Smaller Companies Fund (CSCF). While a new wholesale fund, the CSCF is managed in line with Clime's existing investment framework, though exclusively applied to a subset of companies outside the ASX200 universe. The Fund seeks to achieve an annual total return of 8% above the Australian Consumer Price Index (CPI) over rolling five to seven year investment periods after management fees.

Despite some turbulence in longer bond yields and interest rate sensitive securities, as previously described we believe the process of unwinding of coordinated stimulus measures will be both carefully managed and tedious. At this time, we see limited appeal in traditional sovereign fixed interest and our Income strategies favour a balanced allocation across equities, infrastructure & utilities, REITS, income & preferred securities and quality corporate debt. We continue to see high quality direct property, that is actively managed, and consistently delivers regular income over a medium-term investment horizon as having a role to play in setting a solid foundation of income to build out a purposeful asset allocation.

DID YOU KNOW?

Over the past three years^, the Clime International Fund has delivered a total return of 10.0% p.a.

Clime's investment objectives are aligned with our clients' objectives, and seek to consistently deliver strong risk-adjusted total returns. We believe this ultimately comes down to providing security in your investment journey. This is reinforced in the Grow, Guard, Generate mantra of Clime's investment approach:

- Grow your invested capital,
- Guard it along the way, and
- Generate meaningful income.

I thank you for your continuing interest in and support of Clime.

Yours sincerely

Anthony Golowenko
Head of Investments

^ As at 31 July 2017, after fees (Wholesale Units). Fund inception 4th March 2014 (Wholesale Units). Past performance is not a guarantee of future returns.

Report from the Board

I am pleased to present the results of Clime Investment Management Limited and its controlled entities ("the Group" or "Clime") for the financial year ended 30 June 2017 (FY17).

Following the demerger of Clime Private Limited in October 2016, the Group's 21.75% stake in Jasco Holdings Ltd (Jasco) that was equity accounted previously has been excluded from the Group consolidation since that date.

The Group recorded an after-tax profit attributable to members of $2,561,130 for FY17 compared with $1,065,330 in FY16.

Group revenue decreased by 5%, from $9.1 million in FY16 to $8.7 million in FY17. Investment management fees decreased from $7.5 million to $7.4 million on nominally lower funds under management (FUM). The Group's gross FUM was $584 million as at 30 June 2017, compared with $610 million as at 30 June 2016.

The Group received improved performance fees during the year at $115,887 (FY16: $2,401) while revenue from investment software was $0.7 million compared to $1.1 million in FY16 due to softer sales in Stocks In Value Pty Ltd.

Interest, dividend and other income marginally decreased from $423,000 to $416,000 this year. The Group's interest income declined in line with lower average interest rates and lower average cash balance held. The decrease in interest income was partially offset by increase in distributions from various unlisted investments held by the Group during the year.

Administration expenses rose from $7.5 million to $8.2 million. Included in this increase are:

- $347,000 of redundancy costs arising from restructuring of the business;
- $188,000 of consultancy fees paid to Amigo Consulting Pty Limited; and
- $105,000 of legal and accounting fees for Jasco demerger and growth initiatives.

The Board notes that the weaker performance of the operating business was a function of slightly lower revenue, higher sales commissions reflecting inflows of funds under management and higher costs from third party service providers. Performance fees, balance sheet items and share of associate income grew from $404,473 to $1,101,513 despite the demerger of Clime Private Limited. A good turnaround in the share price of Clime Capital Limited was the main contributor to this outcome.

Statutory profit after income tax included a write-back of $1,941,185 in provision for deferred tax following the de-consolidation of Clime Private Limited to give a one-off net tax benefit of $1,794,391.

Review of financial results

Below is a simple summary of the Group's Profit and Loss to enable shareholders to distinguish between the operational investment management business and the balance sheet investment components.

	2017 $	2016 $
Funds management and related activities revenue	7,422,637	7,540,117
Investment software revenue	718,142	1,147,913
Administrative and occupancy expenses – fixed in nature	(5,491,769)	(5,374,761)
Third party custody, management & funds administration services	(1,050,854)	(907,110)
Operating business activities revenue less fixed admin costs	**1,598,156**	**2,406,159**
FUM growth incentives and marketing	(1,112,540)	(822,625)
Operating business margin	**485,616**	**1,583,534**
Performance fees	115,887	2,401
Balance sheet income / (loss)	985,136	(293,518)
Profit on disposal of property, plant and equipment	-	826
Income from associate	490	694,764
Underlying cash profit	**1,587,129**	**1,988,007**
Termination costs	(347,168)	(179,654)
Amortisation of intangibles	(473,222)	(473,223)
Statutory profit before income tax	**766,739**	**1,335,130**
Income tax benefit / (expense)	1,794,391	(269,800)
Statutory profit after income tax	**2,561,130**	**1,065,330**

Summary of Total Equity

The Total Equity at balance sheet date comprised the following:

	30 June 2017 $	30 June 2016 $
Cash and cash equivalents	4,370,278	4,114,062
Trade and other receivables less payables	(699,374)	(782,600)
Listed investments – Clime Capital Limited	4,858,417	4,584,427
Unlisted investments – Managed funds	1,158,800	2,508,591
Equity accounted investment – Jasco Holdings Limited	-	8,752,418
Other tangible assets less liabilities	(829,195)	(3,353,817)
Net tangible assets	**8,858,926**	**15,823,081**
Intangibles – Goodwill and other intangibles	6,500,963	6,974,185
Deferred tax assets	341,134	722,146
Total Equity	**15,701,023**	**23,519,412**

No. of ordinary shares on issue as at 30 June	48,574,243	49,021,093
Equity per share	**32.3 cents**	**48.0 cents**
Net tangible assets per share	**18.2 cents**	**32.3 cents**

Operating cashflow

Operating cash flow (pre impact of financial asset transactions) was positive $0.2 million, compared to $2.2 million in FY16.

This was primarily a function of the following:

- A decrease in cash receipts from operating activities of $1.54 million;
- An increase in cash payments on operating activities of $90,000;
- A decrease in dividend income of $971,000 mainly due to de-recognition of Jasco; and
- A decrease in tax paid by $624,000.

We generated net cash inflow of $1.7 million in short term financial assets from trading financial assets carried on the balance sheet.

Thus the net cash inflow from operating activities was $1,862,000, an increase of $2,116,000 in comparison with the prior corresponding period.

Cash reserves were applied as follows:

- Share buy-back program of $235,140; and
- Payment of dividends to shareholders of $2.26 million.

Outlook for 2018 Financial Year

Directors and management expect 2018 to be a year of further transition as the next steps for longer term strategic growth are delivered. Focus will be on expanding Clime Private Wealth, improving investment returns across all portfolios, and growing and supporting our service offering to a wider group of investors seeking intelligent long term wealth management outcomes.

Since 30 June 2017, the Group has announced the acquisition of CBG Asset Management (CBG) and a joint-venture with HLB Mann Judd to expand our existing superannuation administration services for SMSF trustees. From 1 August 2017, the Group commenced as investment sub-manager for Sterling Managed Investments, an Australian based specialist provider of managed discretionary account services. Each of these moves continue to provide greater depth and breadth to our service offering and value proposition for clients.

On behalf of the Board

Donald McLay
Chairman

John Abernethy
Managing Director

Clime Australian Income Fund

DID YOU KNOW?

Over the past two years, the Clime Australian Income Fund delivered a total return of 8.2%^ p.a. with a variability of return of 3.8% p.a.

The Clime Australian Income Fund (CAIF) seeks attractive returns, over the long term, through investing in a portfolio of Australian listed and unlisted securities that display low volatility traits. The Fund is suitable for those attempting to preserve capital whilst enjoying an income stream above term deposits.

In the wake of the global financial crisis, Clime commenced successfully investing clients' funds in low volatility high yield ASX listed companies, debt securities, income notes and preferred shares. A critical feature of this style of investing is that in general, debt and hybrid securities rank ahead of the ordinary shares.

The Clime Australian Income Fund is appropriate for investors who:

- Seek to diversify their portfolios across asset classes other than higher growth, higher risk equities; and
- Are happy with a steady accumulation of wealth over the longer term at reduced volatility to the equity market.

The Fund is intended to be a low to medium risk fund.

The Clime Australian Income Fund (established July 2015) has an investment horizon of a minimum of 3 years. Short term returns are therefore not necessarily reflective of our long term goals.

You can find out more about the Clime Australian Income Fund by visiting www.clime.com.au/caif

^ As at 31 July 2017, after fees and not including franking credits. Fund inception 1st July 2015. Past performance is not a guarantee of future returns.

Directors' Report

Your Directors present their report on the consolidated entities ("the Group"), consisting of Clime Investment Management Limited and its controlled entities for the financial year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

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

D McLay	-	Non-executive Chairman
J B Abernethy	-	Managing Director
N Schafer	-	Independent Director
A Chant	-	Independent Director

Information on Directors

Mr. Donald McLay BCom, CA, FFin, ACIS, AGIA

Non-executive Chairman, Director

Experience and expertise

Mr. Donald McLay has more than 35 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. He is also Chairman of Torres Industries Pty Limited, an unlisted company engaged in investment in transport and financial services and Clime Private Limited, an unlisted public company de-merged from Clime Investment Management Limited that holds investments in Jasco Holdings Limited.

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.

Former directorships in last 3 years

None

Special responsibilities

Member of Remuneration Committee
Member of Audit Committee

Interests in shares and options

7,320,680 ordinary shares in Clime Investment Management Limited

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

Managing Director

Experience and expertise

Mr. John Abernethy was appointed Executive Director in 1994. Mr. Abernethy has over 30 years' funds management experience in Australia having been General Manager Investments of the NRMA. John holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Mr. Abernethy has been a Director of the Company for over 20 years.

Other current directorships

Mr. Abernethy is a Director of Clime Capital Limited, Clime Private Limited, Jasco Holdings Limited, WAM Research Limited, WAM Active Limited, Australian Leaders Fund Limited and Watermark Market Neutral Fund Limited.

Former directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

3,761,350 ordinary shares in Clime Investment Management Limited
200,000 options under Employee Incentive Scheme ("EIS") over ordinary shares in Clime Investment Management Limited

Mr. Neil Schafer BApp Econ

Independent Director

Experience and expertise

Mr. Neil Schafer was appointed Non-Executive Director in 2011. 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 also a director of Monte St Angelo Mercy College, Catholic Development Fund and principal of SPG Asia.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of Remuneration Committee

Chairman of Audit Committee

Chairman of the Investment Sub Committee

Interests in shares and options

548,007 ordinary shares in Clime Investment Management Limited

Information on Directors (Cont.)

Mr. Allyn Chant BCom, CA, FFin

Independent Director

Experience and expertise

Mr. Allyn Chant was appointed as a director on 9 July 2014. Mr. Chant holds a Bachelor of Commerce degree and is a qualified Chartered Accountant and a fellow of FINSIA.

Mr. Chant has over 40 years' experience both in Australia and overseas in auditing; financial planning and business management. Mr. Chant was the founder of Community and Corporate Financial Services Pty Ltd (ComCorp) where he set up a network of financial planners. Prior to establishing ComCorp, Mr. Chant has held roles with Coopers & Lybrand, MIM Holdings Limited and others.

Other current directorships

Linear Financial Holdings Pty Limited

Former directorships in last 3 years

None

Special responsibilities

Member of Remuneration Committee
Member of Audit Committee

Interests in shares and options

None

Company Secretary

Mr. Biju Vikraman Bcom, ACA, AGIA, ACIS

Experience and expertise

Mr. Biju Vikraman was appointed to the position of Company Secretary on 1 June 2015.

Mr. Vikraman holds a Bachelor of Commerce from the University of Mumbai, India and is an Australian and Indian Chartered Accountant. Mr. Vikraman has over 15 years' experience in audit and finance and has held senior roles with big 4 Accounting Firms and listed entities within Australia, India and Africa.

Mr. Vikraman is also an associate member of the Governance Institute of Australia.

Interests in shares and options

40,000 ordinary shares in Clime Investment Management Limited

200,000 options (EIS) over ordinary shares in Clime Investment Management Limited

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

Directors	Board of Directors		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr. Donald McLay	10	10	2	2	1	1
Mr. Neil Schafer	10	9	2	2	1	1
Mr. John Abernethy	10	10	-	-	-	-
Mr. Allyn Chant	10	10	2	1	1	1

A – Number of meetings eligible to attend
B – Number of meetings attended

Rotation and election of Directors

In accordance with the Company's Constitution:

- Mr. Neil Schafer & Mr. Allyn Chant retire by rotation and, being eligible, offer themselves for re-election.

Principal activities

The Group's principal activity is investing in listed and unlisted securities for clients and operating under Australian Securities and Investments Commission (ASIC) approved Australian Financial Services Licences (AFSL) in the funds management industry.

There was no significant change in these activities during the current financial year.

Operating result

The consolidated net profit after providing for tax amounted to $2,561,130 (2016: $1,065,330).

Dividends paid or recommended

Dividends paid or recommended during the financial year are as follows:

	2017 ($)	2016 ($)
3 cents per share franked to 100% at 30% corporate income tax rate, final ordinary dividend paid during the year on 23 September 2016 in respect of the prior financial year (2016: 3 cents fully franked)	1,511,883	1,507,345
1.5 cents per share franked to 50% at 30% corporate income tax rate, interim ordinary dividend paid during the year on 3 April 2017 in respect of the current financial year (2016: 3 cents fully franked)	751,170	1,505,945
Total dividends paid	**2,263,053**	**3,013,290**

Review of operations

In accordance with the relief provided by Class Order 98/2395, as issued by the Australian Securities and Investments Commission, the Company is not required to reproduce information required in the Directors' Report if it has been included elsewhere in the Annual Report. As such, for a detailed review of operations of the Group, please refer to Report from the Board beginning on page 10.

Significant changes in state of affairs

On 27 October 2016 Clime shareholders approved the separation of Clime's shareholdings in Jasco Holdings Limited via a subsidiary company Clime Private Limited (Clime Private) and in-specie distribution of Clime Private shares on a 1 on 1 basis by way of a capital reduction. The distribution of Clime Private shares involved a reduction in Clime's paid up share capital (Contributed equity). The demerger was completed on 11 November 2016.

As a result of the demerger, the carrying value of Jasco Holdings Limited of $7,802,806 at the record date (3 November 2016) was debited to the share capital account and the investment in associate was de-recognised. Consequently, the deferred tax liability of $1,941,185 carried in the books in relation to the unrealised gains of this investment was credited to the Statement of Profit or Loss and Other Comprehensive Income.

There was no other significant change in the Group's state of affairs during the financial year other than as disclosed in the financial statements.

Subsequent events

a. A final fully franked dividend for the year ended 30 June 2017 of 1.5 cents per share, totalling $849,739 has been declared by the directors. This provision has not been reflected in the accounts.

b. The Group acquired 100% of CBG Asset Management Ltd (CBG) on 14 July 2017. The acquisition cost was $3,625,000 comprising $3,250,000 on completion and $375,000 in 12 months based on the fulfilment of certain warranties relating to funds under management retention and delivery of agreed outcomes.

   Initial consideration was paid by way of issue of 6,500,000 ordinary shares in the Company at 50 cents per share being the weighted average market price over the past 30 trading days. The balance of 750,000 shares, which are subject to agreed outcomes, are to be issued on 30 June 2018.

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

Future developments

The Company will continue to pursue investment management activities – primarily investing in equities listed on the Australian and international securities exchanges.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by company-specific and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to predict the future performance of the Company's investments nor its mandates and therefore, the Company's performance.

Shares under option

Unissued ordinary shares of Clime Investment Management Limited under option at the date of this report are as follows:

Nature of options	Date Options Granted	Vesting / Expiry Date	Exercise Price	Number under Option
Employee Incentive Scheme	22 August 2013	4 November 2018	$0.800	100,000
Employee Incentive Scheme	25 October 2013	4 November 2018	$0.829	250,000
Employee Incentive Scheme	19 August 2014	19 August 2017	$0.850	200,000
Employee Incentive Scheme	25 February 2015	25 February 2018	$0.750	50,000
Employee Incentive Scheme	11 September 2015	11 September 2018	$0.700	275,000
Employee Incentive Scheme	20 July 2016	20 July 2019	$0.630	350,000
Employee Incentive Scheme	23 June 2017	23 June 2020	$0.500	350,000
			Total	**1,575,000**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

Nil shares (2016: Nil shares) were issued to option holders after the end of the 2017 financial year as a result of the exercise of options. Refer to Note 25 for movement of in-substance options during the year.

Environmental issues

The Group's operations are not regulated by any significant law of the Commonwealth or of a State or Territory relating to the environment.

Rounding off amounts

In accordance with *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the Directors' Report and in the financial report have been rounded to the nearest dollar or in certain cases to the nearest one thousand dollars where indicated, unless otherwise stated.

Risk and compliance control statement

Under Australian Securities Exchange (ASX) Listing Rules and the 3rd Edition of the ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council, the Company is required to disclose in its annual report the extent of its compliance with the '*ASX Principles and Recommendations*'.

The Directors have implemented internal control processes for identifying, evaluating and managing significant risks to the achievement of the Company's objectives. These internal control processes cover financial, operational and compliance risks. The Company's corporate governance practices are outlined in further detail in the Corporate Governance Statement section on Company's website at www.clime.com.au.

The Directors have received and considered the annual control certification from the Managing Director and the Chief Operating Officer in accordance with the Principles relating to financial, operational and compliance risks.

Throughout the reporting period, and as at the date of signing of this annual report, the Company was in compliance with the Principles to the extent disclosed in the Corporate Governance Statement.

Insurance of officers and auditors

During the financial year, the economic entity 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.

Remuneration report - Audited

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the directors of Clime Investment Management Limited ("the Company") and its other key management personnel for the financial year ended 30 June 2017. The remuneration report is set out under the following main headings:

A	Directors and other key management personnel
B	Principles used to determine the nature and amount of remuneration
C	Details of remuneration
D	Service agreements
E	Share-based compensation
F	Related party transactions
G	Additional information

A. Directors and other key management personnel

The following persons acted as directors of the Company during or since the end of the financial year.

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

Other key management personnel of the consolidated entity

There were no additional persons other than the directors who were considered key management personnel under the *Corporations Act 2001*.

B. Principles used to determine the nature and amount of remuneration

Directors and other key management personnel

Remuneration packages are set at levels that are intended to attract and retain first class executives capable of managing the Group's diverse operations and achieving the Group's strategic objectives. The remuneration packages of executives include a fixed component, a performance based component and an equity based component.

The fixed portion of the package reflects the core performance of their duties. The executives may be given an incentive via a performance based bonus (as determined by the remuneration committee) and certain executives may be entitled to commission payments commensurate with the level of revenue they generate. Equity based remuneration can be made via the options issued to the executives under the Employee Incentive Scheme ("EIS").

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Group.

The Board's remuneration policy is to ensure the remuneration package properly reflects the person's duties, responsibilities and the level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration report - Audited (Cont.)

B. Principles used to determine the nature and amount of remuneration (Cont.)

Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Remuneration of Independent Directors are determined by the full Board within the maximum amount approved by shareholders from time to time. The payments to Independent Directors do not include retirement benefits other than statutory superannuation. Consultation with Independent Directors outside their duties as Directors is treated as external consultation and is subject to additional fees by consent of the Board. The Company has a policy that Independent Directors are not entitled to retirement benefits, may not participate in performance based incentives, and may not participate in the EIS.

Directors' Fees

The current base remuneration was last reviewed with effect from 1 January 2016. The Independent Directors' fees are inclusive of committee fees.

Independent Directors' fees are determined within an Independent Directors' base remuneration pool, which is periodically recommended for approval by shareholders. The Independent Directors' base remuneration pool currently stands at $260,000 per annum.

Executive Directors' remuneration

The executive remuneration framework has five components:

- base pay and benefits;
- commissions;
- short-term performance incentives;
- long-term incentives through participation in the Company's EIS; and
- other remuneration such as superannuation.

The combination of these comprises the Executive Directors' total remuneration.

Base pay

Structured as a total remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

Commissions

Sales commissions formed part of certain executive remuneration packages during the year, commensurate with the level of revenue generated during the year.

Remuneration report - Audited (Cont.)

B. Principles used to determine the nature and amount of remuneration (Cont.)

Short-term incentives (STI)

Executive Directors and key management personnel have target short-term incentive opportunities depending on the accountabilities of respective roles and their impact on the organisation's performance.

The intention of the STI plan is to recognise and reward the contributions and achievements of individuals for the achievement of their relevant key performance indicators ("KPI's"). Such KPI's will generally include measures relating to both the Group and the relevant individual, and may include financial, human resources, client service, strategy and risk measures where appropriate. The measures are chosen such that they directly align the individual's reward to the KPI's of the Group and to its strategy and performance.

Each year the Remuneration Committee considers the appropriate targets and key performance indicators to link the short term incentive plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of the STI. The Remuneration Committee also retains the capacity to pay discretionary bonuses subject to the executives' respective performances during the year.

Clime Investment Management Limited Employee Incentive Scheme

Information on the Company's Employee Incentive Scheme is set out in note 25 on pages 64 to 67.

C. Details of remuneration

Amounts of remuneration

Details of the remuneration of each Director of Clime Investment Management Limited and each of the other key management personnel of the Group for the years ended 30 June 2017 and 30 June 2016 are set out in the following tables. The commission payments, if any, are dependent on the level of revenue generated from consulting activities, short term incentives are dependent on the satisfaction of performance conditions as set out in the section headed *Short-term incentives* above, and share options do not vest unless the relevant vesting hurdles are achieved. All other elements of remuneration are not directly related to performance.

Directors and the other key management personnel of Clime Investment Management Limited

2017	Short-term Employee Benefits			Post-Employment Benefits	Share-Based Payments		
Name	Cash salary, fees and commissions	Short term incentives	Non-monetary benefits	Super-annuation	Options	Termination Benefits	Total
	($)	($)	($)	($)	($)	($)	($)
Donald McLay	70,000	-	-	-	-	-	**70,000**
John Abernethy	267,424	23,231	-	19,746	142	-	**310,543**
Neil Schafer	54,000	-	-	-	-	-	**54,000**
Allyn Chant	47,489	-	-	4,511	-	-	**52,000**
Total	**438,913**	**23,231**	**-**	**24,257**	**142**	**-**	**486,543**

Remuneration report - Audited (Cont.)

2016	Short-term Employee Benefits			Post-Employment Benefits	Share-Based Payments		
Name	Cash salary, fees and commissions	Short term incentives	Non-monetary benefits	Super-annuation	Options	Termination Benefits	Total
	($)	($)	($)	($)	($)	($)	($)
Donald McLay	70,208	-	-	-	-	-	**70,208**
John Abernethy	260,274	21,461	-	26,765	-	-	**308,500**
Richard Proctor	244,257	22,831	-	25,373	-	-	**292,461**
Neil Schafer	54,924	-	-	-	-	-	**54,924**
Allyn Chant	52,000	-	-	-	-	-	**52,000**
Total	**681,663**	**44,292**	**-**	**52,138**	**-**	**-**	**778,093**

The relative performance of those elements of remuneration of directors and other key management personnel that are linked to performances:

	Fixed remuneration		Remuneration linked to performance	
Name	**2017**	**2016**	**2017**	**2016**
Donald McLay	**100%**	100%	**-**	-
John Abernethy	**92.5%**	93.0%	**7.5%**	7.0%
Neil Schafer	**100%**	100%	**-**	-
Allyn Chant	**100%**	100%	**-**	-

Short-term incentives

$23,231 (2016: $44,292) short term incentives were paid/payable to directors and other key management personnel in respect of the year ended 30 June 2017. The short term incentives were paid at the discretion of the Remuneration Committee. The short term incentives therefore vested 100% during the financial year ended 30 June 2017.

Remuneration report - Audited (Cont.)

D. Service Aggreements

Remuneration and other terms of employment for the Executive Directors and certain other senior executives are formalised in service agreements with annual adjustments (once agreed by the remuneration committee) notified in writing. Provisions relating to the term of agreement, periods of notice required for termination and relevant termination payments of the Managing Director are set out below.

Mr. John Abernethy

Managing Director

- Term of agreement – no fixed term
- Notice period for termination by employee – 3 months
- Notice period for termination by company – 9 months
- Payment of a termination benefit on early termination by the Company – in lieu of 9 months' notice and other than for gross misconduct – the Company has the right to request that he works 3 months' notice period at the time of termination.

E. Share-Based Compensation

(i) Shares provided on exercise of remuneration options

No ordinary shares in the Company were provided as a result of the exercise of options via the EIS during the year (2016: Nil).

(ii) Shareholdings of directors and other key management personnel

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

Name	Balance at 1 July 2016	Granted as compensation / Received on exercise of options	Other changes during the year	Balance as at Date
	No.	No.	No.	No.
Mr. Donald McLay	6,241,000	-	1,079,680	7,320,680
Mr. John Abernethy (note a)	3,610,000	200,000	151,350	3,961,350
Mr. Neil Schafer	548,007	-	-	548,007
Mr. Allyn Chant	883,600	-	(883,600)	-

Note a: During the year, 200,000 (2016: Nil) 'in-substance' options were issued under Clime Employee Incentive Scheme that was approved by shareholders on 27 October 2016.

Remuneration report - Audited (Cont.)

F. Related party transactions

Clime Capital Limited

i. Mr. John Abernethy is a Director of Clime Capital Limited. The Group received $59,000 (2016: $59,000) as management fees for the services rendered by the managing director and company secretary to Clime Capital Limited. The Group directly owns 6.24% (2016: 7.47%) of the fully paid ordinary shares of Clime Capital Limited as at 30 June 2017. Clime Investment Management Limited through Clime Asset Management Pty Limited (a wholly owned subsidiary) has the indirect power to dispose 6.34% (2016: 7.75%) of Clime Capital Limited's shares held by the Investment Managers discretionary share portfolio clients as at 30 June 2017.

ii. Clime Asset Management Pty Limited during the year earned $620,894 (2016: $645,020) as management remuneration for managing Clime Capital Limited's investment portfolio.

iii. All dividends paid and payable by Clime Capital Limited to its Directors and Directors' related entities are on the same basis as to other shareholders.

Clime Australian Income Fund

i. Clime Asset Management Pty Limited (a wholly owned subsidiary), during the year received $15,909 (2016: Nil) as management, performance and recoverable fees as remuneration for managing the investment portfolios and acting as trustee on behalf of Clime Australian Income Fund.

Clime Smaller Companies Fund

i. Clime Asset Management Pty Limited (a wholly owned subsidiary), during the year received $2,852 (2016: Nil) as management, performance and recoverable fees as remuneration for managing the investment portfolios and acting as trustee on behalf of Clime Smaller Companies Fund.

Amigo Consulting Pty Limited

Mr. Allyn Chant, a director of Clime, is also a director and a minority shareholder of Amigo Consulting Pty Limited ("Amigo"). The Group during the year paid $188,390 (2016: Nil) to Amigo as consultancy fees.

The Group also issued 1,000,000 share options to Amigo to be retainer and an outcome driven incentive. Amigo has been engaged to provide strategic and outcome driven corporate advisory services.

The Options will expire on 1 October 2019 and may be exercised at any time upon vesting and prior to the expiry date. The amount payable on exercise of each option is 50 cents, subject to adjustment in accordance with certain conditions as follows:

i. 333,333 options vest on the date, if it occurs prior to 30 September 2017 that the Company's securities trade on the Australian Securities Exchange ("ASX") at or above 75 cents. If this condition is not met the vesting period is extended to 30 September 2019 and vesting will occur if the Company's securities trade on the ASX at or above $1.00 by that extended date;

ii. 333,333 options vest on the date that the Company completes the purchase or build of a retail platform (defined as a flexible service that enables investors to buy and hold their investments online all in one place, tracking transactions for tax purposes and allowing advisor and/or client direction) for client's monies if this occurs before the expiry date;

iii. 333,334 options vest if the Company's Funds under Management attains or exceeds $1 billion prior to the expiry date.

Expenses arising from the share based payment transactions recognised during the period was $21,402 (2016: Nil).

Remuneration report - Audited (Cont.)

F. Related party transactions (Cont.)

The following balances prior to group elimination were outstanding at the end of the reporting period:

	Amount owed by related parties		Amount owed to related parties	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	($)	($)	($)	($)
Clime Capital Limited	**54,837**	54,231	-	-
Clime Australian Income Fund	**4,596**	397	-	-
Clime Smaller Companies Fund	**3,137**	-	-	-
Amigo Consulting Pty Ltd	**-**	-	**22,000**	-
Clime Investment Management Limited	**355,000**	135,000	**12,478,294**	9,509,684
Subsidiaries of Clime Investment Management Limited	**105,796**	62,156	-	-

G. Additional Information

Performance of Clime Investment Management Limited

The tables below set out the summary information regarding the economic entity's earnings and movements in shareholder wealth for the five years to 30 June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	($)	($)	($)	($)	($)
Revenue	8,672,692	9,114,230	9,653,739	8,746,240	7,659,766
Net profit before tax	766,739	1,335,130	4,226,840	4,397,134	2,207,225
Net profit after tax	2,561,130	1,065,330	3,288,651	3,203,014	1,421,990
Share price at start of year	$0.65	$0.75	$0.80	$0.70	$0.44
Share price at end of year	$0.50*	$0.65	$0.75	$0.80	$0.70
Interim dividend - Fully franked [1]	-	3.0cps	3.0cps	2.5cps	1.5cps
Interim dividend - Partially franked [2]	1.5cps	-	-	-	-
Final dividend [1,3]	1.5cps	3.0cps	3.0cps	3.0cps	0.00cps
Capital return [4]	1 CPL for 1 CIW	-	-	8.0cps	-
Basic EPS	5.2cps	2.2cps	6.9cps	6.8cps	3.0cps
Diluted EPS	5.1cps	2.1cps	6.6cps	6.4cps	2.9cps

[1] *100% franked dividends (franked to 100% at 30% corporate tax rate)*
[2] *50% franked dividends (franked to 50% at 30% corporate tax rate)*
[3] *Declared after each respective balance date and not reflected in the financial statements*
[4] *In-specie distribution of 1 ordinary Clime Private Limited (CPL) shares for each CIW ordinary share held.*
* *Price post Jasco demerger*

Remuneration report - Audited (Cont.)

G. Additional Information (Cont.)

Furthermore, during the five years to 30 June 2017, Clime Investment Management Limited bought back 1,636,497 fully paid ordinary shares for total consideration of $1,005,643. These shares were repurchased at the prevailing market prices on the dates of the respective transactions in accordance with the economic entity's on-market buy-back scheme (within the 10/12 limit imposed by s257B of the *Corporations Act 2001*).

Relationship of Group performance to remuneration policies

The profitability of the Group is one of the key measures taken into consideration by the Remuneration Committee when determining the quantum of bonuses payable under the STI plan in any given year. Other performance measures assessed by the Remuneration Committee when determining remuneration packages for key management personnel include:

- Growth in the Group's level of Funds Under Management ("FUM");
- Retention and renewal rates for Funds Management clients;
- Investment returns and performance generated by the Funds Management team in respect of its managed investment products; and
- Investment returns generated by the Group's direct investments.

End of audited remuneration report

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The Group may decide to employ the auditor for assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor Pitcher Partners for audit and non-audit services provided during the year are set out in note 23 of the attached Financial Statements.

The Board of Directors have considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services, as set out in note 23 of the attached Financial Statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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 29.

Signed in accordance with a resolution of the Directors.

Donald McLay
Chairman

John Abernethy
Managing Director

Sydney, 24 August 2017

Auditor's Independence Declaration

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899

In relation to the independent audit for the year ended 30 June 2017, I declare that 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.

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

S M WHIDDETT
Partner

PITCHER PARTNERS
Sydney

24 August 2017

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FINANCIAL STATEMENTS

Contents

These Financial Statements cover the consolidated entity consisting of Clime Investment Management Limited and its controlled entities.

Clime Investment Management Limited is a company limited by shares, incorporated, domiciled in Australia and listed on the Australian Securities Exchange. Its registered office and principal place of business is:

Clime Investment Management Limited
Level 7, 1 Market Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 14-19, which is not part of these financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and accessible at minimum cost to the Company.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017	2016
		($)	($)
Revenue	5	**8,672,692**	9,114,230
Net realised and unrealised gains / (losses) on financial assets at fair value through profit or loss		**569,110**	(717,317)
Occupancy expenses		**(248,564)**	(231,101)
Administrative expenses		**(8,226,989)**	(7,526,272)
Share of profit of associate	13(c)	**490**	694,764
Profit on disposal of property, plant and equipment		**-**	826
Profit before income tax	6	**766,739**	1,335,130
Income tax expense attributable to operating profit		**(146,794)**	(269,800)
Income tax benefit arising from de-recognition of deferred tax liability	20	**1,941,185**	-
Total income tax benefit/(expense)	8(a)	**1,794,391**	(269,800)
Profit for the year		**2,561,130**	1,065,330
Other comprehensive (loss) / income, net of income tax			
Net movement in other reserves	22(a)	**(142,506)**	58,464
Other comprehensive income for the year, net of tax		**(142,506)**	58,464
Total comprehensive income for the year		**2,418,624**	1,123,794
Profit attributable to members of Clime Investment Management Limited		**2,561,130**	1,065,330
Total comprehensive income attributable to members of Clime Investment Management Limited		**2,418,624**	1,123,794

Earnings per share			
Basic - cents per share	24(a)	**5.2**	2.2
Diluted - cents per share	24(b)	**5.1**	2.1

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

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017	2016
		($)	($)
ASSETS			
Current Assets			
Cash and cash equivalents	7(a)	**4,370,278**	4,114,062
Trade and other receivables	10	**552,974**	386,578
Other current assets	11	**121,971**	138,163
Financial assets at fair value through profit or loss	12	**6,017,217**	7,093,018
Current tax assets		**303,732**	74,994
Total Current Assets		**11,366,172**	11,806,815
Non-Current Assets			
Investments accounted for using the equity method	13	**-**	8,752,418
Property, plant and equipment	15	**51,206**	90,360
Deferred tax assets	16	**341,134**	722,147
Intangible assets	17	**6,500,963**	6,974,185
Total Non-Current Assets		**6,893,303**	16,539,110
Total Assets		**18,259,475**	28,345,925
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**1,556,080**	1,244,171
Unearned revenue		**786,523**	1,028,900
Provisions	19	**172,055**	209,556
Total Current Liabilities		**2,514,658**	2,482,627
Non-Current Liabilities			
Deferred tax liabilities	20	**43,794**	2,343,886
Total Non-Current Liabilities		**43,794**	2,343,886
Total Liabilities		**2,558,452**	4,826,513
Net Assets		**15,701,023**	23,519,412
EQUITY			
Issued Capital	21	**13,822,370**	21,860,316
Reserves	22(a)	**155,798**	234,318
Retained earnings	22(b)	**1,722,855**	1,424,778
Total Equity		**15,701,023**	23,519,412

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Consolidated	Notes	Issued capital	Share-based payments reserve	Other Reserves	Retained earnings	Total
		($)	($)	($)	($)	($)
Balance as at 1 July 2015		21,377,217	123,805	84,042	3,372,738	24,957,802
Profit for the year		-	-	-	1,065,330	1,065,330
Other comprehensive income for the year net of tax		-	-	58,464	-	58,464
Total comprehensive income for the year net of tax		-	-	58,464	1,065,330	1,123,794
Transactions with equity holders in their capacity as equity holders:						
- On-market buy-back including transaction costs	21(b)	(112,101)	-	-	-	(112,101)
- Recognition of share-based payments	22(a)	-	64,007	-	-	64,007
- Transfer of loan repayment to issued capital on completion of EIS loan term	21(b)	499,200	-	-	-	499,200
- Transfer from share-based payments reserve to issued capital on completion of EIS loan term	21(b)	96,000	(96,000)	-	-	-
- Dividends paid or provided for	9(a)	-	-	-	(3,013,290)	(3,013,290)
Balance as at 30 June 2016		**21,860,316**	**91,812**	**142,506**	**1,424,778**	**23,519,412**
Profit for the year		-	-	-	2,561,130	2,561,130
Other comprehensive income for the year net of tax		-	-	(142,506)	-	(142,506)
Total comprehensive income for the year net of tax		-	-	(142,506)	2,561,130	2,418,624
Transactions with equity holders in their capacity as equity holders:						
- On-market buy-back including transaction costs	21(b)	(235,140)	-	-	-	(235,140)
- Recognition of share-based payments	22(a)	-	63,986	-	-	63,986
- In-specie distribution of equity accounted investment	21(b)	(7,802,806)	-	-	-	(7,802,806)
- Dividends paid or provided for	9(a)	-	-	-	(2,263,053)	(2,263,053)
Balance as at 30 June 2017		**13,822,370**	**155,798**	**-**	**1,722,855**	**15,701,023**

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

Consolidated Statement of Cashflows

For the year ended 30 June 2017

	Notes	2017	2016
		($)	($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received in the course of operations		**8,549,009**	10,091,432
Expense payments in the course of operations		**(8,442,566)**	(8,352,340)
Dividends received from associate		**47,594**	1,003,396
Other dividends received		**289,165**	304,876
Interest received		**85,208**	118,923
Income taxes paid		**(352,675)**	(976,824)
		175,735	2,189,463
Proceeds from disposal of financial assets at fair value through profit or loss		**3,896,241**	228,811
Payments for financial assets at fair value through profit or loss		**(2,209,678)**	(2,672,753)
		1,686,563	(2,443,942)
Net cash provided by / (used in) operating activities	7(b)	**1,862,298**	(254,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**-**	1,999
Proceeds from disposal of equity accounted investments		**900,000**	-
Payments for property, plant and equipment		**(7,889)**	(12,797)
Net cash provided by / (used in) investing activities		**892,111**	(10,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for shares bought back (including transaction costs)		**(235,140)**	(112,101)
Dividends paid to company's shareholders		**(2,263,053)**	(3,013,290)
Net cash used in financing activities		**(2,498,193)**	(3,125,391)
Net increase / (decrease) in cash and cash equivalents		**256,216**	(3,390,668)
Cash and cash equivalents at beginning of the year		**4,114,062**	7,504,730
Cash and cash equivalents at end of the year	**7(a)**	**4,370,278**	4,114,062

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

Notes to the Financial Statements
for the year ended 30 June 2017

1. Corporate information

Clime Investment Management Limited (the Company) is a limited company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the Financial Statements. The principal activities of the Company and its subsidiaries ("the Group") are described in note 26(a).

The financial statements of Clime Investment Management Limited for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 24 August 2017 and covers the consolidated entity consisting of Clime Investment Management Limited and its subsidiaries as required by the *Corporations Act 2001*.

2. Summary of significant accounting policies

The financial statements include the consolidated entity consisting of Clime Investment Management Limited and its subsidiaries. Clime Investment Management Limited is a publicly listed company, incorporated and domiciled in Australia.

These financial statements are general purpose financial statements which have been prepared in accordance with *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Group is a for-profit entity.

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

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory and relevant to the operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

i. AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
ii. AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared on the basis of the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss at the end of each reporting period and certain classes of property, plant and equipment.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

2. Summary of significant accounting policies (Cont.)

(a) Basis of preparation (Cont.)

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 Group'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) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Clime Investment Management Limited and its subsidiaries together are referred to in these financial statements as the "Group" or the "Consolidated Entity". Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 2(f)).

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group companies are eliminated in full on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group 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 consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 13).

The Group'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 consolidated financial statements reduce the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

2. Summary of significant accounting policies (Cont.)

(c) Revenue recognition

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

(i) Dividend income (excluding dividends received from associates)
Dividend income is recorded in the profit or loss on an accrual basis when the Group obtains control of the right to receive the dividend.

(ii) Services income
Fees and commissions that relate to specific transactions or events are recognised as revenue in the period that the services are provided. When they are charged for services provided over a period, they are recognised as revenue on an accrual basis as the services are provided.

(iii) Investment education and software
The Group operates and distributes the online, web-based equity valuation tool, Stocks in Value. Client subscriptions comprise both online access to the valuation tool as well as access to member training and education services over the period of subscription. Revenue received in respect of client subscriptions is recognised on an accrual basis and amortised over the period of the subscription.

(iv) Interest income
Interest income is recorded in the profit or loss when earned on an accrual 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.

Clime Investment Management Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Clime Investment Management Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity.

(e) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables.

2. Summary of significant accounting policies (Cont.)

(e) Leases (Cont.)

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the 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 property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 2(m)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their net present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(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, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

2. Summary of significant accounting policies (Cont.)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts and have a repayment terms between 30 and 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the profit or loss.

(j) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the reporting date.

The Group's listed trading investments and its unlisted investments (excluding equity accounted investments) are classified as financial assets at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. Summary of significant accounting policies (Cont.)

(j) Investments and other financial assets (Cont.)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment securities.

The fair values of quoted investments are determined by reference to their quoted market price, as quoted on its primary stock exchange on the day of valuation, or an alternative basis if deemed more appropriate. Given the size and nature of the Group's listed investments, however, the closing bid price may not always be the most appropriate basis for determining fair value. The Directors will consider the valuations of each of the Group's listed investments in accordance with this accounting policy at each reporting date.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale investments are not reversed through the profit or loss.

(k) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as financial assets at fair value through profit or loss and available-for-sale securities) is based on quoted market prices at the reporting date. Refer to note 2(j) for further information.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using alternative valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are considered 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 Group for similar financial instruments.

(l) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment 3-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

2. Summary of significant accounting policies (Cont.)

(l) Property, plant and equipment (Cont.)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination.

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for the goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Investment Management contracts and relationships

Investment Management contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of investment management contracts over their estimated useful lives (which vary from 10 to 15 years). Investment Management contracts are tested for impairment annually.

(v) Software licence, customer relationship and customer list

Software licence, customer relationships and customer lists have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the software licence, customer relationship and customer list over their useful life of 3 to 10 years. Software license, customer relationship and customer list are tested for impairment annually.

2. Summary of significant accounting policies (Cont.)

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Employee benefits

(i) Wages and salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities recognised in respect of long service leave are measured as the present value of the estimate future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

(ii) Bonus plans

A liability for employment benefits in the form of bonus plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Superannuation

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Share-based payments

Share-based compensation benefits are provided to employees via the Clime Investment Management Limited Employee Incentive Scheme.

Employee Incentive Scheme (EIS)
The Clime Investment Management Limited Employee Incentive Scheme (EIS) was approved by shareholders at the Company's Annual General Meeting held in October 2007.

The EIS provides an opportunity for eligible employees, as determined by the Board from time to time, to purchase shares in the Company via the provision of an interest-free, non-recourse loan. Shares issued in accordance with the EIS are subject to certain restrictions for the duration of the loan, including continued employment with the Company and share transfer locks. Upon the expiration of the loan term, and the repayment of the outstanding loan balance by relevant employees, the shares become unconditional. Due to certain aspects of the EIS - specifically the share transfer locks and non-recourse nature of the loans - the Company is required to classify shares issued under the EIS as 'in-substance options' in accordance with AASB 2 *Share-based Payment*.

2. Summary of significant accounting policies (Cont.)

(o) Employee benefits (Cont.)

As such, the underlying instruments, consisting of the outstanding employee loans and the issued fully paid ordinary shares, are not recognised in the financial statements. Instead, the fair value of the 'in-substance options' granted is recognised as an employee benefit expense with a corresponding increase in the share-based payments reserve. The fair value is measured at grant date and recognised on a straight-line basis over the term of the loans.

The fair value of the 'in-substance options' at grant date is determined using a binomial distribution to statistically estimate the value of the benefits granted. The valuation model takes into account the share issue price, the term of the loan, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the loan.

In order to recognise the impact of employee departures and the resultant early termination of their respective loan agreements, at each balance date the Company revises its estimate of the number of shares that may ultimately become unconditional. The employee benefit expense recognised each period takes into account the most recent estimate.

Following the expiration of the term of the loan, any repayment received from employees in respect of the amortised loan balance is recognised in contributed equity in the statement of financial position. The balance of the share-based payments reserve relating to those shares is also transferred to contributed equity.

To the extent that an employee chooses not to repay the amortised loan balance at the completion of the loan term (i.e. where the value of the shares is less than the amortised loan balance), then the Company will buy back those shares and the balance of the share-based payments reserve relating to those shares is transferred to a lapsed option reserve.

It should be noted that the application of this accounting policy will result in differences between the number of shares on issue as disclosed in the Group's statutory reports, and the number of shares on issue as advised to the Australian Securities Exchange.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(q) Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

2. Summary of significant accounting policies (Cont.)

(q) Financial liabilities and equity instruments (Cont.)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(r) 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.

(s) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential dilutive ordinary shares.

(t) Goods and service tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(u) New accounting standards and interpretations for application in future periods

The AASB has issued certain new and amended Accounting Standards and Interpretations that are not mandatory for 30 June 2017 reporting period and hence have not been early adopted by the Group. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

(i) *AASB 9: Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks.

2. Summary of significant accounting policies (Cont.)

(u) New accounting standards and interpretations for application in future periods (Cont.)

The directors are still in the process of assessing the full impact of the application of AASB 9 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review. However, the directors do not anticipate significant impact of the application of AASB 9. The directors do not intend to early adopt the standard.

(ii) *AASB 15 Revenue from Contracts with Customers*

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The directors are still in the process of assessing the full impact of the application of AASB 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review. However, the directors do not anticipate significant impact of the application of AASB 15. The directors do not intend to early adopt the standard.

(iii) *AASB 16 Leases*

ASAB 16 provides a comprehensive model for the identification of leases arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognize all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to annual periods beginning on or after 1 January 2019. As at 30 June 2017, the Group has non-cancellable operating lease commitment of $469,249 (note 28). A preliminary assessment indicates that these arrangement will meet the definition of a lease under AASB16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16. The directors currently anticipate that the adoption of AASB 16 in the future will not have a significant impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

3. Critical accounting estimates and assumptions

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of goodwill, investment management contracts, software licences and customer relationships

The Group tests annually whether goodwill, investment management contracts, software licenses and customer relationships have suffered any impairment, in accordance with the accounting policy stated in note 2(m). The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell. The fair values of cash-generating units have been determined in accordance with the Directors' assessments of their values based on arms' length transactions between knowledgeable and willing parties on the basis of the best information available. In determining these amounts, the Directors have considered the outcomes of recent transactions for similar assets and businesses.

The Directors' assessments of the fair values of cash-generating units are subject to an element of subjectivity concerning the selection of appropriate benchmarks and transactions. A material adverse change in one or more of the underlying variables applied in the estimates of fair values, therefore, may impact their recoverable amounts and result in alternative outcomes for the purposes of impairment testing.

4. Financial risk management

The Group'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 Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risk

The Group's activities expose it primarily to other price risks (see (i) below) and interest rate risks (see (ii) below). Unfavourable economic conditions both domestically and globally can have a significant impact on the investment returns of the investments and investment portfolios.

(i) Other price risk

The Group's activities expose it primarily to equity securities price risk. This arises from the following:

- Investments held by the Group as direct investments; and
- Exposure to adverse movements in equity prices which may have negative flow-on effects to the revenue derived from the management of clients' investment portfolios.

The Group seeks to reduce market risk by adhering to the prudent investment guidelines of its Investment Committee. These guidelines include ensuring that the Group is not overly exposed to any one security and/or sector of the market, and must operate within set parameters.

4. Financial risk management (Cont.)

(a) Market risk (Cont.)

Price Risk Sensitivity Analysis

The table below summarises the pre-tax impact of both a general fall and general increase in market prices by 5% at the end of the reporting period. The analysis is based on the assumption that the movements are spread equally over all assets in the investment and trading portfolios.

	30 June 2017		30 June 2016	
	5% Increase in Market Prices	5% Decrease in Market Prices	5% Increase in Market Prices	5% Decrease in Market Prices
Impact on profit (pre-tax)	$615,888	($615,888)	$1,125,097	($1,125,097)

(ii) Interest rate risk management

The Group is exposed to interest rate risk because at balance date, the Group has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest-rate risk to the extent that the cash rate falls over any given period. Given that the Group does not have – nor has it ever had - any material interest-bearing borrowings/liabilities at balance date, the Board and management do not consider it necessary to hedge the Group's exposure to interest rate risk.

Interest Rate Risk Sensitivity Analysis

The table below summarises the pre-tax impact on the Group's profits due to both a decrease and increase in interest rates by 100 basis points (one percentage point) at the end of the reporting period. The analysis is based on the assumption that the change is based on the weighted average rate of interest on cash at bank and cash on deposit for the year (1.80% weighted average interest rate in 2017 and 2.20% weighted average interest rate in 2016).

	30 June 2017		30 June 2016	
	100 bps Increase in Interest Rate	100 bps Decrease in Interest Rate	100 bps Increase in Interest Rate	100 bps Decrease in Interest Rate
Impact on profit (pre-tax)	$45,672	($45,672)	$54,135	($54,135)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group 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 Group in relation to trade and sundry receivables is their carrying amounts. This risk is largely mitigated by automated systems in place which support collectability of debts on a timely basis.

4. Financial risk management (Cont.)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close-out market positions. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's management and its Board actively review the liquidity position on a regular basis to ensure the Group is always in a position to meet its debts and commitments on a timely basis.

(i) Maturities of financial assets and liabilities

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

Maturity analysis – Group 2017	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	1-3 years
Financial liabilities	$	$	$	$	$
Trade and other payables	1,337,085	1,337,085	1,337,085	-	-
Total financial liabilities	1,337,085	1,337,085	1,337,085	-	-
Financial assets					
Cash and cash equivalents	4,370,278	4,370,278	4,114,792	-	255,486
Trade and other receivables – current	552,974	552,974	552,974	-	-
Total financial assets	4,923,252	4,923,252	4,667,766	-	255,486

Maturity analysis – Group 2016	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	1-3 years
Financial liabilities	$	$	$	$	$
Trade and other payables	1,000,442	1,000,442	1,000,442	-	-
Total financial liabilities	1,000,442	1,000,442	1,000,442	-	-
Financial assets					
Cash and cash equivalents	4,114,062	4,114,062	3,858,576	-	255,486
Trade and other receivables – current	386,578	386,578	386,578	-	-
Total financial assets	4,500,640	4,500,640	4,245,154	-	255,486

Trade and other payables are non-interest bearing, unsecured and generally payable within 30 days from the date of service / supply.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Financial risk management (Cont.)

(d) Fair value risk

(i) Fair value measurements recognised in the consolidated statement of financial position

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).

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

At 30 June 2017	Level 1	Level 2	Level 3	Total
	($)	($)	($)	($)
Financial assets at fair value through profit or loss				
- Listed equities	4,858,417	-	-	4,858,417
- Unlisted funds	-	1,158,800	-	1,158,800
	4,858,417	1,158,800	-	6,017,217

At 30 June 2016	Level 1	Level 2	Level 3	Total
	($)	($)	($)	($)
Financial assets at fair value through profit or loss				
- Listed equities	4,581,236	-	-	4,581,236
- Listed preference shares	3,191	-	-	3,191
- Unlisted funds	-	2,508,591	-	2,508,591
	4,584,427	2,508,591	-	7,093,018

(ii) Valuation technique

Listed Investment in equity and preference securities and managed funds

When fair values of publicly traded equities and preference securities 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 year end.

4. Financial risk management (Cont.)

(d) Fair value risk (Cont.)

Unlisted managed funds

The Group invests in managed funds, which is not quoted in an active market. The Group considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the Net Asset Value (NAV) of these funds may be used as an input into measure their fair value. In measuring this fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Group classified these funds as Level 2.

Unlisted equity investments

The Group invests in public unlisted company which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group used a combination of NAV method based on the value of the assets of the business less its liabilities adjusted for fair value and market based valuation technique for valuing these positions. The Group classifies the fair value of these investments as Level 3.

Financial liabilites

The carrying value of financial liabilities approximate their fair values.

5. Revenue

	2017 $	2016 $
Management fees and commissions	**7,202,514**	7,440,834
Performance fees	**115,887**	2,401
Director fees	**55,000**	75,000
Dividends and distributions received	**330,818**	304,876
Interest received	**85,208**	118,923
Investment software and education	**718,142**	1,147,913
Other income	**165,123**	24,283
Total revenue	**8,672,692**	9,114,230

See note 26(b) for an analysis of revenue by major products and services.

6. Expenses

	2017 $	2016 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense (excluding superannuation)	**4,453,659**	4,089,980
Defined contribution superannuation expense	**327,733**	281,706
Share-based payment expense recognised	**63,986**	64,007
Rental expense relating to operating leases - Minimum lease payments	**223,008**	205,799
Depreciation of plant and equipment	**47,043**	67,408
Amortisation of investment management contracts	**260,348**	260,348
Amortisation of software licences, customer relationships and customer lists	**212,874**	212,875

7. Statement of Cashflows

(a) Reconciliation of cash	2017 $	2016 $
For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:		
Cash and bank balances	**4,370,278**	4,114,062
	4,370,278	4,114,062

Cash at bank is interest bearing. Cash at bank and deposits at call bear floating interest rates between 1.4% and 1.8% (2016: 1.9% and 2.3%).

Cash and bank balances above includes deposits of $256,559 (2016: 256,700) that has been pledged as security for the currently occupied office space in Sydney.

(b) Reconciliation of profit for the year to net cash flows from operating activities:	2017 $	2016 $
Profit for the year	**2,561,130**	1,065,330
Adjustments and non-cash items:		
Depreciation and amortisation	**520,265**	540,631
Gain on disposal of property, plant and equipment	**-**	(826)
Non-cash share-based payment expense	**63,986**	64,007
Share of profit of associate	**(490)**	(694,764)
Dividends received from associate	**47,594**	1,003,396
Change in operating assets and liabilities		
Trade and other receivables and other assets	**(150,204)**	913,231
Financial assets at fair value through profit or loss	**1,075,801**	(1,726,524)
Trade and other payables and unearned revenue	**69,532**	(686,059)
Current tax liability	**(228,738)**	(626,330)
Movement in other reserve recycled to profit or loss	**(140,750)**	-
Deferred tax assets and liabilities	**(1,918,327)**	(80,694)
Provisions	**(37,501)**	(25,877)
Net cash provided by / (used in) operating activities	**1,862,298**	(254,479)

8. Income tax expense

(a) Income tax (credit) / expenses	2017 $	2016 $
Current tax expense	**124,688**	359,495
Deferred tax credit	**(1,919,079)**	(89,695)
	(1,794,391)	269,800

Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets (note 16)	**381,013**	67,763
Decrease in deferred tax liabilities (note 20)	**(2,300,092)**	(157,458)
	(1,919,079)	(89,695)

8. Income tax expense (Cont.)

(b) Numerical reconciliation of income tax expense to prima facie tax (credit) / payable	2017 $	2016 $
Profit before income tax expense	**766,739**	1,335,130
Tax at the Australian tax rate of 30% (2016: 30%)	**230,022**	400,539
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
- Amortisation of intangibles	**128,213**	128,213
- Share-based payment expense	**19,196**	19,202
- Dividends received	**(100,160)**	(424,893)
- Deferred tax liability movement due to demerger of Jasco	**(1,941,185)**	-
- Movement in other reserves	**(148,038)**	-
- Under provision of prior year tax	**10,215**	143,149
- Sundry items	**7,346**	3,590
Income tax (credit) / expense	**(1,794,391)**	269,800

9. Dividends

(a) Dividends provided for or paid during the year

	2017 $	2016 $
Final dividend in respect of the previous financial year – 3 cents per share fully franked (2016: 3 cents per share fully franked)	**1,511,883**	1,507,345
Interim dividend in respect of the current financial year – 1.5 cents per share 50% franked (2016: 3 cents per share fully franked)	**751,170**	1,505,945
	2,263,053	3,013,290
Fully franked portion	**1,511,883**	3,013,290

(b) Dividends not recognised at year end

Proposed fully franked dividend – 1.5 cents per share (2016: 3 cents fully franked)	**849,739**	1,511,883

(c) Franking account balance

Amount of franking credits available for subsequent financial years are:

Franking account balance brought forward	**315,201**	2,998
Franking credits arising from income tax paid	**697,894**	996,624
Franking credits from dividends received from other corporations	**143,086**	606,989
Franking debits from payment of dividends	**(808,915)**	(1,291,410)
Franking debits from income tax refund	**(345,220)**	-
Balance of franking account at year end adjusted	**2,046**	315,201
Impact on franking account of proposed dividend not recognised at year end at 27.5% corporate tax rate (2016: 30%)	**333,826**	647,950

10. Trade and other receivables - Current

	2017 $	2016 $
Trade receivables	**530,441**	300,212
Other receivables	**22,533**	86,366
	552,974	386,578

a. Trade receivables are non-interest bearing and are generally subject to 30 day terms.
b. The Group did not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.
c. Trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of the respective clients, it is expected that these amounts will be received when due. The receivables primarily relate to management fees receivable which are considered low risk.
d. The carrying amounts of trade and other receivables are considered to represent a reasonable approximation of their fair values.

11. Other current assets

	2017 $	2016 $
Prepayments	**121,971**	138,163

12. Financial assets at fair value through profit or loss - Current

	2017 $	2016 $
Shares in other corporations listed on a prescribed stock exchange	**4,858,417**	4,584,427
Investment in unlisted, unregistered managed investment scheme	**1,158,800**	2,508,591
	6,017,217	7,093,018

13. Investments accounted for using the equity method

	2017 $	2016 $
Investment in associate	**-**	8,752,418

13. Investments accounted for using the equity method (Cont.)

(a) Carrying amounts

Information relating to associate is set out below.

Name of companies	Principal activity	2017 %	2016 %	Carrying amounts 2017 $	Carrying amounts 2016 $
Unlisted					
JASCO Holdings Ltd (i)	Importing and distribution	-	21.75	-	8,752,418

The above associate is incorporated in Australia

(i) Jasco Holdings Limited

On 27 October 2016 Clime shareholders approved the separation of Clime's shareholdings in Jasco Holdings Limited via a subsidiary company Clime Private Limited (Clime Private) and in-specie distribution of Clime Private shares on a 1 on 1 basis by way of a capital reduction. The demerger was to simplify Clime's structure and to potentially unlock shareholder value. The distribution of Clime Private shares involved a reduction in Clime's paid up share capital (Contributed equity). The demerger was completed on 11 November 2016.

As a result of the demerger, the carrying value of Jasco Holdings Limited of $7,802,806 at the record date (3 November 2016) was debited to the share capital account and the investment in associate was de-recognised. Consequently, the deferred tax liability of $1,941,185 carried in the books in relation to the unrealised gain of this investment was credited to the Statement of Profit or Loss and Other Comprehensive Income.

(b) Movements of carrying amounts

	2017 $	2016 $
Carrying amount at the beginning of the financial year	**8,752,418**	8,977,530
Share of profit after income tax	**490**	694,764
Share of (decrease) / increase in reserves	**(2,508)**	83,520
Dividends received/receivable	**(47,594)**	(1,129,109)
Dividends reinvested	**-**	125,713
Disposal of equity accounted investments	**(900,000)**	-
De-recognition of equity accounted investments on demerger of Jasco	**(7,802,806)**	-
Carrying amount at the end of the financial year	**-**	8,752,418

Associates

Net profit of Associate before income tax	**700**	953,154
Income tax expenses	**(210)**	(258,390)
Profit after income tax	**490**	694,764

13. Investments accounted for using the equity method (Cont.)

(c) Reconciliation to share of net profits of associate accounted using the equity method

	2017 $	2016 $
Share of net profit of Associate	**490**	694,764

(d) Summarised financial information of associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs adjusted by the Group for equity accounting purposes.

	Group's share of			
	Assets $	Liabilities $	Revenues $	Profit after tax $
2017				
Jasco Holdings Limited - up to 31 October 2016	**-**	**-**	**3,233,230**	**490**
2016				
Jasco Holdings Limited	12,844,245	4,091,828	10,358,003	694,764

14. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b).

			Equity holding *	
Name of entity	**Country of incorporation**	**Class of shares**	2017 %	2016 %
Clime Asset Management Pty Ltd	Australia	Fully Paid Ordinary	**100**	100
Clime Investors Education Pty Ltd	Australia	Fully Paid Ordinary	**100**	100
Stocks In Value Pty Ltd	Australia	Fully Paid Ordinary	**100**	100
Clime Private Wealth Pty Ltd ^	Australia	Fully Paid Ordinary	**100**	-
Clime Private Limited ^^	Australia	Fully Paid Ordinary	**-**	-

* The proportion of ownership interest is equal to the proportion of voting power held.

^ incorporated on 7 February 2017.

^^ incorporated on 5 August 2016 and remained as a subsidiary of the Group until demerged from the Group on 3 November 2016.

15. Property, plant and equipment

	2017 $	2016 $
Plant and equipment - at cost	**436,645**	428,756
Accumulated depreciation and impairment	**(385,439)**	(338,396)
Written down value of property, plant and equipment	**51,206**	90,360

Reconciliation

	2017 $	2016 $
Carrying value at beginning	**90,360**	146,143
Additions during the year	**7,889**	12,798
Disposals during the year	**-**	(2,112)
Depreciation charge for the year	**(47,043)**	(67,408)
Depreciation on disposals	**-**	939
Carrying amount at end	**51,206**	90,360

16. Deferred tax assets

	2017 $	2016 $
The balance comprises temporary differences attributable to:		
Employee benefits	**51,616**	62,867
Accrued expenses	**23,664**	22,199
Financial assets at fair value through profit or loss	**-**	136,065
Realised tax losses carried forward – capital	**265,854**	501,016
Deferred tax assets	**341,134**	722,147

Movements

	2017 $	2016 $
Opening balance at 1 July	**722,147**	789,910
Charged to profit or loss (note 8(a))	**(381,013)**	(67,763)
Closing balance at 30 June	**341,134**	722,147

17. Intangible assets

	2017 $	2016 $
Goodwill at cost	**3,351,564**	3,351,564
Investment management contracts and relationships:		
At cost	**4,790,000**	4,790,000
Accumulated amortisation	**(2,441,175)**	(2,180,826)
	2,348,825	2,609,174
Software licences:		
At cost	**576,300**	576,300
Accumulated amortisation	**(123,690)**	(61,845)
	452,610	514,455
Customer relationship and customer list:		
At cost	**650,023**	650,022
Accumulated amortisation	**(302,059)**	(151,030)
	347,964	498,992
Closing balance at 30 June	**6,500,963**	6,974,185

(a) Reconciliations

2017 Consolidated	Goodwill	Investment management contracts & relationships	Software licences	Customer relationships & customer lists	Total
	($)	**($)**	**($)**	**($)**	**($)**
Carrying amount at beginning of year	**3,351,564**	**2,609,173**	**514,455**	**498,993**	**6,974,185**
Amortisation expense[1]	**-**	**(260,348)**	**(61,845)**	**(151,029)**	**(473,222)**
Carrying amount at end of year	**3,351,564**	**2,348,825**	**452,610**	**347,964**	**6,500,963**

2016 Consolidated	Goodwill	Investment management contracts & relationships	Software licences	Customer relationships & customer lists	Total
	($)	**($)**	**($)**	**($)**	**($)**
Carrying amount at beginning of year	3,351,564	2,869,521	576,300	650,023	7,447,408
Amortisation expense[1]	-	(260,348)	(61,845)	(151,030)	(473,223)
Carrying amount at end of year	3,351,564	2,609,173	514,455	498,993	6,974,185

[1] Amortisation of $473,222 (2016: $473,223) is included in the consolidated statement of profit or loss and other comprehensive income.

17. Intangible assets (Cont.)

(b) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the applicable cash-generating unit for impairment testing. Each cash-generating unit represents a business operation of the Group.

Cash-generating unit	Funds Management	Investment Software and Education	Total
	($)	($)	($)
2017 - Consolidated			
Balance at the beginning of the year	**3,026,564**	**325,000**	**3,351,564**
Movements during the year	**-**	**-**	**-**
Balance at end of year	**3,026,564**	**325,000**	**3,351,564**
2016 - Consolidated			
Balance at the beginning of the year	3,026,564	325,000	3,351,564
Movements during the year	-	-	-
Balance at end of year	3,026,564	325,000	3,351,564

The recoverable amounts of all cash generating units have been determined based on fair value less costs to sell. The fair values of cash generating units have been determined in accordance with the Directors' assessments of their values based on arms' length transactions between knowledgeable and willing parties on the basis of the best information available. In determining these amounts, the Directors have considered the outcomes of recent transactions for similar assets and businesses.

18. Trade and other payables

	2017 $	2016 $
Unsecured:		
Trade payables	**370,558**	435,859
Dividends received on shares issued under the Employee Incentive Scheme	**234,750**	172,875
Accruals	**725,843**	375,682
Other payables	**224,929**	259,755
	1,556,080	1,244,171

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

19. Provisions

	2017 $	2016 $
Employee benefits	**172,055**	**209,556**

The provision for employee benefits represents annual leave and long service leave entitlements accrued.

20. Deferred tax liabilities

	2017 $	2016 $
The balance comprises temporary differences attributable to:		
Available for sale and equity accounted investments	**-**	2,264,063
Financial assets at fair value through profit or loss	**43,794**	18,749
Sundry items	**-**	61,074
Deferred tax liabilities	**43,794**	2,343,886
Movements		
Opening balance at 1 July	**2,343,886**	2,476,288
Credited to the profit or loss (note 8)		
- Deferred tax liability movement due to demerger of Jasco	**(1,941,185)**	-
- Others	**(358,907)**	(157,458)
Charged directly to equity (note 22(a))	**-**	25,056
Closing balance at 30 June	**43,794**	2,343,886

21. Issued capital

(a) Share Capital

	Notes	Parent Equity 2017 Shares	Parent Equity 2016 Shares	Parent Equity 2017 $	Parent Equity 2016 $
Ordinary shares					
Fully paid	(b),(d)	**48,574,243**	49,021,093	**13,822,370**	21,860,316

[1] Note that the number of shares on issue above will differ from the number of shares on issue as notified to the Australian Securities and Investments Commission and the Australian Securities Exchange. This is due to the application of AASB 2 Share-based Payment which treats the shares issued under the Employee Incentive Scheme as 'in-substance options' for statutory reporting purposes. Refer to note 2(o) & (v) for further information.

(b) Movements in ordinary share capital

Dates	Details	Notes	Number of shares	$
30 June 2015	**Balance**		**48,344,834**	**21,377,217**
Various	Transfer of loan repayment to issued capital on completion of EIS loan term		850,000	499,200
Various	Transfer from share-based payments reserve to issued capital on completion of EIS loan term		-	96,000
July 2015 to June 2016	Shares bought back on-market and cancelled	(d)	(173,741)	(111,961)
July 2015 to June 2016	Transaction costs arising from on-market buy-back		-	(140)
30 June 2016	**Balance**		**49,021,093**	**21,860,316**
July 2016 to June 2017	Shares bought back on-market and cancelled	(d)	(446,850)	(234,972)
July 2016 to June 2017	Transaction costs arising from on-market buy-back		-	(168)
11 November 2016	Capital reduction on account of in-specie distribution of equity accounted investment		-	(7,802,806)
30 June 2017	**Balance**		**48,574,243**	**13,822,370**

21. Issued capital (Cont.)

(c) 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.

(d) On-market share buy-back

During the financial year ended 30 June 2017, Clime Investment Management Limited, in accordance with its on-market share buy-back scheme, bought back 446,850 (2016: 173,741) shares. The number of shares bought back and cancelled was within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*, and as such, shareholder approval was not required. The shares were acquired at an average price of 52.58 cents per share (2016: 64.52 cents per share). The total cost of $235,140 (2016: $112,101), including $168 (2016: $140) of transaction costs, was deducted from contributed equity. The shares bought back in the current year were cancelled immediately.

(e) Employee Incentive Scheme ("EIS")

As at 30 June 2017, there are 1,575,000 (2016: 1,050,000) EIS 'in-substance' options on issue. Share options granted under the Company's employee incentive scheme carry no rights to dividends and no voting rights. Refer to note 25(a) for a schedule of the movements in EIS options on issue during the year.

(f) Capital Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders, to maintain an optimal capital structure and to minimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares from time to time or buy back its own shares.

The Group's strategy is unchanged from 2016.

22. Reserves and retained profits

(a) Reserves

	2017 $	2016 $
Share-based payments reserve	**155,798**	91,812
Other reserves	**-**	142,506
	155,798	234,318

Movements

Share-based payments reserve		
Balance 1 July	**91,812**	123,805
Share-based payment expense recognised	**63,986**	64,007
Transfer to issued capital on completion of EIS loan term	**-**	(96,000)
Balance 30 June	**155,798**	91,812

Other reserves		
Balance 1 July	**142,506**	84,042
Movements during the year	**(203,580)**	83,520
Deferred tax liability	**-**	(25,056)
Credit to profit or loss	**61,074**	-
Balance 30 June	**-**	142,506

(b) Retained earnings

	2017 $	2016 $
Movements in retained profits were as follows:		
Balance 1 July	**1,424,778**	3,372,738
Net profit for the year	**2,561,130**	1,065,330
Dividends (note 9)	**(2,263,053)**	(3,013,290)
Balance 30 June	**1,722,855**	1,424,778

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees but not exercised.

Other reserves

Group's share of various reserves from equity accounted associate, including foreign currency translation reserves.

23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity (Pitcher Partners) and its related practices:

	2017 $	2016 $
Audit and review of financial statements	**76,867**	77,207
Taxation matters	**17,255**	19,610
Other matters	**39,700**	-
	133,822	96,817

24. Earnings per share

	2017 Cents	2016 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the Group	**5.2**	2.2
(b) Diluted earnings per shared		
Profit attributable to the ordinary equity holders of the Group	**5.1**	2.1

	2017 $	2016 $
(c) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit for the year attributable to owners of the Group	**2,561,130**	1,065,330
Profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted earnings per share	**2,561,130**	1,065,330

24. Earnings per share (Cont.)

	2017 Number	2016 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculation of basic earnings per share	**48,804,416**	49,122,496
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**50,379,416**	50,172,496

(e) Reconciliations of weighted average number of shares:		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**48,804,416**	49,122,496
Shares deemed to be issued for no consideration in respect of - Employee Incentive Scheme	**1,575,000**	1,050,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**50,379,416**	50,172,496

(f) Options issued under Employee Incentive Scheme

Options granted under the Employee Incentive Scheme are considered to be dilutive and have been included in the determination of diluted earnings per share. These options have not been included in the determination of basic earnings per share.

25. Share-based payments

(a) Employee Incentive Scheme (EIS)

The Clime Investment Management Limited Employee Incentive Scheme ("EIS") was approved by shareholders at the Company's Annual General Meeting held on 25 October 2007.

The EIS provides an opportunity for eligible employees, as determined by the Board from time to time, to purchase shares in the Company via the provision of an interest-free, non-recourse loan. Shares issued in accordance with the EIS are subject to certain restrictions for the duration of the loan, including continued employment with the Company and share transfer locks. Upon the expiration of the loan term, and the repayment of the outstanding loan balance by relevant employees, the shares become unconditional. Shares issued under the EIS rank equally with other fully paid ordinary shares.

Due to certain aspects of the EIS - specifically the share transfer locks and non-recourse nature of the loans - the Company is required to classify shares issued under the EIS as 'in-substance options' in accordance with AASB 2 *Share-based Payment*. It should be noted that the application of this accounting policy will therefore result in differences between the number of shares on issue as disclosed in the Company's statutory reports, and the number of shares on issue as advised to the Australian Securities Exchange.

25. Share-based payments (Cont.)

(a) Employee Incentive Scheme (EIS) (Cont.)

Set out below is a summary of in-substance options granted under the plan:

Grant Date	Vesting / Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Transferred/ Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
2017			**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
22/08/2013	04/11/2018	$0.800	100,000	-	-	-	100,000	100,000
25/10/2013	04/11/2018	$0.829	300,000	-	-	(50,000)	250,000	250,000
19/08/2014	19/08/2017	$0.850	200,000	-	-	-	200,000	-
25/02/2015	25/02/2018	$0.750	75,000	-	-	(25,000)	50,000	-
11/09/2015	11/09/2018	$0.700	375,000	-	-	(100,000)	275,000	-
20/07/2016	20/07/2019	$0.630	-	400,000	-	(50,000)	350,000	-
23/06/2017	23/06/2020	$0.500	-	350,000*	-	-	350,000	-
Total			**1,050,000**	**750,000**	**-**	**(225,000)**	**1,575,000**	**350,000**
Weighted average exercise price				**$0.649**				

* Includes 200,000 (2016: Nil) in-substance options granted to the Managing Director approved by shareholders on 27th October 2016.

Grant Date	Vesting / Expiry Date	Exercise Price	Balance at start of the year	Granted during the year	Exercised during the year	Transferred/ Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
2016			**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
19/04/2012	19/04/2015	$0.420	250,000	-	(250,000)	-	-	-
15/12/2012	15/12/2015	$0.500	200,000	-	(200,000)	-	-	-
21/02/2013	21/02/2016	$0.660	200,000	-	(200,000)	-	-	-
22/08/2013	22/08/2016	$0.800	100,000	-	-	-	100,000	-
23/10/2013	23/10/2016	$0.815	200,000	-	(200,000)	-	-	-
25/10/2013	25/10/2016	$0.829	375,000	-	-	(75,000)	300,000	-
19/08/2014	19/08/2017	$0.850	300,000	-	-	(100,000)	200,000	-
25/02/2015	25/02/2018	$0.750	75,000	-	-	-	75,000	-
11/09/2015	11/09/2018	$0.700	-	200,000	-	175,000	375,000	-
Total			**1,700,000**	**200,000**	**(850,000)**	**-**	**1,050,000**	**-**
Weighted average exercise price				**$0.779**				

The weighted average contractual life of in-substance options outstanding at the end of the period was 1.57 years (2016 – 1.17 years).

The assessed fair value at grant date of in-substance options granted to the individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined by using a binomial distribution model to statistically estimate the future probability of the in-substance options vesting and the amounts that these in-substance options would be worth. The valuation was performed as at the grant date of each in-substance option issued.

25. Share-based payments (Cont.)

(a) Employee Incentive Scheme (EIS) (Cont.)

The model inputs for in-substance options granted during the year ended 30 June 2017 included:

- in-substance options are granted via an interest-free, non-recourse loan and vest based on the terms discussed above. In-substance options become unconditional on the date of their vesting following the repayment of the outstanding loan balance;
- exercise price: The forecast outstanding loan principal at the expiration of the loan term is equivalent to the exercise price variable in a standard option valuation. The forecast outstanding loan principal is $0.65 per share (for in-substance options issued with a three year term);
- vesting date: 3 years from the grant date;
- expected price volatility of the Company's shares: between 30% and 35%;
- risk-free interest rate: 2.75%; and
- discount rate: 14%.

The resulting fair values per in-substance option are:

Number of Options	Grant Date	Exercise Price	Value per option at grant date	Vesting / Expiry Date
100,000	22/08/2013	$0.800	$0.140	04/11/2018
250,000	25/10/2013	$0.829	$0.140	04/11/2018
200,000	19/08/2014	$0.850	$0.140	19/08/2017
50,000	25/02/2015	$0.750	$0.134	25/02/2018
275,000	11/09/2015	$0.700	$0.121	11/09/2018
350,000	20/07/2016	$0.630	$0.107	20/07/2019
350,000	23/06/2017	$0.500	$0.111	23/06/2020

Refer to the Remuneration Report on pages 20 to 27, for additional information in relation to the EIS.

(b) Options issued to Amigo Consulting Pty Limited

The Group issued 1,000,000 share options to Amigo Consulting Pty Limited ("Amigo") to be retainer and an outcome driven incentive. Amigo has been engaged to provide strategic and outcome driven corporate advisory services. Mr. Allyn Chant, a director of Clime, is also a director and a minority shareholder of Amigo.

The Options will expire on 1 October 2019 and may be exercised at any time upon vesting and prior to the expiry date. The amount payable on exercise of each option is 50 cents, subject to adjustment in accordance with certain conditions.

Vesting conditions:

i. 333,333 options vest on the date, if it occurs prior to 30 September 2017, that the Company's securities trade on the Australian Securities Exchange ("ASX") at or above 75 cents. If this condition is not met the vesting period is extended to 30 September 2019 and vesting will occur if the Company's securities trade on the ASX at or above $1.00 by that extended date;

ii. 333,333 options vest on the date that the Company completes the purchase or build of a retail platform (defined as a flexible service that enables investors to buy and hold their investments online all in one place, tracking transactions for tax purposes and allowing advisor and/or client direction) for client's monies if this occurs before the expiry date;

iii. 333,334 options vest if the Company's funds under management attains or exceeds $1 billion prior to the expiry date.

25. Share-based payments (Cont.)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of the employee benefit expense were as follows:

	2017 $	2016 $
Option expense		
Employee Incentive Scheme	**42,584**	64,007
Amigo Consulting Pty Limited	**21,402**	-
	63,986	64,007

Refer to the Remuneration Report on pages 20 to 27, for additional information in relation to the Employee Incentive Scheme.

26. Segment information

(a) Description of segments

Our internal reporting system produces reports in which business activities are presented in a variety of ways. Based on these reports, the Executive Directors, whom are responsible for assessing the performance of various components of the business and making resource allocation decisions as our 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
- Investment software
- Direct investments

Funds Management
The Group's Funds Management business, Clime Asset Management Pty Ltd is based in Sydney. This business generates operating revenue (investment management and performance fees) as remuneration for managing the investment portfolios of individuals and corporations.

Investment Software
Consulting revenue is generated from the provision of investment research analysis to institutional clients, and wealth structuring and taxation advice to high net worth private clients. Revenue generated from external subscriptions to the Group's proprietary web-based investment software, Stocks In Value Pty Limited, is also included within this division.

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

There have been no changes in basis of segmentation or basis of segmental profit or loss since the previous financial report.

26. Segment information (Cont.)

(b) Reportable Segments

2017	Funds Management	Investment Software	Direct Investments	Inter Segment / unallocated	Consolidated
	($)	($)	($)	($)	($)
Segment revenue					
Sales to external customers	7,318,774	718,142	-	79,000	8,115,916
Share of profits from investments in associate	-	-	490	-	490
Investment income	-	-	1,125,886	-	1,125,886
Total segment revenue	7,318,774	718,142	1,126,376	79,000	9,242,292
Net group result					
Net group result before tax	871,184	137,279	1,126,376	(1,368,100)	766,739
Income tax benefit					1,794,391
Profit for the year					2,561,130
Depreciation and amortisation expense	296,630	105,202	-	118,433	520,265

2016	Funds Management	Investment Software	Direct Investments	Inter Segment / unallocated	Consolidated
	($)	($)	($)	($)	($)
Segment revenue					
Sales to external customers	7,443,517	1,147,913	-	99,000	8,690,430
Share of profits from investments in associate	-	-	694,764	-	694,764
Investment income	-	-	(293,517)	-	(293,517)
Total segment revenue	7,443,517	1,147,913	401,247	99,000	9,091,677
Net group result					
Net group result before tax	1,946,832	81,598	401,247	(1,094,547)	1,335,130
Income tax expense					(269,800)
Profit for the year					1,065,330
Depreciation and amortisation expense	311,756	106,660	-	122,215	540,631

(c) Segment assets and liabilities

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.

(d) Information about major customers

Included in revenues arising from the funds management business of $7.32 million (2016: $7.44 million) (see 26 (b) above) are revenues of approximately $1.6 million (2016: $1.7 million) which arose from sales to the Group's largest customer.

27. Subsequent Events

a. A final fully franked dividend for the year ended 30 June 2017 of 1.5 cents per share, totalling $849,739 has been declared by the directors. This provision has not been reflected in the accounts.

b. The Group acquired 100% of CBG Asset Management Ltd (CBG) on 14 July 2017. The acquisition cost was $3,625,000 comprising $3,250,000 on completion and $375,000 in 12 months based on the fulfilment of certain warranties relating to funds under management retention and delivery of agreed outcomes.

   Initial consideration was paid by way of issue of 6,500,000 ordinary shares in the Company at 50 cents per share being the weighted average market price over the past 30 trading days. The balance of 750,000 shares, which are subject to agreed outcomes, are to be issued on 30 June 2018.

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

28. Contingent liabilities, contingent assets and commitments

The Group has no material contingent liabilities or contingent assets as at 30 June 2017 (2016: Nil)

COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

The Group has no material capital expenditure commitments to acquire property, plant and equipment as at 30 June 2017 (2016: Nil).

Operating lease commitments

Towards the end of the 2014 financial year, the Company entered into an operating lease agreement for office premises for a period of 5 years, terminating on 31 August 2019.

The expenditure commitments with respect to rent payable under various lease agreements are as follows.

	2017 $	2016 $
Not later than 1 year	**231,414**	230,595
Later than 1 year and not later than 5 years	**237,835**	400,252
	469,249	630,847

29. Key management personnel disclosures

(a) Remuneration of Directors and Other Key Management Personnel

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

	Short-term Employee Benefits	Post-Employment Benefits	Share-Based Payments	Termination Benefits	Total
	($)	($)	($)	($)	($)
2017					
Remuneration of Directors and other key management personnel	462,144	24,257	142	-	486,543
2016					
Remuneration of Directors and other key management personnel	725,955	52,138	-	-	778,093

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 20 to 27 of this annual report.

(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
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 20 to 27.

(ii) Option holdings
Refer to note 25(b) for options over ordinary shares in the Company held during the financial year by each director of Clime Investment Management Limited and other key management personnel of the consolidated entity, including their personally-related entities

(iii) Share holdings
The numbers of shares in the Company held during the year by each director of Clime Investment Management Limited and other key management personnel of the consolidated entity, including their personally-related entities, are set out below.

Directors' holding of ordinary shares in Clime Investment Management Limited

Name	Balance at 1 July 2016	Granted as compensation / Received on exercise of options	Other changes during the year	Balance as at Date
2017	No.	No.	No.	No.
Mr. Donald McLay	**6,241,000**	**-**	**1,079,680**	**7,320,680**
Mr. John Abernethy (note a)	**3,610,000**	**200,000**	**151,350**	**3,961,350**
Mr. Neil Schafer	**548,007**	**-**	**-**	**548,007**
Mr. Allyn Chant	**883,600**	**-**	**(883,600)**	**-**

Note a: During the year, 200,000 (2016: Nil) 'in-substance' options were issued under Clime Employee Incentive Scheme that was approved by shareholders on 27 October 2016.

29. Key management personnel disclosures (Cont.)

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

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
2016	Nos.	Nos.	Nos.	Nos.
Mr. Donald McLay	5,245,000	-	996,000	6,241,000
Mr. John Abernethy	3,610,000	-	-	3,610,000
Mr. Richard Proctor	1,500,000	-	(50,000)	1,450,000
Mr. Neil Schafer	548,007	-	-	548,007
Mr. Allyn Chant	883,600	-	-	883,600

(c) Loans to directors and other key management personnel

$100,000 (2016: Nil) loan to managing director in relation to the EIS share issued during the year under the Employee Incentive Scheme (refer note 25(a)).

There were no other loans made to directors of Clime Investment Management Limited or the other key management personnel of the consolidated entity, including their personally related entities, at any stage during the financial year.

As described in note 25(a), notional non-recourse loans exist in relation to "in substance" options issued under the Employee Incentive Scheme.

30. 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 Group and other related parties are disclosed below.

(a) Parent Entity

The parent entity (and ultimate parent entity) within the Group is Clime Investment Management Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 14.

(c) Associate

Interest in associate are set out in note 13.

(d) Key Management Personnel

Disclosures relating to key management personnel are set out in note 29.

30. Related party transactions (Cont.)

(e) Other related party transactions

Clime Capital Limited

i. Mr. John Abernethy is a Director in Clime Capital Limited. The Group received $59,000 (2016: $59,000) as management fees for the services rendered by the managing director and the Company secretary to Clime Capital Limited. The Group directly owns 6.24% (2016: 7.47%) of the fully paid ordinary shares of Clime Capital Limited as at 30 June 2017. Clime Investment Management Limited through Clime Asset Management Pty Limited (a wholly owned subsidiary) has the indirect power to dispose 6.34% (2016: 7.75%) of Clime Capital Limited's shares held by the Investment Managers discretionary share portfolio clients as at 30 June 2017.

ii. Clime Asset Management Pty Limited during the year received $620,894 (2016: $645,020) as remuneration for managing Clime Capital Limited's investment portfolio.

iii. All dividends paid and payable by Clime Capital Limited to its Directors and Director related entities are on the same basis as to other shareholders.

Clime Australian Income Fund

Clime Asset Management Pty Limited (a wholly owned subsidiary), during the year received $15,909 (2016: Nil) as management, performance and recoverable fees as remuneration for managing the investment portfolios and acting as trustees on behalf of Clime Australian Income Fund.

Clime Smaller Companies Fund

Clime Asset Management Pty Limited (a wholly owned subsidiary), during the year received $2,852 (2016: Nil) as management, performance and recoverable fees as remuneration for managing the investment portfolios and act as trustee on behalf of Clime Smaller Companies Fund.

Amigo Consulting Pty Limited

Mr. Allyn Chant, a director of Clime, is also a director and a minority shareholder of Amigo Consulting Pty Limited ("Amigo"). The Group during the year paid $188,390 (2016: Nil) to Amigo as consultancy fees.

The Group also issued 1,000,000 share options to Amigo to be retainer and an outcome driven incentive. Amigo has been engaged to provide strategic and outcome driven corporate advisory services.

The Options will expire on 1 October 2019 and may be exercised at any time upon vesting and prior to the expiry date. The amount payable on exercise of each option is 50 cents, subject to adjustment in accordance with certain conditions as follows:

i. 333,333 options vest on the date, if it occurs prior to 30 September 2017 that the Company's securities trade on the ASX at or above 75 cents. If this condition is not met the vesting period is extended to 30 September 2019 and vesting will occur if the Company's securities trade on the ASX at or above $1.00 by that extended date;

ii. 333,333 options vest on the date that the Company completes the purchase or build of a retail platform (defined as a flexible service that enables investors to buy and hold their investments online all in one place, tracking transactions for tax purposes and allowing advisor and/or client direction) for client's monies if this occurs before the expiry date;

iii. 333,334 options vest if the Company's Funds Under Management attains or exceeds $1 billion prior to the expiry date.

Expenses arising from the share based payment transactions recognised during the period was $21,402 (2016: Nil).

30. Related party transactions (Cont.)

(f) Outstanding balances as at year end

The following balances, prior to group elimination, were outstanding at the end of the reporting period:

	Amount owed by related parties		Amount owed to related parties	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	($)	($)	($)	($)
Clime Capital Limited	**54,837**	54,231	-	-
Clime Australian Income Fund	**4,596**	397	-	-
Clime Smaller Companies Fund	**3,137**	-	-	-
Amigo Consulting Pty Ltd	**-**	-	**22,000**	-
Clime Investment Management Limited	**355,000**	135,000	**12,478,294**	9,509,684
Subsidiaries of Clime Investment Management Limited	**105,796**	62,156	-	-

31. Parent entity disclosures

The following information relates to the parent entity Clime Investment Management Limited. The information presented has been prepared using accounting policies that are consistent with those presented in note 2.

(a) Financial Position

	2017 $	2016 $
Assets		
Current assets	**6,812,262**	7,050,638
Non-current assets	**12,775,735**	20,172,131
Total Assets	**19,587,997**	27,222,769
Liabilities		
Current liabilities	**11,607,341**	10,508,267
Non-current liabilities	**-**	1,284,185
Total Liabilities	**11,607,341**	11,792,452
Net Assets	**7,980,656**	15,430,317
Equity		
Issued capital	**13,822,370**	21,860,316
Profit reserve	**18,006,923**	17,482,622
Accumulated losses	**(24,004,435)**	(24,004,434)
Share-based payments reserve	**155,798**	91,812
Total Equity	**7,980,656**	15,430,317

(b) Financial Performance

Profit for the year	**2,787,353**	20,495,912
Other comprehensive (loss) / income	**(142,506)**	58,464
Total comprehensive income	**2,644,847**	20,554,376

31. Parent entity disclosures (Cont.)

(c) Guarantees entered into by the Parent Company

The parent company provides cash backed guarantees for the operating lease agreement of office premises. During the year these guarantees amounted to $255,486 (2016: $255,486).

(d) Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity has no commitment (2016: Nil) for the acquisition of property, plant and equipment and $469,249 (2016: $630,847) for the operating lease commitments.

The Directors declare that:

a. in the directors' opinion, the attached financial statements and notes thereto, as set out on pages 31 to 74, 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 Group;

b. in the director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

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;

d. the directors have been given the declarations required by section 295A of the *Corporations Act 2001*; and

e. the remuneration disclosures contained in the Remuneration Report comply with S300A of the *Corporations Act 2001*.

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 by:

Donald McLay	**John Abernethy**
Chairman	Managing Director

Date: 24 August 2017

Independent Auditor's Report to the Members

CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Clime Investment Management Limited, "the Company" and its Controlled Entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2017 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 Group 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* "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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members

PITCHER PARTNERS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accuracy of Management and Performance Fees Refer to Note 5: Revenue and Note 30: Related Party Transactions	
Management and performance fees account for \$7.3M of the Group's \$8.6M reported revenues in 2017. We focused our audit effort on the accuracy of management and performance fees given their significance to the revenues of the Group and because their calculation may require adjustments for significant events in accordance with the Investment Management Agreement. In addition to their size, as some of these transactions are made with related parties, consequently there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third-party. We therefore identified the accuracy of management and performance fees as a key audit matter.	Our procedures included amongst others: • Obtaining and reviewing all current Investment Management Agreements; • Making enquiries with Management and Directors with respect to any significant events during the year that may impact the calculation of management and performance fees; • Recalculating management and performance fees in accordance with our understanding of the current Investment Management Agreements and comparing our calculations to those fees reported; and • Assessing the appropriateness of the current accounting policy in relation to management and performance fees and the adequacy of disclosures in the financial statements.

Independent Auditor's Report to the Members

PITCHER PARTNERS

Key audit matter	How our audit addressed the key audit matter
Impairment Assessment of Intangible Assets Refer to Note 17: Intangible Assets	
At 30 June 2017 the Group's statement of financial position had intangible assets, including goodwill, totalling $6.5M. The assessment of impairment of the Group's intangible assets incorporates significant management judgement surrounding the assumptions and estimates used in calculating the fair value less cost to sell these assets when evaluating their recoverable amount. We therefore identified the valuation of intangible assets as a key audit matter.	Our procedures included amongst others: • Evaluating management's process regarding the valuation of intangible assets to determine any asset impairments; • Challenging any assumptions or estimates used to determine the fair value of an intangible asset; • Checking the mathematical accuracy and performing sensitivity analysis on fair value calculations performed by management; and • Assessing the appropriateness of the current accounting policy in relation to impairment and the adequacy of disclosures in the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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.

Directors' Responsibilities 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 control 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.

Independent Auditor's Report to the Members

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report to the Members

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 20 to 27 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Clime Investment Management Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

S M Whiddett

S M WHIDDETT
Partner

Pitcher Partners

PITCHER PARTNERS
Sydney

24 August 2017

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Shareholder information

The shareholder information set out below was applicable as at 18 August 2017.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Ordinary Shares			Number of holders
1	-	1,000	34
1,001	-	5,000	184
5,001	-	10,000	109
10,001	-	100,000	264
100,001		and over	54
			645

B. Equity Security Holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	**No. of Shares**	**Percentage of issued shares**
RBC Investor Services Australia Nominees Pty Ltd <VFA A/C>	**10,979,791**	19.936
Torres Industries Pty Limited & Nagarit Pty Limited <Nagarit Super Fund A/C>	**7,320,680**	13.292
Locope Pty Ltd & Savoir Superannuation Pty Ltd	**6,500,000**	11.802
Double Pty Limited & Abernethy SMSF Pty Ltd <Abernethy Super Fund A/C>	**3,761,350**	6.830
Mr David Schwartz <David Schwartz Fam Hlds A/C> & related entities	**2,612,153**	4.743
Capital Property Corporation Pty Limited	**1,241,122**	2.254
Clodene Pty Ltd	**1,194,121**	2.168
Robansheil Pty Limited	**1,130,446**	2.053
Allingham Holdings Pty Ltd <Hillgrove Super Fund A/C>	**984,000**	1.787
Ruminator Pty Ltd	**871,419**	1.582
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	**850,000**	1.543
Barrob Bondi Pty Ltd <The Townson Superfund A/C>	**561,066**	1.019
Mr Neil Edward Schafer & Mrs Molly Clark Schafer <Lodge Road Super Fund A/C>	**548,007**	0.995
Mr Orlando Berardino Di Iulio & Ms Catharina Maria Koopman	**500,000**	0.908
Mr Robert Archer Black	**500,000**	0.908
Arcelia Pty Ltd <Round Hill Retire/Fund A/C>	**485,334**	0.881
J P Morgan Nominees Australia Limited	**342,022**	0.621
Sanlam Private Wealth Pty Ltd	**320,000**	0.581
John E Gill Trading Pty Ltd	**300,298**	0.545
Delta Asset Management Pty Ltd <Super Fund A/C>	**300,000**	0.545
	41,301,809	74.993

B. Equity Security Holders (Cont.)

Quoted equity securities issued under Employee Incentive scheme not yet vested	Ordinary Shares	
	No. of Shares	Number of holders
Shares issued under the Employee Incentive Scheme to take up ordinary shares	1,575,000	12

C. Substantial Holders

Substantial holders in the company are set out below:

Ordinary Shares	No. of Shares	Percentage of issued shares
Wilson Management Group	10,979,791	19.936
Torres Industries Pty Ltd	7,320,680	13.292
Locope Pty Ltd & Savoir Superannuation	6,500,000	11.802
Mr. John Abernethy	3,761,350	6.830

D. Voting Rights

Subject to any restrictions from time to time affecting any class of shares, on a show of hands every member present in person shall have one vote and upon a poll every member present or by proxy or attorney shall have one vote for each share held.

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.

E. Other Information

Annual General Meeting
The Annual General Meeting of Clime Investment Management Limited is expected to be held on 16 November 2017.

Stock Exchange Listing
The shares of the Company are listed on the Australian Securities Exchange Limited under the exchange code CIW. Quotation has been granted for all the ordinary shares of the Company on all member exchanges of the Australian Securities Exchange Limited. The home exchange is Sydney.

On-Market Buyback Scheme
As at 24 August 2017 an on-market buy-back scheme existed and continues to be in operation as at the date of this report.

Contact Details
The name of the Company Secretary is Mr. Biju Vikraman.

The address of the registered office and principal place of business in Australia is:

Level 7
1 Market Street
Sydney NSW 2000
Telephone: (02) 8917 2100

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