



clime

2023 Annual Report

Clime Investment Management Limited

INTEGRITY | TRANSPARENCY | CONVICTION | PROGRESS

Clime Investment Management Limited

Level 12, 20 Hunter Street Sydney NSW 2000 Australia | PO Box H90 Royal Exchange NSW 1225
ABN 37 067 185 899 P 1300 788 568

clime.com.au

Corporate Directory

Clime Investment Management Limited

ABN 37 067 185 899

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

For personal use only

Directors

John Abernethy
Susan Wynne
Michael Kollo
Ronni Chalmers
Claire Bibby

Chief Executive Officer

Annick Donat

Company Secretary

Andrew Metcalfe

Head office and registered office

Level 12, 20 Hunter Street
Sydney NSW 2000

P.O. Box H90
Royal Exchange
Sydney NSW 1225

Telephone: 1300 788 568

Email: info@clime.com.au

Website: www.clime.com.au

**Photography by Harry Cordaiy
Associate Analyst**

Harry's images have been used throughout the Annual Report.

Share registry

Boardroom Pty Limited

Level 8, 210 George Street
Sydney NSW 2000

Telephone +61 2 9290 9600

Facsimile: +61 2 9279 0664

Website: www.boardroomlimited.com.au

Auditor

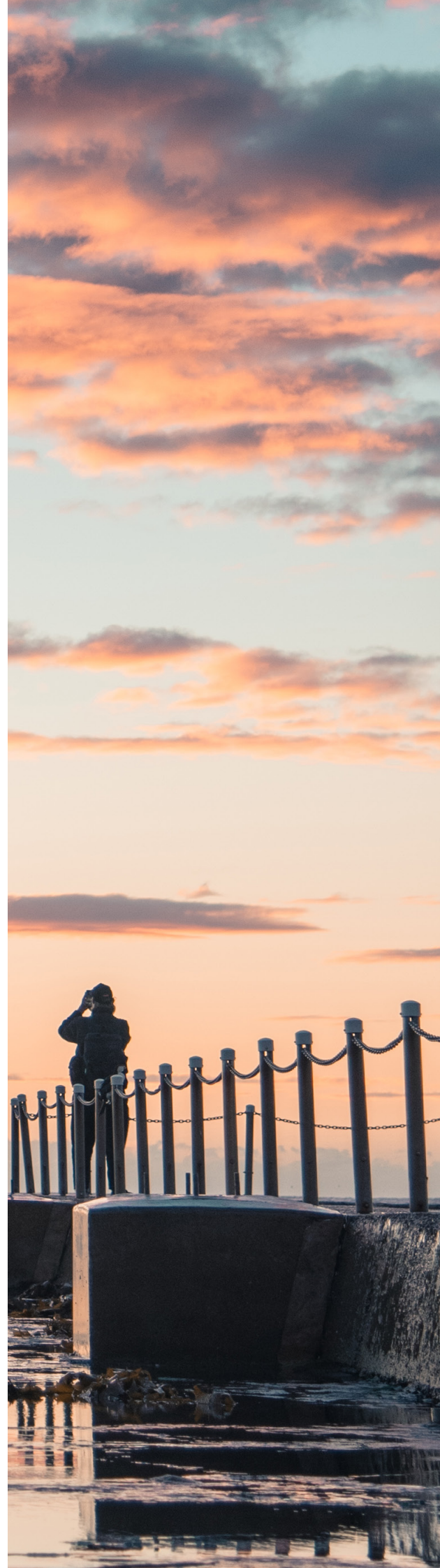
Pitcher Partners

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

Clime Investment Management Limited

For personal use only

Contents	Page No.
Chairman's Report	3
CEO Report	5
Investment Report	8
Clime in the community	10
Report from the Board	13
Remuneration Report - Audited	24
Auditor's Independence Declaration	33
Financial Statements	34
Directors' Declaration	77
Independent Auditor's Report to the Members	78
Shareholder Information	83





John Abernethy

Chairman's Report

Dear Fellow Shareholders,

For FY23 Clime Investment Management Limited (CIW) reported a pre tax operating loss \$0.9 million. The results reported by CIW are greatly affected by non cash amortisation and depreciation charges. In FY23 the charge was \$1.5 million (\$1.1 million FY22) which swelled the reported loss to \$2.3 million.

The operating loss of \$0.9 million corresponds to operating cash outflow, but \$0.46 million of the actual cash operating loss was attributable to a range of one off payments, that including retrenchment costs, legal costs and non recoverable claims. These were expensed in FY23.

The statutory reported Net Loss before Tax of \$2.3 million compared to a reported \$0.2 million profit in FY22. No dividend is proposed for FY23.

Whilst the actual loss is substantially lower than reported the result is regarded as unsatisfactory by your Directors. Thus, the Board and management have adopted a sharpened focus on growth opportunities with an appropriate review of costs.

Accounting Review of the Loss

I will outline these initiatives later in my report but to begin with I believe it is important to review the financial results in more detail. I do this because the financial reporting of CIW is affected by a myriad of accounting movements.

1. Profits from listed investments rose to \$54k (from a loss of \$875k in FY22), while performance fees were \$490k (from no performance fees in FY22);
2. Revenues rose to \$15.4 million (from \$13.7 in FY22), and total assets rose to \$31.2 million (from \$30.6 million in FY22); and
3. Non-cash depreciation and amortisation expenses rose significantly to \$1.5 million, up by \$398k from FY22. Similarly, one-off impacts from the financing of MTIS resulted in a decline in cash, and the deferred consideration payable of \$2.6 million.

Shareholders will notice a substantial lift in our expenses through our cash flow reports (compared to the previous year). A significant outflow occurred during the year in paying claims that will be reimbursed in FY24. Further, the accounts note warranty claims that existed from the acquisition by CIW of Madison Financial. It was pleasing that a significant cash payment was received in July 2023.

Reflecting on FY23 and looking forward

The business strategy of Clime is (i) to pursue and develop its offerings in the Individually Managed Accounts (IMA) or Separately Managed Accounts (SMA) space, (ii) to seek economic of scale within its private wealth and advice businesses, and (iii) to maintain and grow its reputation as a high quality advice and financial literacy advocate.

Developing and executing this strategy has seen significant investment and effort in FY23, and the Board would like to expressly thank the hard work of our staff headed by our CEO Annick Donat, whom achieved so much in FY23 against a range of broad operational and market headwinds. The recent initiatives to drive scale into our licensing and client education services are commended.

While these investments in developing business strategy will bear fruit in the coming years, it is also worth reflecting on the business environment that we operate in. In some respects CIW is unique being a small integrated boutique listed financial services company – operating across Asset Management, Licensed Advisory, Direct Advice and Client Education. However, our industry has a high and growing fixed cost element that requires providers to constantly reset their operational focus or achieve scale and profitability.

For personal use only

Strategic Highlights in 2023

In July 2022, CIW acquired MTIS as a direct means to create scale and expertise in the Clime Private Wealth (CPW) business. MTIS is operationally based in Melbourne but has clients up the East Coast of Australia. The merger of MTIS into CPW now means that we directly advise and manage approximately \$900 million of client assets.

In the main these clients are self directed retirees managed via Individually Managed Accounts (IMA) or Separately Managed Accounts (SMA) and a range of managed funds of Clime Asset Management or external managers. CPW services clients across Australia.

The MTIS merger does bring a heightened focus on our SMA service to both internal and external clients. The SMA business has grown steadily to about \$380 million (under management) currently and there remains immense opportunity to grow this further. That opportunity was certainly enhanced recently by our nomination as Managed Account Award finalist by IMAP. This nomination acknowledges the quality of our offer and we believe that this will stimulate interest from our licensed advisers and external advisers.

We have also focused on improving our product range with the integration of CPW and MTIS with the broader Clime operations gaining momentum. We expect that the benefits of the integration will be forthcoming though they have been slower to realise than originally expected. Importantly, we are now seeing positive momentum and expect synergies to flow consistently over FY24 and beyond.

A significant recent development to create scale and quality of brand was the entering of a Heads of Agreement between CIW, Madison Financial Group (MFG) and Practice Development Group (PDG). The aim of this agreement is to create a AFSL licensing servicing business of scale that is either substantially owned or controlled by its advisers. It has been widely reported that PDG represents financial advisers that are associated with one of Australia's iconic advisory brands. It is the view of CIW that the bringing together of MFG and PDG, with all 120 advisers (with approximately \$8 billion of assets under advice) being serviced by a single entity, makes immense commercial sense.

Finally, our drive to educate and provide financial literacy for our clients took a big step forward through our agreement with Team Invest Group (ASX:TIP) to join forces in investor education services. Our "Clime Direct" business drifted with the onset of Covid and the initiative with TIP allows us to reposition Clime back into the "value based" education market. This had been Clime's traditional place and we are excited to partner with a group whom also firmly believes in the power of knowledge sharing.

The initiatives of the Board and the directors in service to shareholders

The role of the Board and the directors is to provide the governance framework and the inputs required to execute and continuously review the business strategy executed by the Executive team. In doing so we acknowledge that business conditions for Australia's financial service providers has become more difficult with aggressive competition, tighter or more stringent regulations and generally rising costs that exceed inflation. Our drive for product excellence and scale is weighed against the increasing complexities of running multiple businesses and a tough competitive landscape.

The 'road to scale' requires many adjustments to business strategy, often weighing between organic and inorganic (mergers, tie-ups, and other acquisitions) sources of growth.

Our strategic discussion with my fellow directors have therefore centred on:

1. A strategic alliance with a group or groups than can offer significant synergistic cost benefits;
2. Acquisitions of or mergers with groups that have similar businesses but which suffer diseconomies of scale or market awareness; and
3. A consideration to lower our costs of doing business (including listing costs) through structural changes to our operating and financing models that would allow greater focus in specific vertical domains, as well as better alignment and lower agency costs.

Shareholders should have no doubt that the CIW directors are focused on reviewing management strategies to grow our business in a highly competitive market. The directors and I spend much of our time in and outside of board meetings discussing both the opportunities and risks to our business strategy, lending our domain expertise where needed, and ensuring that shareholders interests are protected and their capital is efficiently invested.

This year we have seen a loss in our operational profit, and we are working hard to ensure that it doesn't happen again.

To our shareholders, I thank you for your continued support. Both the Board and I welcome feedback and dialogue with shareholders. That is particularly important for a company that is traversing difficult market conditions.

Kind regards



John Abernethy
Chairman



Annick Donat

CEO Report

Dear Fellow Shareholders,

Our Chairman has provided a comprehensive analysis of our financial statements and I echo his sentiment in relation to our results.

During FY23 and particularly in the early part of FY24 we have addressed and resolved outstanding balance sheet items and streamlined our segment reporting to better align with our key business drivers. Alongside these changes, capital has been deployed to fund a rapid succession of acquisitions and joint ventures which we expect to deliver solid results in the coming years.

However, it is clear to see that the short-term impacts of these projects impacted our results and profitability in FY23.

Also, during FY23 we encountered significant challenges in resolving large claims, which at times placed considerable pressure on our executives and impacted financial performance. I am pleased to report that we have and continue to recover these claims through escrow provisions in the contract for the Madison acquisition.

Executing to our strategy required a rebuild across people, operational infrastructure and client solutions and services. These foundational components have been actively deployed in line with required expertise and legislative change. They are designed to improve and source new growth, create sustainable margins, and improve return on capital.

We believe we now have the component parts in place to deliver long term competitive advantage across the advice and investment value chain with a focus on accelerating growth and extracting revenue and cost synergies.

Three key pillars support our business strategy:

- Achieving economies of scale within our private wealth and financial advice business to better serve our clients and investors.
- Expanding our presence in the Individually Managed Accounts (IMA) and Separately Managed Accounts (SMA) sector.

- Maintaining and strengthening our reputation as a provider of high-quality financial advice and financial education advocacy.

These pillars are underpinned by continued improvement of our operating infrastructure, employing great people, and investing in their ongoing professional development and increasing our brand presence.

In line with the FY23 acquisitions and joint ventures, we continue to conduct a thorough review of our operational processes, identifying opportunities for efficiency gains and cost savings. Continual improvement is everyone's responsibility at Clime and a key measure to ensure we progress.

In line with this, we are committed to simplifying our investment solutions to focus on managed accounts. By streamlining our offerings, we can better align our resources and expertise and deliver better results for our clients and shareholders. You can read more about the progress of our investment solutions in Will Riggall's report.

Brand recognition plays an important part in our corporate strategy. Thanks to the diligent efforts of our exceptional brand and marketing team actively promoting our voice in the media and industry, we have increased our consumer engagement significantly. Leveraging social platforms, readers have daily access to our 'Quick Bites,' which provide valuable macro-economic insights that are easy to read and understand. These, and other initiatives are aimed at connecting with our audience in a more meaningful way and further establishing our expertise in the industry. Our brand represents our commitment to help Australians truly understand and manage their wealth.

For personal use only

The outlook for FY24**Merger of Clime Private Wealth and MTIS**

One of the pivotal components of our strategic journey is the development of a comprehensive Private Wealth service. We recognise that this initiative holds the key to our ability to serve multi-generations through both retail and wholesale strategic advice.

Through significant investments in these strategies in FY23, we are now beginning to see positive momentum. Our recent merger with MTIS has created a significant scale in our Private Wealth business, managing approximately \$900 million of client assets. We will create a service model that not only addresses the current needs of our clients but also evolves to serve multiple generations.

In line with our Private Wealth strategy, we are actively partnering with adjacent solutions providers in areas such as philanthropy, estate planning, and insurance. We understand that financial well-being extends beyond investments, and we are dedicated to addressing all aspects of our clients' financial lives.

As part of our commitment to expanding our presence in other states, we commenced a joint venture with a Queensland based financial advice firm. Early results indicate this structure better serves our existing clients who now benefit from a comprehensive advice service. We have also seen an increase in growth opportunities from new referral partners and clients. We will look to expand these types of relationships as a way of ensuring that our clients have access to our high-quality services nationwide.

One of the greatest joys of my role is spending time with our clients and hearing their stories. This year we have started inviting our clients into the boardroom to showcase their family businesses with each other. This has led to some very good wine tasting evenings and wonderful conversations amongst our Private Wealth clients. We look forward to continuing these events to better understand the clients we serve.

My Financial Fitness

Our commitment to financial education is further underscored by our strategic joint ventures. As noted in our Chairman's Report, we have commenced a joint venture with TIP Group (ASX: TIP). The My Financial Fitness program leverages the combined Group's history in investor education and expertise in wealth management to create bespoke content and advice for everyday Australians, facilitated by industry professionals.

My Financial Fitness subscribers will have access to an online portal of self-study content and monthly webinars led by experienced professionals. Currently it is easy to access information about financial markets and investments, but difficult to know what is informed and professional advice leaving many Australians uncertain about their financial future and where to turn for help and information. We firmly believe that financial education is a cornerstone of financial empowerment and long-term success

We continue to see disruption and dislocation within the Financial Advice industry. That said, it remains true the most important relationship within this sector is the one between the adviser and their client.

Madison Financial Group

This year Madison celebrates 40 years in business. It is a testament to the founders who wanted to create an advice community which delivered high quality advice and investment services to their clients. Whilst some of the original members have since retired, the ethos of collaboration, peer sharing and contribution to the success of the business still lives on. The team and I are looking forward to celebrating this milestone at the Madison conference in October.

As reflected in the Chairman's report, in August we announced a Memorandum of Understanding (MoU) with Practice Development Group (PDG) who represent another prominent AFSL. The continued disruption in the financial advice industry has led to several groups looking to partner with nimble and innovative businesses who are prepared to challenge the bureaucracy.

The agreement between Madison Financial Group and the PDG Board will enable our respective licenses to attract like-minded businesses, harness operational synergies, negotiate better financial terms for commercial contracts and capture the increased demand for acquisition and succession solutions. By fostering a predominantly adviser-led and adviser-owned community, we empower our partners to not only navigate regulatory challenges but also drive growth and innovation.

Importantly, this strategic move positions us well to deliver enhanced value to the practice Principals, their advisers, and clients. We expect to see the benefits in the second half of FY24 as we streamline processes and reduce costs; ultimately improving our overall competitiveness.

I would like to express my appreciation to the Madison Adviser Council for their valuable guidance and commitment to the ongoing development of our adviser community. Many of our advisers actively participate in our working groups, contributing significantly to the improvement of our services.

Their input ensures that we consistently incorporate the perspectives and requirements of our advisers and their clients into our decision-making processes.

In conclusion

FY23 has been a year marked by significant challenges and transformative advancements. We have navigated a dynamic landscape with resilience, adaptability, and commitment to our strategic pillars.

I would like to extend my appreciation to the members of our Executive team and our dedicated employees. Their commitment, leadership, and collaborative spirit not only make challenging times worthwhile but also enhance the value of our successes.

My sincere appreciation to our Chairman, John Abernethy for his continued wisdom and support. His counsel and mentoring have been invaluable. My thanks to our board of directors for their guidance during the year. Their combined expertise positions us well for the future.

In closing, I would like to acknowledge and thank our shareholders and clients for their support and trust. We acknowledge and respect your choice when it comes to selecting your investment partner, and we approach this decision with the utmost seriousness. We are committed to delivering enhanced value, promoting financial education, and empowering our clients to achieve their financial aspirations.



Annick Donat
Chief Executive Officer



Will Riggall

Investment Report

For personal use only

Following on from the seismic shift in global interest rates and asset values that took place in the 2022 financial year, the 2023 year again saw investors needing to be nimble in responding in their investment portfolios. The key trends of 2022 of rising inflation, geopolitical uncertainty, and surging post COVID growth were soon taken over by fears of recession, credit market jitters and a marked shift back to global technology sector leadership driven by the buzz around “artificial intelligence”.

In my role as Chief Investment Officer of Clime, it is not only my responsibility to oversee the construction of our direct and multi-asset investment portfolios, but also to ensure our investors and advisors that work with us are always informed and educated.

As we entered the new calendar year, investment markets were challenged by the prospect of near-term recession, surging inflation, and the collapse of several regional banks in the US. Early in my career I was reminded that for markets to rally they often need to “climb a wall of worry”, fast forward six months this is precisely what has occurred with the globe yet to fall into a recession, credit markets functioning, and inflation having peaked. Living our values of conviction and transparency we communicated to clients the importance of diversification and investing in quality companies to provide comfort to stay invested, those that did, have benefited from strong returns.

Across the portfolios managed by the investment team we were pleased to provide investors with a strong set of outcomes that not only grew their capital ahead of inflation, but a high and growing stream of franked dividends. Clime Capital (CAM.ASX) exemplified these traits, with a 17.2% return in NTA over the 12 months to June, outperforming the 14.9% return of the ASX200 Accumulation Index. Moreover, the portfolio rewarded investors with a 9.2% gross yield, a strong achievement during a challenging period in markets.

The 2023 year again saw investors needing to be nimble in responding in their investment portfolios.

”

At a strategic level, the group continued its focus on providing leading solutions to the Australian advice market through single and multi-asset managed account solutions. Clime’s Zenith rated suite of Australian equity portfolios under the Ralton brand have now outperformed their respective benchmarks since moving into the Clime stable. Post the end of the financial year, the hard work by the Clime investment team has been rewarded with the flagship Ralton Concentrated Equity Portfolio’s nomination as a finalist the Australian Equity category in the IMAF 2023 Managed Account Awards. It is pleasing to see the hard work being reflected in FUM growth with over 38% increase within the SMA category over the 2023 financial year.

Looking ahead we are excited about the number of opportunities we see in the market for active management to deliver strong absolute and relative returns for our clients as we navigate the rapidly changing external environment. Moreover, our strategic focus on growing our managed account business, building and partnering to offer unique opportunities and increasing recognition in the market, places us well to grow in 2024.

Will Riggall
Chief Investment Officer

For personal use only



Clime in the community

The Emerge Foundation

During both World Wars, Timor-Leste fought alongside Australian troops and since then our countries have a long history of kinship and support for one another. The Emerge Foundation builds on this relationship and creates incredible opportunities for the people of Timor-Leste through their 3 programs - Teaching Scholarship, Barefoot Nursing and Youth in Sport. This funding provides critical education and training to the women and children of Timor-Leste who continue to bring hope amidst the nation's devastated past.

Annick Donat joined The Emerge Foundation committee in 2021 and has continued to work closely with founders, Ian and Marianne MacRitchie.



Next Steps Australia

Established in 2016, Next Steps Australia's mission is to support survivors of domestic and family violence in establishing independent homes and lives by providing Starter Packs of essential manchester items to families who are forced to leave their homes due to violence.

Will Riggall has been involved in Next Steps Australia since 2016. Previously being on the Board, Will is now an ambassador for Next Steps Australia and continues to work closely with Chairperson, Bernadette Blair.



Future Generation Australia

Future Generation Australia supports 10 charities across the country to help at-risk youth: Act for Kids, Australian Children's Music Foundation, Australian Indigenous Education Foundation, Debra Australia, Diabetes Kids Fund, Giant Steps, Lighthouse Foundation, Mirabel Foundation, Raise Foundation and Youth Off The Streets. The funds raised for these charities help to break the cycle of disadvantage, improve social wellbeing and community engagement among the young people across the country.

Clime became a fund manager with Future Generation Australia in May 2016. We are part of the \$5.9 million invested by Future Generations Australia in 2022 in charities which focus on supporting vulnerable young Australians.



Striver

Formerly known as GradMentor, Striver is an organisation focused on helping connect early career seekers to employers in the financial planning and accounting industries. Since their inception in 2013, Striver has seen more than 500 successful placements.

Clime has been a sponsor of Striver since 2020. Clime's Head of Operations, Nicholas Hyde, volunteers as a workplace mentor as part of an initiative called 'Diverse as we are', launched in early 2023.



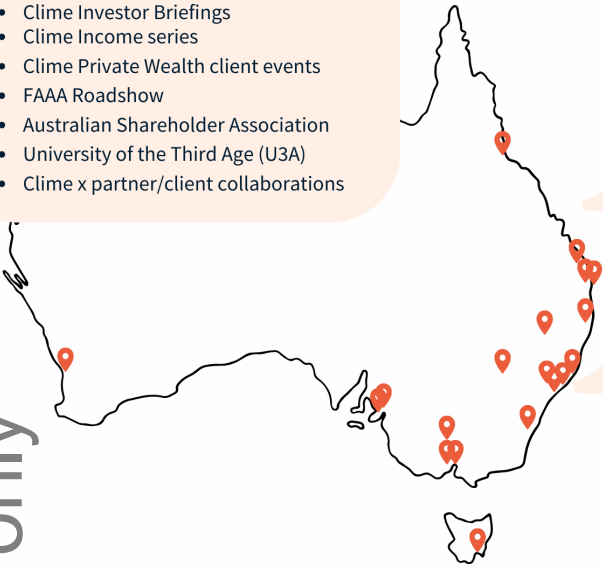
For personal use only



We help Australians truly *understand* and *manage* their wealth.

Events across Australia

- Clime Investor Briefings
- Clime Income series
- Clime Private Wealth client events
- FAAA Roadshow
- Australian Shareholder Association
- University of the Third Age (U3A)
- Clime x partner/client collaborations



"All presenters were excellent.
Thorough and diligent."
Jimmy H.

"Well presented, most informative,
a lot to think about."
Mike P.



Launch of the new
Clime website

- @clime.australia
- @clime.australia
- Clime Investment Management Limited

For personal use only

in the media



730.93%

Engagement rate for
Instagram over FY23



Over 30k

website page views
in 5 months



114,596

Impressions across all
social platforms in FY23

Investment Management

Clime Capital Limited

Clime Private Wealth

Madison Financial Group

★ ★ ★ ★ ★ Average rating for **Madison Conference (October 2022)**

★ ★ ★ ★ ★ Average rating for **Madison Insurance Specialist Forum (November 2022)**

★ ★ ★ ★ ★ Average rating for **Madison PD Days (March 2023)**

"[The Insurance Specialist Forum] was *personal* and allowed for *good discussion*."
- Lauren Enfield, Orbital Life

"[The Madison PD Day] was fueled with some *very good presenters* and *excellent content*."
- Larry Ellis, Investwise Financial Planning

"[The Madison Conference] allowed a lot of *community engagement*."
- Madison Conference attendee (Education Partner)

For personal use only

Managed Funds

Clime Australian Income Fund



Clime Smaller Companies Fund



Separately Managed Accounts (SMAs)

Ralton Dividend Builder



Ralton Concentrated Australian Equity



Ralton Ex50



Ralton Leaders



Education is the cornerstone to *financial wellbeing*.



May 26th, 2023 | Video

The View | Australia – still top of the pops for investors: Ausbiz interview with John Abernethy

March 31st, 2023 | Article

The View | Don't mess with super – Fix retirement policy

May 17th, 2023 | Article

Quick Bites | The Future of Jobs

March 21st, 2023 | Article

Quick Bites | Expectations of global growth are rising

April 18th, 2023 | Article

Quick Bites | A treasure trove for investors

Adviser Distribution

Clime Direct

Research

Education

Report from the Board

For personal use only



Report from the Board

We are pleased to present the results of Clime Investment Management Limited and its controlled entities (“the Group”) for the financial year ended 30 June 2023.

The comparison with the prior year needs consideration of the impact of the acquisition of all the issued share capital of MTIS Wealth Management Pty Limited (“MTIS”), Investment Strategists Accounting Services Pty Limited (“ISAS”) and Ralton AM Pty Limited (“Ralton”).

On 14 August 2022, the Company acquired 100% of the share capital of MTIS and ISAS, with the Group obtaining beneficial ownership and rights from 1 July 2022.

On 24 February 2022, the Company acquired 75% of the share capital of Ralton and the remaining 25% on 18 November 2022. The results of these entities have been included in the Group consolidation from the date of acquisition. To that extent, the numbers are not strictly comparable.

Key highlights

For FY23, the Group recorded a net loss before tax of \$2,341,456 compared with a profit of \$213,973 in FY22. Net loss after tax attributable to the owners of the Company was \$1,867,667 for FY23 compared with a profit of \$96,905 in FY22.

Basic loss per share for the year was 2.6 cents per share compared to 0.1 cents earnings per share as at 30 June 2022.

Group revenue (excluding performance fees) increased by 9% from \$13,682,882 in FY22 to \$14,896,941 in FY23.

The Group earned \$490,386 performance fees during the year (FY22: \$Nil) with contributions from Clime Capital Limited (listed investment company) and Clime All Cap Australian Equity Fund (wholesale fund). A number of Clime’s investment products are performing well, particularly Clime Capital Limited with a gross portfolio return of 18.0% (against benchmark return of 14.8%) at 30 June 2023.

Advice fees increased from \$190,145 in FY22 to \$2,854,330 in FY23 mainly due to revenue generated by recently acquired MTIS and ISAS entities.

Madison Entities contributed \$2,558,857 revenue to the Group in FY23 compared to \$2,793,090 in FY22.

The Group’s Gross Funds Under Management and Advice (FUM&A) was \$5.7 billion as at 30 June 2023 compared to \$5.1 billion as at 30 June 2022.

Income from direct investments generated dividend and distribution income of \$457,941 in FY23 (FY22: \$339,917) and marked to market gains of \$53,625 compared to a loss on financial assets of \$875,228 during FY22 mainly due to an increase in the market value of the Group’s holdings in the listed company Clime Capital Limited.

Depreciation and amortisation expense during the year was \$1,476,712 compared to \$1,078,239 in FY22. The increase was mainly on account of higher amortisation of intangible assets acquired from MTIS, ISAS and Ralton entities during the year.

Administration expenses were \$16,067,523 (compared to \$11,708,267 in FY22) due to increase in higher staff costs, and professional and consultancy fees.

Gross Funds under Management (FUM)	30 JUNE 2023 (\$ millions)	30 JUNE 2022 (\$ millions)
Clime Individually Managed Accounts	496	508
Listed Investment Company (Clime Capital Limited - ASX: CAM)	157	145
Managed Funds and Mandates	249	285
Separately Managed Accounts	372	269
Sub-Total Funds Under Management	1,274	1,207
Funds Under Management and Advice - WealthPortal	516	527
Funds Under Advice - other investment platforms	3,822	3,335
Insurance Premiums Under Advice	51	53
Sub-Total Funds and Insurance Premiums Under Advice	4,389	3,915
TOTAL FUM&A	5,663	5,122

Summary of total equity

The total equity at 30 June comprised the following:

	30 JUNE 2023 (\$)	30 JUNE 2022 (\$)
Cash and cash equivalents	2,173,769	8,141,740
Other financial asset at amortised cost	295,060	289,545
Trade and other receivables less payables	(128,934)	(808,057)
Listed investment company - Clime Capital Limited	4,650,301	5,137,064
Unlisted investments - Managed funds	-	65,622
Equity accounted investments	-	119,731
Other tangible assets less liabilities	(4,023,572)	(1,393,001)
Net tangible assets	2,966,624	11,552,644
Intangibles, right-of-use assets and contract costs	19,372,796	13,317,401
Deferred tax assets - net	926,045	435,681
Total equity	23,265,465	25,305,726
No. of ordinary shares on issue (excluding EIS)	71,160,265	70,975,080
Equity per share	32.7 cents	35.7 cents
Net tangible assets per share	4.2 cents	16.3 cents

For personal use only

Cashflow

Operating cash flow was negative \$1,120,052 compared to positive \$1,696,576 in FY22. This was primarily due to pre-amortisation operating loss of \$864,744, which includes one-off payments of \$463,252 relating to retrenchment costs, legal costs and non-recoverable claims.

The Group generated cash inflows of \$602,319 from the disposal of financial assets in FY23 compared to \$407,111 net outflows in FY22.

In FY23, net cash outflow from investing activities was \$4,629,013 compared to an outflow of \$818,178, mainly on account of \$4,014,199 paid towards the acquisition of MTIS Wealth Management Pty Limited, Investment Strategists Accounting Services Pty Limited and Ralton AM Pty Limited.

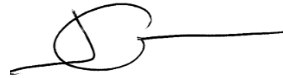
Net cash outflow from financing activities in FY23 was \$821,225 compared to net cash inflow of \$1,591,676 in FY22. During FY23 there were no inflows from capital management activities (FY22: \$3,916,505) and lower payment of dividend of \$289,100 (FY22: \$1,821,795).

Outlook for 2024 Financial Year

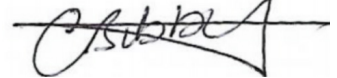
Directors and management expect FY24 to be a year of further growth resulting from delivery of Clime's strategy. The Group's integrated service offering encompasses investor education, advice and investment solutions for self-directed, retail and wholesale clients.

We also anticipate continued expansion during FY24 via growing funds under management and advice; expanding the retail and wholesale advice footprint of the Group through appointing Financial Advisers who share our values of Integrity, Transparency, Conviction and Progress; growing investment services provided to third-party licensed Financial Advisers; and seeking above benchmark investment returns across all portfolios.

On behalf of the Board



John Abernethy
Chairman



Claire Bibby
Independent Director

The Directors



The Directors of Clime Investment Management Limited present the financial report of the Company for the financial year ended 30 June 2023.

To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

J Abernethy
Non-Executive Chairman,
Non-Independent
(Appointed 17 November 1994)

S Wynne
Independent Director
(Appointed 27 September 2021)

M Kollo
Independent Director
(Appointed 27 September 2021)

R Chalmers
Non-Independent Director
(Appointed 27 September 2021)

C Bibby
Independent Director
(Appointed 18 October 2021)

Mr. John Abernethy BCom (Econ), LL.B
Non-Executive Chairman -
Non-Independent

Experience and expertise

Mr. Abernethy has over 40 years' funds management experience in Australia and was previously General Manager Investments of the NRMA.

Mr. Abernethy holds a Bachelor of Commerce (Economics)/LLB from the University of New South Wales.

Directorships of other listed companies
Clime Capital Limited
WAM Research Limited.

Former Directorships in last 3 years
Australian Leaders Fund Limited.

Special responsibilities
Member of Board Audit Risk & Compliance Committee

Interests in shares and options
5,129,350 ordinary shares

Ms. Susan Wynne
Independent Director

Experience and expertise

Ms. Wynne has more than 20 years corporate and government experience, specialising in brand and business development, stakeholder management, corporate affairs and public relations.

Ms. Wynne has served on Woollahra Council since 2008 including as Mayor with strong focus on corporate social responsibility.

Ms. Wynne is a graduate of Australian Institute of Company Directors, an Affiliate of the Governance Institute of Australia.

Directorships of other listed companies
MoneyMe Limited.

Former Directorships in last 3 years
None

Special responsibilities
Chairman of Remuneration Committee
Member of Board Audit, Risk & Compliance Committee

Interests in shares and options
10,000 ordinary shares



Dr. Michael Kollo
Independent Director

Experience and expertise

Dr. Kollo is a senior investment professional with extensive academic and private sector experience globally.

Dr. Kollo has gained his PhD in Finance from the London School of Economics, and has lectured at the London School of Economics, and at the University of New South Wales.

Directorships of other listed companies

None

Special responsibilities

Member of Remuneration Committee

Interests in shares and options

None



Mr. Ronni Chalmers
Non-Independent Director

Experience and expertise

Mr. Chalmers has over 40 years of Australian Equities investment management experience. Mr. Chalmers began his career as a graduate at Bankers Trust Australia, rising to Associate Director during its rapid growth.

Mr. Chalmers has held senior Portfolio Manager / Investment Manager roles with several funds management and insurance companies before founding CBG Asset Management Limited in 2001.

Mr. Chalmers has a Bachelor of Commerce from the University of New South Wales and is a Fellow of the Financial Services Institute of Australasia.

Directorships of other listed companies

Clime Capital Limited.

Former Directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

8,100,508 ordinary shares

150,000 options under Employee

Incentives Scheme

1,500 options under Employee Share Scheme



Ms. Claire Bibby
Independent Director

Experience and expertise

Ms. Bibby is a highly experienced lawyer with over 30 years' experience as a lawyer, Executive and Non Executive Director with ASX, multinational, private and NFP organisations and executive coach.

Directorships of other listed companies

Comms Group Limited
Magnis Energy Technologies Limited.

Special responsibilities

Chairman of Board Audit, Risk & Compliance Committee

Member of Remuneration Committee

Interests in shares and options

None



For personal use only

Mr. Andrew Metcalfe
Joint Company Secretary

Experience and expertise

Mr. Andrew Metcalfe held the position of Company Secretary of Clime Investment Management Limited at the end of the financial year. Mr. Metcalfe was appointed to the position of Company Secretary on 21 June 2022.

Mr. Metcalfe (CPA, FGIA, GAICD) is an experienced Chartered Secretary and Governance Adviser with more than 25 years' experience across a broad industry base, having worked with a variety of Board and senior management team of ASX listed companies.

Mr. Biju Vikraman
Joint Company Secretary

Experience and expertise

Mr. Biju Vikraman was appointed Company Secretary in 2015 and resigned on 30 November 2022.

Mr. Vikraman held a Bachelor of Commerce from University of Mumbai, India and was an Australian and Indian Chartered Accountant.

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

Remuneration of Key Management Personnel

Information about the remuneration of Key Management Personnel is set out in the Remuneration report section of this Directors' report.

The term 'Key Management Personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (the Company), directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Directors' meetings

The number of meetings of the Board of Directors and of the Committees of the Board and the individual attendance by Directors at those meetings which they are eligible to attend as members, during the financial year, is summarised in the table below. The table excludes the attendance of those Directors who attended the Board Committee meetings of which they were not a member:

DIRECTORS	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	Held	Attended	Held	Attended	Held	Attended
Mr. John Abernethy	8	8	4	3	-	-
Ms. Susan Wynne	8	8	4	4	4	4
Mr. Michael Kollo	8	7	-	-	4	4
Mr. Ronni Chalmers	8	8	-	-	-	-
Ms. Claire Bibby	8	6	4	4	4	4

Rotation and election of Directors

Mr. Ronni Chalmers and Ms. Susan Wynne were appointed in 2021 and being eligible, offers themselves for re-election at the next Annual General Meeting in accordance with the Company's Constitution.

Principal activities

During the year, the Group's principal activity was the provision of integrated wealth solutions to clients by operating under Australian Securities and Investments Commission (ASIC) granted Australian Financial Services Licenses (AFSLs).

During the year the principal continuing activities of the Group consisted of:

- a. Operating an Individually Managed Accounts Service for wholesale clients, and Separately Managed Accounts, through subsidiaries Clime Asset Management Pty Limited and Ralton AM Pty Limited.
- b. Providing tailored private wealth advisory services for retail, wholesale and sophisticated investors through wholly owned subsidiaries Clime Private Wealth Pty Limited, MTIS Wealth Management Pty Limited and ISAS Pty Limited.
- c. Acting as investment manager for listed company Clime Capital Limited (ASX: CAM) through wholly owned subsidiary Clime Asset Management Pty Limited.
- d. Acting as investment manager for the managed funds Clime Australian Income Fund, Clime Smaller Companies Fund, Clime International Fund, Clime Fixed Interest Fund, Clime All Cap Australian Equities Fund (Wholesale) and Clime Australian Equity Long Short Fund through wholly owned subsidiaries Clime Asset Management Pty Limited and CBG Asset Management Limited.
- e. Providing licensee services to Financial Advisers licensed through Madison Financial Group Pty Limited.
- f. Dealing in various financial products to retail and wholesale investors through AdviceNet Pty Limited, WealthPortal Pty Ltd and ProActive Portfolios Pty Ltd.
- g. Providing an online equity research and valuation tool for Australian investors to research and value Australian listed companies and investment markets through wholly owned subsidiary Stocks in Value Pty Limited (trading as Clime Direct).

Significant changes in state of affairs

On 14 August 2022, the Company acquired 100% of the share capital of MTIS Wealth Management Pty Limited ("MITS") and Investment Strategists Accounting Services Pty Limited ("ISAS") for a total purchase consideration of \$6.47 million, with the Group obtaining beneficial ownership and rights from 1 July 2022. MTIS is a diversified wealth management, advisory and accounting/tax services business. MTIS offers similar and complementary services to Clime Private wealth and expands the Group's presence in Melbourne's CBD.

On 24 February 2022, the Company acquired 75% of the share capital of Ralton AM Pty Limited ("Ralton"). On 18 November 2022, the Company acquired the remaining 25% of Ralton for a total purchase consideration of \$300,000. Ralton is a specialist Australian equities managed accounts provider with the value-oriented investment approach, managing portfolios on behalf of retail and institutional clients.

Details of the above business combinations are contained in Note 32 to the financial statements.

Other than the above, there was no significant changes in the state of affairs of the Group during the financial year.

Review of operations

In accordance with the relief provided by Legislative Instrument 2016/188 issued by ASIC, 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 Company, please refer to Chairman's and Chief Executive Officer's report from the beginning of page 3.

Operating result

The consolidated result after providing for tax amounted to a loss of \$1,867,667 (2022: profit of \$98,490).

Dividends paid or recommended

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

	2023 \$	2022 \$
0.4 cents per share (2022: 1.5 cent per share) franked to 100% at 25% corporate income tax rate, final ordinary dividend paid during the year on 27 October 2022 in respect of the prior financial year	289,100	1,097,787
Nil (2022: 1 cent per share) franked to 100% at 25% corporate income tax rate, interim ordinary dividend paid during the year on 7 April 2022 in respect of the previous financial year	-	724,008
Total dividends paid	289,100	1,821,795

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

The Group will continue to pursue activities of:

- Primarily investing in equities listed on the Australian and international securities exchanges;
- Growing the Madison adviser community; and
- Providing advice to wholesale and retail clients.

The Group'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 Group's investments nor its mandates and therefore, the Group's performance.

Shares under option

There were no new options issued by the Company during the year or to the date of this report.

Unissued ordinary shares of the Company 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
CIW Employee Incentive Scheme	30 April 2021	29 April 2024	\$0.575	400,000
CIW Employee Incentive Scheme	23 June 2021	22 June 2024	\$0.573	250,000
CIW Employee Incentive Scheme	22 March 2022	21 March 2025	\$0.582	350,000
CIW Employee Incentive Scheme	21 August 2023	20 August 2026	\$0.358	150,000
			Total	1,150,000

The holders of these options do not have the right, by virtue of the option, to participate in any other share issue of the Company or of any other body corporate or registered scheme.

Rounding off amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' report and in the financial statements are rounded to the nearest dollar or in certain cases to the nearest one thousand dollars, unless otherwise indicated.

Environmental issues

The Group's operations are minimally affected by environmental regulations.

Risk and compliance control statement

Under Australian Securities Exchange (ASX) Listing Rules and 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 Group's objectives. These internal control processes cover financial, operational and compliance risks. The Group's corporate governance practices are outlined in further detail in the Corporate Governance Statement section on the Company's website at www.clime.com.au.

The Directors have received and considered the annual control certification from the Chief Executive Officer and the Chief Financial 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 ASX Principles and Recommendations to the extent disclosed in the Corporate Governance Statement.

Insurance for Directors and Officers

During the financial year, the Group paid a premium in respect of a contract 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 willful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of the liability and the amount of premium.

No indemnity provided to auditors

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 auditor of the Company or of any of its controlled entities against a liability incurred by an auditor.

Remuneration Report

Audited

For personal use only



Remuneration report - audited

This Remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Clime Investment Management Limited's key management personnel for the financial year ended 30 June 2023.

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The prescribed details for each person covered by this report are detailed below under the following headings:

- A. Key Management Personnel
- B. Remuneration policy
- C. Remuneration of Key Management Personnel
- D. Service agreements
- E. Share-based compensation
- F. Related party transactions
- G. Additional information

A. Key Management Personnel

The Directors and other Key Management Personnel of the Group during or since the end of the financial year were:

Non-Executive Directors	Position
John Abernethy (Appointed 17 November 1994)	Non-Executive Chairman
Susan Wynne (Appointed 27 September 2021)	Independent Director
Michael Kollo (Appointed 27 September 2021)	Independent Director
Ronni Chalmers (Appointed 27 September 2021)	Non-Independent Director
Claire Bibby (Appointed 18 October 2021)	Independent Director
Executive Officers	Position
Annick Donat (appointed 1 May 2021)	Chief Executive Officer

The named persons held their current position for the whole of the financial year and since the end of the financial year.

There were no additional persons who were considered Key Management Personnel under the *Corporations Act 2001*.

B. Remuneration Policy

Principles used to determine the nature and amount of remuneration

Key Management Personnel

Remuneration packages are set at levels that are intended to attract and retain 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. Executives may be given an incentive via a performance-based bonus (as determined by the Remuneration Committee).

Equity based remuneration can be made via shares issued under the CIW Employee Share Plan (ESP) or via the options issued to the executives under the CIW 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.

Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Remuneration of Independent Directors is determined by the Board within the maximum amount approved by shareholders periodically. 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 ESP and EIS.

Directors' fees

The current base remuneration was last reviewed with effect from 1 January 2022. 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 \$300,000 per annum.

Executive Officers' remuneration

The Executive Officers' remuneration framework has four components:

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

The combination of these comprises the Executive Officers' 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 Board's discretion.

Executives are offered a 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.

Short-Term Incentives (STI)

Executive Officers and senior management have the ability to earn STIs depending on the accountabilities of respective roles and their impact on the Company'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 (KPIs). Such KPIs will generally include measures relating to both the Group and the relevant individual, and may include financial, non-financial, human resources, client service, strategy, risk and compliance measures where appropriate. The measures are chosen such that they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

Long-Term Incentives (LTI)

CIW Employee Incentive Scheme (EIS)

Information on the Company's Employee Incentive Scheme is set out in Note 25.

Each year, the Remuneration Committee considers the appropriate targets and KPIs to link the STI and LTI plans and the level of payout if targets are met. This includes setting any maximum payout under the STI and LTI 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.

CIW Employee Share Plan (ESP)

Information on the Company's Employee Share Plan is set out in Note 21(f).

Shares under the Employee Share Plan are issued to all CIW employees (excluding Directors). The participants under the ESP are entitled to dividends and are subject to a 3-year lock in period in accordance with the plan rules.

C. Remuneration of Key Management Personnel

Details of the remuneration of Key Management Personnel for the years ended 30 June 2023 and 30 June 2022 are set out in the following tables. STIs are dependent on the satisfaction of performance conditions as set out in the section headed Short-Term Incentives (STI) on page 28. EIS and ESP do not vest unless the relevant vesting hurdles are achieved. All other elements of remuneration are not directly related to performance.

2023	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	TOTAL (2) (\$)
	SALARY AND FEES (\$)	SHORT-TERM INCENTIVES (\$)	SUPERANNUATION (\$)	LONG SERVICE LEAVE (\$)	OPTIONS (1) & EMPLOYEE SHARE PLAN (\$)	
Non-Executive Directors						
John Abernethy*	267,636	-	6,682	-	-	274,318
Susan Wynne	58,618	-	6,155	-	-	64,773
Michael Kollo	54,163	-	5,687	-	-	59,850
Ronni Chalmers**	241,930	-	24,893	24,419	5,400	296,642
Claire Bibby	58,618	-	6,155	-	-	64,773
Executive Officer						
Annick Donat	369,937	-	25,292	24,235	14,400	433,864
Total	1,050,902	-	74,864	48,654	19,800	1,194,220

* Includes \$70,318 in his capacity as Director and \$204,000 paid as consultancy fees.

** Includes \$13,523 in his capacity as Director and \$253,300 paid as salary since his appointment as a Director.

2022	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	TOTAL (2) (\$)
	SALARY AND FEES (\$)	SHORT-TERM INCENTIVES (\$)	SUPERANNUATION (\$)	LONG SERVICE LEAVE (\$)	OPTIONS (1) & EMPLOYEE SHARE PLAN (\$)	
Non-Executive Directors						
John Abernethy*	286,885	-	6,689	-	-	293,574
Susan Wynne	34,091	-	3,409	-	-	37,500
Michael Kollo	34,091	-	3,409	-	-	37,500
Ronni Chalmers**	184,476	-	18,024	20,456	5,400	228,356
Claire Bibby	31,469	-	3,147	-	-	34,616
Neil Schafer	5,457	-	546	-	-	6,003
Brett Spork	12,002	-	1,200	-	-	13,202
Peter Beaumont	12,002	-	1,200	-	-	13,202
Executive Officer						
Annick Donat	352,478	-	23,568	15,678	15,293	407,017
Total	952,951	-	61,192	36,134	20,693	1,070,970

* Includes \$73,574 in his capacity as Director and \$220,000 paid as consultancy fees.

** Includes \$37,500 in his capacity as Director and \$165,500 paid as salary since his appointment as a Director.

(1) The value of the options granted to Key Management Personnel as part of their remuneration is calculated at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

(2) The STI has been included in the above tables on an accrual basis and have been recorded at 100 per cent of the maximum potential payment. Individual performance reviews to be conducted after the finalisation of the audited consolidated financial statements will determine the final entitlement.

The relative percentage of those elements of remuneration of Key Management Personnel that are linked to performances are as follows:

NAME	FIXED REMUNERATION		REMUNERATION LINKED TO PERFORMANCE	
	2023	2022	2023	2022
Non-Executive Directors				
John Abernethy	100%	100%	-	-
Susan Wynne	100%	100%	-	-
Michael Kollo	100%	100%	-	-
Ronni Chalmers	100%	100%	-	-
Claire Bibby	100%	100%	-	-
Brett Spork	-	100%	-	-
Peter Beaumont	-	100%	-	-
Neil Schafer	-	100%	-	-
Executive Officer				
Annick Donat	100%	100%	-	-

Short-Term Incentives

\$Nil (2022: Nil) STIs were paid/payable to Key Management Personnel in respect of the year ended 30 June 2023. The STIs, if any, are paid at the discretion of the Remuneration Committee based on the exceeding its targets for the financial year.

D. Service Agreements

Remuneration and other terms of employment for Non-Independent Directors and certain Executive Officers 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 are set out below.

Mr. John Abernethy

Non-Independent Director

- \$63,636 per annum plus superannuation as Director's fee
- \$204,000 per annum plus GST as consultancy fee for delivering agreed outcomes
- Consultancy agreement for 3 years commencing 1 July 2022 to 30 June 2025 (Expiry Date) as an independent contractor to the Company
- The consultancy agreement continues to apply until a new agreement is executed or the current agreement is terminated
- Notice period for termination by consultant or by Company – twelve (12) weeks written notice.

Ms. Annick Donat

Chief Executive Officer

- Base salary - \$398,353 per annum (inclusive of superannuation) reviewed annually by the Remuneration Committee
- STI – entitled to receive short-term incentives in the form of annual cash bonus based on achieving yearly targets including annual EBITDA, operating cash profit, and operational targets as approved by the Board
- Maximum STI is \$200,000 per annum
- Notice period for termination by employee or by Company – three-month written notice.

E. Share-based compensation

Shares provided on exercise of remuneration options

No ordinary shares in the Company were provided to any Key Management Personnel as a result of the exercise of options via the EIS during the year (2022: Nil).

Shareholdings of Key Management Personnel

The numbers of shares (including shares issued under EIS) in the Company held during the year by each Key Management Personnel of the consolidated entity, including their related parties, are set out below.

Loans to Directors and other Key Management Personnel

\$300,000 (2022: \$302,200) loan to executive officers in relation to the EIS share issued under the Employee Incentive Scheme (refer Note 25(a)).

There were no other loans made to 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.

NAME	BALANCE AT 1 JULY 2022	GRANTED AS COMPENSATION	OTHER CHANGES DURING THE YEAR	AT BALANCE DATE
Non-Executive Directors				
John Abernethy	4,911,844	-	217,506	5,129,350
Susan Wynne	10,000	-	-	10,000
Michael Kollo	-	-	-	-
Ronni Chalmers	8,164,887*	-	87,121	8,252,008
Claire Bibby	-	-	-	-
Executive Officer				
Annick Donat	403,000	-	-	403,000

*Includes 150,000 shares issued under the Employee Incentive Scheme in April 2021 and 1,500 shares issued under the CIW Employee Share Plan in December 2020 issued prior to the appointment as a Director.

For personal use only

F. Related party transactions

1. Clime Capital Limited

- i. Mr. John Abernethy and Mr. Ronni Chalmers are Directors of Clime Capital Limited.

The Group received \$160,916 (2022: \$156,160) as management fees for the services rendered by two Directors and Company Secretary, reimbursement for marketing fees and shared expenses to Clime Capital Limited.

- ii. Clime Investment Management Ltd directly owns 3.98% (2022: 4.44%) of the share capital of the Company as at 30 June 2023. Clime Investment Management Ltd, through the Investment Manager (held on behalf of clients), has the indirect power to dispose 3.66% (2022: 2.98%) of the Company's shares and has the indirect power to dispose 7.55% (2022: 9.17%) of the Company's Convertible Notes held by the Investment Manager's Individually Managed Accounts (IMAs) and other managed funds.
- iii. Clime Asset Management Pty Limited, received \$1,662,038 (2022: \$1,308,541) excluding GST as remuneration for managing Clime Capital Limited's investment portfolio.
- iv. All dividends paid and payable by Clime Capital Limited to its Directors and their related entities are on the same basis as to other shareholders.

2. Clime Fixed Interest Fund

Clime Asset Management Pty Limited during the year received \$27,385 (2022: \$77,928) as remuneration for managing the investment portfolios and acting as trustee of Clime Fixed Interest Fund. This fund was wound up during the current financial year.

3. Clime All Cap Australian Equities Fund (Wholesale)

CBG Asset Management Limited, during the year received \$722,600 (2022: \$677,171) as remuneration for managing the investment portfolios and acting as trustee of Clime All Cap Australian Equities Fund (Wholesale).

4. Clime Australian Equity Long Short Fund (Wholesale)

Clime Asset Management Pty Limited, during the year received \$1,884 (2022: \$2,034) as remuneration for managing the investment portfolios and acting as trustee of Clime Australian Equity Long Short Fund.

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

	30 JUNE 2023 (\$)	30 JUNE 2022 (\$)
AMOUNT OWED BY RELATED PARTIES		
Clime Capital Limited	547,921	131,239
Clime All Cap Australian Equities Fund (Wholesale)	26,838	42,963
Subsidiaries of Clime Investment Management Limited	9,335,327	8,791,583
AMOUNT OWED TO RELATED PARTIES		
Subsidiaries of Clime Investment Management Limited	24,373,408	21,656,843

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 2023:

	30 JUNE 2023 \$	30 JUNE 2022 \$	30 JUNE 2021 \$	30 JUNE 2020 \$	30 JUNE 2019 \$
Revenue	15,387,327	13,682,882	15,749,533	11,952,222	12,447,639
Net (loss)/profit before tax and amortisation	(864,744)	788,234	3,757,012	983,622	2,542,907
Net (loss)/profit before tax	(2,341,456)	213,973	3,109,254	534,654	2,096,147
Net (loss)/profit after tax	(1,867,667)	98,490	2,277,575	397,428	1,461,444
Cash dividends paid	289,100	1,821,795	1,307,660	1,400,310	1,274,439
Interim dividend - Fully franked ¹ (cents per share)	-	1.0	1.0	1.0	0.75
Final dividend ^{1,2} (cents per share)	-	0.4	1.5	1.0	1.5
Share price as at 30 June	0.38	0.50	0.61	0.50	0.50
Basic (loss)/earnings per share (cents per share)	(2.6)	0.1	3.5	0.7	2.6
Diluted (loss)/earnings per share (cents per share)	(2.6)	0.1	3.4	0.7	2.6
Remuneration linked to share price	Nil	Nil	Nil	Nil	Nil

¹ 100% franked dividends (franked to 100% at 25% for FY2022, 26% for FY2021 and 27.5% up to FY2020)

² Declared after each respective balance sheet date and not reflected in the financial statements

In addition, during the financial year to 30 June 2023, Clime Investment Management Limited did not undertake a share buy-back (2022: 806,760) fully paid ordinary shares for total consideration of \$Nil (2022: \$474,332). These shares, if any, were repurchased at the prevailing market prices on the dates of the respective transactions in accordance with the 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);
- Investment returns and performance generated by the Funds Management team in respect of its managed investment products;
- Compliance and risk management based on regulatory requirements;
- Adviser satisfaction and retention;
- Employee satisfaction above a threshold approved by the Remuneration Committee; and
- Client satisfaction (Net Promoter Score).

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.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 23 to the financial statements do not compromise the external auditor's independence, based on the advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure they do not impact the integrity 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 (Including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

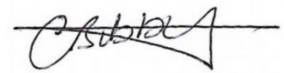
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 33.

This Director's report is signed in accordance with a resolution of the Directors made pursuant to s. 298(2) of the *Corporations Act 2001*.

On behalf of the Directors



John Abernethy
Chairman



Claire Bibby
Independent Director

Sydney, 22 September 2023



Pitcher Partners Sydney Partnership

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

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

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

In relation to the independent audit of Clime Investment Management Limited for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- b) no contraventions of APES 110 *Code of Ethics or Professional Accountants (including Independence Standards)*.

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

Scott Whiddett
Partner

Pitcher Partners
Sydney

22 September 2023

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	37
Consolidated Statement of Cash Flows	38
Notes to the Financial Statements	39

For personal use only

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue	5	15,387,327	13,682,882
Net realised and unrealised gains/(loss) on financial assets at fair value through profit or loss		53,625	(875,228)
Other income		-	309,943
Depreciation and amortisation expense	6	(1,476,712)	(1,078,239)
Administrative expenses		(16,067,523)	(11,708,267)
Share of results of associate		-	(30,268)
Finance costs	15	(238,173)	(86,850)
(Loss)/profit before income tax		(2,341,456)	213,973
Income tax benefit/(expense) attributable to operating loss	8(a)	473,789	(115,483)
(Loss)/profit for the year		(1,867,667)	98,490
Other comprehensive income, net of income tax		-	-
Total comprehensive (loss)/income for the year		(1,867,667)	98,490
Attributable to:			
Owners of the Company		(1,867,667)	96,905
Non-controlling interest		-	1,585
		(1,867,667)	98,490
Earnings/(loss) per share			
Basic - cents per share	24(a)	(2.6)	0.1
Diluted - cents per share	24(b)	(2.6)	0.1

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 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7(a)	2,173,769	8,141,740
Trade and other receivables	10	3,143,628	2,084,765
Current tax assets	9	104,278	238,629
Other current assets	11	360,660	672,548
Financial assets at fair value through profit or loss	12	4,650,301	5,202,686
Total Current Assets		10,432,636	16,340,368
Non-Current Assets			
Other financial asset	31(c)	295,060	289,545
Investment in associate		-	119,731
Property, plant and equipment	14	136,837	145,373
Right-of-use assets	15	858,890	1,288,334
Deferred tax assets – net	16	926,045	435,681
Contract costs	17	365,040	421,200
Intangible assets	18	18,148,866	11,607,868
Total Non-Current Assets		20,730,738	14,307,732
Total Assets		31,163,374	30,648,100
LIABILITIES			
Current Liabilities			
Trade and other payables	19	3,376,840	3,131,451
Lease liabilities	15	477,392	425,835
Contract liabilities		48,091	96,826
Provisions	20	757,898	616,593
Deferred consideration payable	32	1,262,592	-
Total Current Liabilities		5,922,813	4,270,705
Non-Current Liabilities			
Lease liabilities	15	532,788	1,010,182
Provisions	20	75,776	61,487
Deferred consideration payable	32	1,366,532	-
Total Non-Current Liabilities		1,975,096	1,071,669
Total Liabilities		7,897,909	5,342,374
Net Assets		23,265,465	25,305,726
EQUITY			
Issued capital	21(a)	25,587,865	25,487,865
Reserves	22(a)	333,612	290,137
Accumulated losses	22(b)	(2,656,012)	(482,851)
Equity attributable to owners of the Company		23,265,465	25,295,151
Non-controlling interests		-	10,575
Total Equity		23,265,465	25,305,726

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 2023

Consolidated	Notes	Issued capital \$	Share-based payments reserve \$	Accumulated losses \$	Attributable to owners of Company \$	Non-controlling interest \$	Total \$
Balance as at 30 June 2021		21,539,410	294,951	1,242,039	23,076,400	-	23,076,400
Profit for the year		-	-	96,905	96,905	1,585	98,490
Other comprehensive income for the year net of tax		-	-	-	-	-	-
Total comprehensive income for the year net of tax		-	-	96,905	96,905	1,585	98,490
Transactions with equity holders in their capacity as equity holders:							
• Issue of ordinary shares by way of placements and share purchase plan		4,139,936	-	-	4,139,936	-	4,139,936
• Transaction cost on issue of ordinary shares		(38,300)	-	-	(38,300)	-	(38,300)
• Shares bought back on-market and cancelled		(474,332)	-	-	(474,332)	-	(474,332)
• Issue of ordinary shares under CIW Employee Share Plan	21(b)	27,400	-	-	27,400	-	27,400
• Transfer from share-based payments reserve to issued capital on completion of EIS loan term		42,850	(42,850)	-	-	-	-
• Transfer of loan repayments to issued capital on completion of EIS loan term		250,901	-	-	250,901	-	250,901
• Recognition of share-based payments	22(a)	-	38,036	-	38,036	-	38,036
• Interest in Ralton AM Pty Limited		-	-	-	-	8,990	8,990
• Dividends paid or provided for	9(a)	-	-	(1,821,795)	(1,821,795)	-	(1,821,795)
Balance as at 30 June 2022		25,487,865	290,137	(482,851)	25,295,151	10,575	25,305,726
Loss for the year		-	-	(1,867,667)	(1,867,667)	-	(1,867,667)
Other comprehensive (loss)/income for the year net of tax		-	-	-	-	-	-
Total comprehensive (loss)/income for the year net of tax		-	-	(1,867,667)	(1,867,667)	-	(1,867,667)
Transactions with equity holders in their capacity as equity holders:							
• Recognition of share-based payments	22(a)	-	43,475	-	43,475	-	43,475
• Issue of shares for acquisition of Ralton AM Pty Ltd		100,000	-	-	100,000	-	100,000
• Adjustment arising from change in non-controlling interest of Ralton AM Pty Ltd		-	-	(16,394)	(16,394)	(10,575)	(26,969)
• Dividends paid or provided for	9(a)	-	-	(289,100)	(289,100)	-	(289,100)
Balance as at 30 June 2023		25,587,865	333,612	(2,656,012)	23,265,465	-	23,265,465

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees received in the course of operations		15,795,127	18,895,498
Expense payments in the course of operations		(17,266,193)	(16,856,762)
Dividends and distributions received		402,649	321,037
Interest received		15,509	17,327
Income tax refund received net of tax payments		(67,144)	(680,524)
Operating cashflows		(1,120,052)	1,696,576
Proceeds from disposal of financial assets at fair value through profit or loss		617,925	1,019,353
Payments for financial assets at fair value through profit or loss		(15,606)	(1,426,464)
		602,319	(407,111)
Net cash (used in)/provided by operating activities	7(b)	(517,733)	1,289,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of subsidiaries net of cash acquired	32	(4,014,199)	-
Loan to Associate		(50,000)	(150,000)
Payments for other financial asset at amortised cost		(5,515)	(211)
Payments for property, plant and equipment	14	(61,186)	(55,917)
Payments for intangible assets	18(a)	(498,113)	(612,050)
Net cash used in investing activities		(4,629,013)	(818,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares to institutional investors		-	4,139,936
Costs of issue of shares to institutional investors		-	(38,300)
Payments for shares bought back (including transaction costs)	21(e)	-	(474,332)
Principal elements of lease payments		(425,835)	(377,884)
Finance costs on lease liabilities	15	(62,441)	(86,850)
Finance cost - Others		(43,849)	-
Cash received on exercise of employee share incentive plan		-	250,901
Dividends paid to Company's shareholders	9(a)	(289,100)	(1,821,795)
Net cash provided by/(used in) financing activities		(821,225)	1,591,676
Net (decrease)/increase in cash and cash equivalents		(5,967,971)	2,062,963
Cash and cash equivalents at beginning of the year		8,141,740	6,078,777
Cash and cash equivalents at end of the year	7(a)	2,173,769	8,141,740
Non-cash financing activities			
Issue of shares for acquisition of Ralton AM Pty Ltd		100,000	-

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 2023

1. Corporate information

Clime Investment Management Limited (the Company) is a publicly listed company incorporated and domiciled in Australia. The address of its registered office and principal place of business is Level 12, 20 Hunter Street, Sydney NSW 2000 Australia. 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 2023 were authorised for issue in accordance with a resolution of the Directors on 22 September 2023 and covers the consolidated entity consisting of Clime Investment Management Limited 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.

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) 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.

Compliance with Australian Accounting Standards (AASs) ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with International Financial Reporting Standards as issued by IASB.

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

New and revised accounting standards effective during the reporting period

There are no new and revised accounting standard that significantly affect the annual financial statements.

New accounting standards and interpretations not yet adopted

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Basis of preparation

Significant accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and liabilities at fair value through profit and loss at the end of each reporting period.

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 into 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.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Equivalent of International Financial Reporting Standards 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**Subsidiaries**

The consolidated financial statements incorporate the financial statements of Clime Investment Management Limited 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 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 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 interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis.

Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled to in exchange for transferring goods and services to a customer. 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 and distribution income

Dividend and distribution income are recorded in the profit or loss on an accrual basis when the Group obtains control of the right to receive the dividend.

(ii) Management fees, advice fees and other fees

Fees and commissions that relate to specific transactions or events are recognised as revenue in the period that the services are provided and performance obligations are satisfied.

(iii) Performance fees

Performance fees are recognised at a point in time as income at the end of the relevant period to which the performance fee relates and when the Group's entitlement to the fee becomes established.

As performance fees are contingent upon performance determined at a future date, they are not recognised over time as they are not able to be measured reliably, and it is probable that there could be a reversal of revenue.

(iv) Authorised representative fees

On a bi-monthly basis, Madison Financial Advisers are billed for AFSL licensing fees in line with the contract between Madison and the Advisers. The Group's obligations under these contracts is to provide support to Advisers and licensing under the Madison AFSL to enable them to provide financial advice. The fees charged to the Advisers are based on a fee structure outlined in the contract with the Advisers.

(v) Investment education and software

The Group operates and distributes the online, web-based equity valuation tool, Clime Direct (formerly known as 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 as this reflects the period over which performance obligations under the subscription are satisfied.

(vi) 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 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

The Group assesses whether a contract is, or contains, a lease, at inception of the contract.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease liabilities include the net present value of the following lease payments:

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

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

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

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

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

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

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

(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.

(f) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future is discounted to its 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 non-financial 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.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses and have a repayment terms between 30 and 90 days.

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Investments**(i) Classification**

The Group's investments are categorised at fair value through profit or loss. They comprise investments in publicly listed companies and unlisted managed funds.

The Group classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. Since the investments do not have contractual cash flows attached the appropriate classification is fair value through profit or loss.

(ii) Recognition/derecognition

The Group recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'net realised and unrealised gains on financial assets at fair value through profit or loss' in the period in which they arise.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. As at the end of the reporting period, there were no financial assets or liabilities offset or with the right to offset in the Statement of Financial Position.

(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) 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, if any. 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 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) 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 of 3-20 years.

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

(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.

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.

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).

(ii) Intangible assets acquired separately (continued)

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.

(iii) Investment Management contracts & relationships

Investment Management contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. When acquired in a business combination, they are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition they 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 reviewed for indicators of impairment annually.

(iv) 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. When acquired in a business combination, they are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition they are carried at cost less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method to allocate the software license, customer relationship and customer list over their useful life of 3 to 15 years. Software license, customer relationship and customer list are reviewed for indicators of impairment annually.

(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) Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when the customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

*(p) 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 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 and Clime Employee Share Plan.

(1) Employee Incentive Scheme (EIS)

The Company 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.

(1) Employee Incentive Scheme (EIS) (continued)

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.

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 considers 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 considers 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 ASX.

(2) Employee Share Plan (ESP)

The shares under the ESP are granted to all employees (other than directors) at Nil consideration. The fair value of the shares issued under the ESP of \$Nil (2022: \$27,400) are expensed to the income statement immediately on issue.

(q) 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, considering 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).

(r) 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.

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.

(s) 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.

(t) 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 consider 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.

(u) Goods and services 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.

(v) 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 2023 reporting period and hence have not been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(w) Presentation currency and rounding of amounts

These financial statements are presented in Australian Dollars. Australian Dollars are also the functional currency of all entities in the Group.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Corporations Instrument amounts in the directors' report are rounded off to the nearest dollar, unless otherwise indicated.

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 and in Note 18.

(a) Carrying value assessment of goodwill, investment management contracts and client relationships

The Group tests annually whether goodwill, investment management contracts and client 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 a value-in-use calculation which uses cashflow projections based on financial budgets, normalised EBTIDA for a period of five years and use of assumptions relating to future growth and pre-tax discount rates reflecting a market estimate of the weighted average cost of capital.

The Directors' assessments of the recoverable amounts of the 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 recoverable amounts, therefore, may impact their recoverable amounts and result in alternative outcomes for the purposes of impairment testing.

(b) Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(c) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

(d) Revenue from Madison – Principal versus agent considerations

Revenue from Madison includes revenues collected for services performed by Authorised Representatives (as defined in the *Corporations Act 2001 (Cth)*) of Madison. Madison is considered to be acting as agent under the requirements of AASB 15 *Revenue from Contracts with Clients*. Accordingly, payments made to Authorised Representatives are deducted from the gross revenue to arrive at the reported net revenue figure as disclosed in Note 5 of the financial statements.

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 value risk. 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.

(a) *Market risk (continued)*

The Group seeks to reduce market risk by adhering to the prudent investment guidelines as documented in the respective product disclosure statements, information memorandum and portfolio construction guidelines.

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 2023		30 JUNE 2022	
	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)	\$703,369	(\$703,369)	\$ 756,829	(\$ 756,829)

(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. The majority of the Group's interest-bearing assets are held with reputable banks to ensure the Group obtains competitive rates of return while providing sufficient liquidity to meet cash flow requirements. 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 (1.26% weighted average interest rate in 2023 and 0.22% weighted average interest rate in 2022).

	30 JUNE 2023		30 JUNE 2022	
	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)	\$43,828	(\$43,828)	\$86,975	(\$86,975)

(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 as the counterparties are banks with high credit ratings assigned by credit-rating agencies.

(ii) Trade and other receivables

The maximum credit risk of the Group in relation to trade and other receivables is their carrying amounts. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(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 liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the 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 2023	CARRYING AMOUNT \$	CONTRACTUAL CASH FLOWS \$	LESS THAN 6 MONTHS \$	6 – 12 MONTHS \$	1-3 YEARS \$
Financial liabilities					
Trade and other payables	2,972,239	2,972,239	2,924,147	-	48,092
Lease liabilities	1,010,180	1,064,659	258,629	258,629	547,401
Deferred consideration payable	2,629,124	2,796,000	700,000	600,000	1,496,000
Total financial liabilities	6,611,543	6,832,898	3,882,776	858,629	2,091,493

MATURITY ANALYSIS – GROUP 2022	CARRYING AMOUNT \$	CONTRACTUAL CASH FLOWS \$	LESS THAN 6 MONTHS \$	6 – 12 MONTHS \$	1-3 YEARS \$
Financial liabilities					
Trade and other payables	2,900,740	2,900,740	2,803,914	-	96,826
Lease liabilities	1,436,017	1,552,937	244,139	244,139	1,064,659
Total financial liabilities	4,336,757	4,453,677	3,048,053	244,139	1,161,485

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.

(d) *Fair value risk*

The Group seeks to reduce market risk by adhering to the prudent investment guidelines of its Investment Committee.

(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 2023	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
Financial assets at fair value through profit or loss				
- Listed equities	4,650,301	-	-	4,650,301
- Unlisted unit trusts	-	-	-	-
	4,650,301	-	-	4,650,301

AT 30 JUNE 2022	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
Financial assets at fair value through profit or loss				
- Listed equities	5,137,064	-	-	5,137,064
- Unlisted unit trusts	-	65,622	-	65,622
	5,137,064	65,622	-	5,202,686

(i) *Valuation technique*

LISTED INVESTMENTS

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

UNLISTED UNIT TRUSTS

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

The carrying amounts of other financial asset and trade and other payables, are assumed to approximate their fair values due to their short-term nature.

5. Revenue

	2023 \$	2022 \$
Revenue from contract with customers		
Revenue from Funds management		
Management fees ¹	8,004,830	9,201,297
Performance fees ²	490,386	-
Other fees ²	775,882	831,389
	<u>9,271,098</u>	<u>10,032,686</u>
Revenue from Wealth Solutions		
Advice fees ¹	2,854,330	190,145
Dealership, portfolio management and other fees from Madison Entities ¹	2,558,857	2,793,090
Subscription fees from investment software ¹	111,460	221,914
Other fees ²	133,641	105,130
	<u>5,658,288</u>	<u>3,310,279</u>
Direct investments income		
Dividends and distributions	402,649	321,168
Interest income	55,292	18,749
	<u>457,941</u>	<u>339,917</u>
TOTAL REVENUE	<u>15,387,327</u>	<u>13,682,882</u>

¹ Revenue from contracts with customers recognised over time

² Revenue from contracts with customers recognised at a point in time

Refer to Note 26(b) for an analysis of revenue by segment.

6. Expenses

	2023 \$	2022 \$
Loss for the year before income tax includes the following specific expenses:		
Employee benefits expense		
Employee benefits expense (excluding superannuation)	9,499,336	6,895,461
Defined contribution superannuation expense	761,299	597,105
Share-based payment expense recognised (Note 25 (c))	43,475	65,436
Total Employee benefits expense	10,304,110	7,558,002
Finance liabilities measured at amortised cost		
Interest on lease liabilities	62,441	86,850
Unwinding of discount – Deferred consideration payable	131,883	-
Interest - other	43,849	-
Total finance costs	238,173	86,850
Other expenses		
Rental expenses relating to short-term leases	219,010	54,316
Total occupancy-related costs	219,010	54,316
Depreciation and amortisation		
Depreciation of property, plant and equipment (Note 14)	69,722	74,534
Depreciation of right-of-use assets (Note 15)	429,444	429,444
Amortisation of contract costs (Note 17)	56,160	56,160
Amortisation of investment management contracts (Note 18 (a))	260,348	300,747
Amortisation of software licences (Note 18 (a))	338,160	115,791
Amortisation of customer relationships and customer lists (Note 18 (a))	322,878	101,563
Total Depreciation and amortisation	1,476,712	1,078,239

7. Statement of cashflows

(a) Reconciliation of cash

	2023 \$	2022 \$
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:		
Cash and bank balances	2,173,769	8,141,740

Cash at bank is interest bearing. Cash at bank and deposits at call bear floating interest rates between 0.1% and 1.88% (2022: 0.02% and 0.40%).

The cash and cash equivalents as at end of 30 June 2023 includes \$1.15 million (2022: \$1.83 million) of cash held on behalf of Authorised Representatives of Madison Financial Group Pty Limited.

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

	2023 \$	2022 \$
(Loss)/profit for the year attributable to the owners of the Company	(1,867,667)	96,905
Adjustment for non-cash items:		
Depreciation and amortisation expense	1,476,712	1,078,239
Non-cash share-based payment expense	43,475	65,436
Share of loss of associate	-	30,268
Finance costs paid	194,324	86,850
Change in operating assets and liabilities		
Trade and other receivables and other assets	(526,343)	1,655,700
Financial assets at fair value through profit or loss	551,783	467,986
Trade and other payables and contract liabilities	175,398	(1,580,847)
Current tax asset	(67,144)	(437,902)
Deferred tax assets and liabilities	(490,364)	(127,138)
Provisions	(7,907)	(46,032)
Net cash (used in)/provided by operating activities	(517,733)	1,289,465

8. Income tax expense

(a) Income tax expense

	2023 \$	2022 \$
Current tax expense	16,575	242,619
Deferred tax expense	(490,364)	(127,136)
	(473,789)	115,483
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (Note 16)	(487,701)	69,530
(Decrease)/increase in deferred tax liabilities (Note 16)	(2,663)	(196,666)
	(490,364)	(127,136)

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

	2023 \$	2022 \$
(Loss)/profit before income tax expense	(2,341,456)	213,973
Tax at the Australian tax rate of 25% (2022: 25%)	(585,364)	53,493
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Amortisation of intangibles	232,735	131,276
Share-based payment expense	10,869	16,359
Tax rate changes	-	(53,889)
Franking credits on dividends	(96,698)	(100,660)
Sundry items	(35,331)	68,904
Income tax expense	(473,789)	115,483

9. Dividends

(a) Dividends provided for and paid during the year

	2023 \$	2022 \$
Final dividend in respect of the previous financial year – 0.4 cents per share fully franked (2022: 1.5 cents per share fully franked)	289,100	1,097,787
Interim dividend in respect of the current financial year – \$Nil (2022: 1.0 cent per share fully franked)	-	724,008
	289,100	1,821,795
Fully franked portion	289,100	1,821,795

(b) Dividends not recognised at year end

Proposed fully franked dividend – Nil cents per share (2022: 0.4 cents per share)	-	289,100
---	---	---------

(c) Franking account balance

Amount of franking credits available for subsequent financial years are:

Franking account balance brought forward	496,232	288,762
Franking (debits)/ credits arising from income tax (refund)/payment	(112,455)	680,522
Franking credits from dividends received	128,931	134,213
Franking debits from payment of dividends	(96,367)	(607,265)
Balance of franking account at year end	416,341	496,232
Franking credits that will arise from income tax (receivable)/payable	(104,278)	(238,629)
Imputation debits that will arise from the payments of dividends declared but not recognised in the financial statements at 25% corporate tax rate (2022: 25%)	-	(96,367)
Adjusted franking account balance after payment of unrecognised dividend amounts	312,063	161,236

10. Trade and other receivables - Current

	2023 \$	2022 \$
Trade receivables	1,129,692	1,010,849
Claims receivable (e)	1,637,366	705,607
Other receivables	376,570	368,309
	3,143,628	2,084,765

- a. Trade receivables are generally subject to 30-day terms. No interest is charged on outstanding trade receivables.
- 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, historic recovery rates, and actual collection subsequent to the year end, it is expected that these amounts will be received when due. The trade receivables primarily relate to management, performance and licensee fees receivable which are considered low risk as they are usually collected within 30 days.
- d. The carrying amounts of trade and other receivables are considered to represent a reasonable approximation of their fair values and are stated at net of expected credit losses.
- e. Claims receivable represents amounts paid by the Company for claims (under a limited indemnity) and adjustments related to post-completion revenues of Madison entities. Subsequent to the year-end, an amount of \$886,533 was received out of the \$2.5 million held in escrow created as part of the acquisition of Madison Entities with SC Australian Holdings 1 Pty Limited.

11. Other current assets

	2023 \$	2022 \$
Prepayments and deposits	360,660	672,548

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

	2023 \$	2022 \$
Listed equities	4,650,301	5,137,064
Unlisted unit trusts	-	65,622
	4,650,301	5,202,686

13. 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).

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING *	
			2023 %	2022 %
Clime Asset Management 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	100
Clime Investors Education Pty Ltd	Australia	Fully Paid Ordinary	100	100
CBG Asset Management Limited	Australia	Fully Paid Ordinary	100	100
Madison Financial Group Pty Limited	Australia	Fully Paid Ordinary	100	100
AdviceNet Pty Limited	Australia	Fully Paid Ordinary	100	100
ProActive Portfolios Pty Limited	Australia	Fully Paid Ordinary	100	100
WealthPortal Pty Limited	Australia	Fully Paid Ordinary	100	100
Ralton AM Pty Limited	Australia	Fully Paid Ordinary	100	75
MTIS Wealth Management Pty Ltd	Australia	Fully Paid Ordinary	100	-
Investment Strategist Accounting Service Pty Ltd	Australia	Fully Paid Ordinary	100	-
Optimise Advice Services Pty Ltd	Australia	Fully Paid Ordinary	100	-

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

14. Property, plant and equipment

	2023 \$	2022 \$
Property, plant and equipment - at cost	785,549	724,363
Accumulated depreciation and impairment	(648,712)	(578,990)
Written down value of property, plant and equipment	136,837	145,373
Reconciliation		
Carrying value at beginning of the year	145,373	163,990
Additions during the year	61,186	55,917
Depreciation charge for the year	(69,722)	(74,534)
Carrying amount at end of the year	136,837	145,373

15. Leases

The Group has a lease contract on its main office in Sydney which has a term of five years. The Group also has leases on its Brisbane and Melbourne offices with lease terms of 12 months or less wherein the Group applies the “short term lease” recognition exemptions for these leases.

Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

	2023 \$	2022 \$
Right-of-use assets		
<i>Building under lease arrangement</i>		
At cost	2,147,222	2,147,222
Accumulated depreciation	(1,288,332)	(858,888)
Carrying amount at 30 June	858,890	1,288,334
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:	Office Space	Office Space
Carrying amount at 1 July	1,288,334	1,717,778
Additions during the year	-	-
Depreciation	(429,444)	(429,444)
Carrying amount at 30 June	858,890	1,288,334
Lease liabilities		
Current	477,392	425,835
Non-current	532,788	1,010,182
	1,010,180	1,436,017

An analysis of the remaining contractual maturities of lease liabilities is disclosed in Note 4(c).

Lease expenses and cashflows		
Finance costs on lease liabilities	62,441	86,850
Principal elements of lease payments	425,835	377,884
Expenses relating to leases of 12 months or less (for which a lease asset and lease liability have not been recognised)	219,010	54,316
Total cash outflow in relation to leases	707,286	519,050
Depreciation expense on lease assets	429,444	429,444

16. Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets

	2023 \$	2022 \$
The balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	20,617	54,250
Contract liabilities	12,023	24,206
Employee benefits	255,669	169,520
Accrued expenses	110,395	12,387
Tax losses carried forward on revenue account	349,360	-
Tax losses carried forward on capital account	177,981	177,981
Deferred tax assets	926,045	438,344
Movements		
Opening balance at 1 July	438,344	507,874
Credited/(charged) to profit or loss (Note 8(a))	487,701	(69,530)
Closing balance at 30 June	926,045	438,344

(b) Deferred tax liabilities

	2023 \$	2022 \$
The balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	-	2,663
Deferred tax liabilities	-	2,663
Movements:		
Opening balance at 1 July	2,663	199,329
Charged to the profit or loss (Note 8(a))	(2,663)	(196,666)
Closing balance at 30 June	-	2,663
Net deferred tax assets (a – b)	926,045	435,681

17. Contract Costs

	2023 \$	2022 \$
Contract Costs	365,040	421,200

Contract costs represent payments made by the Group to obtain an Investment Management Agreement.

These costs are amortised on a straight-line basis over the period of the Investment Management Agreement as this reflects the period over which the Investment Management Services will be provided.

In FY 2023, amortisation amounting to \$56,160 (2022: \$56,160) was recognised in the consolidated statement of profit or loss. There was no impairment during the year (2022: \$Nil).

18. Intangible assets

	2023 \$	2022 \$
Goodwill:		
At cost	12,548,431	8,613,884
Investment management contracts and relationships:		
At cost	5,160,480	5,160,480
Accumulated amortisation	(4,373,741)	(4,113,393)
	786,739	1,047,087
Software licences:		
At cost	1,725,727	1,285,613
Accumulated amortisation	(955,293)	(617,132)
	770,434	668,481
Customer relationship and customer list:		
At cost	5,077,747	1,990,023
Accumulated amortisation	(1,034,485)	(711,607)
	4,043,262	1,278,416
Closing balance at 30 June	18,148,866	11,607,868

18. Intangible assets (continued)

(a) Reconciliations

2023 - Consolidated	GOODWILL	INVESTMENT MANAGEMENT CONTRACTS & RELATIONSHIPS	SOFTWARE LICENCES	CUSTOMER RELATIONSHIPS & CUSTOMER LISTS	TOTAL
	\$	\$	\$	\$	\$
Carrying amount at beginning of year	8,613,884	1,047,087	668,481	1,278,416	11,607,868
Additions	3,934,547	-	440,113	3,087,724	7,462,384
Deletions	-	-	-	-	-
Amortisation expense ¹	-	(260,348)	(338,160)	(322,878)	(921,386)
Carrying amount at end of year	12,548,431	786,739	770,434	4,043,262	18,148,866

2022 - Consolidated	GOODWILL	INVESTMENT MANAGEMENT CONTRACTS & RELATIONSHIPS	SOFTWARE LICENCES	CUSTOMER RELATIONSHIPS & CUSTOMER LISTS	TOTAL
	\$	\$	\$	\$	\$
Carrying amount at beginning of year	8,613,884	1,347,834	404,222	1,147,979	11,513,919
Additions	-	-	380,050	232,000	612,050
Deletions	-	-	-	-	-
Amortisation expense ¹	-	(300,747)	(115,791)	(101,563)	(518,101)
Carrying amount at end of year	8,613,884	1,047,087	668,481	1,278,416	11,607,868

¹ Amortisation of \$921,386 (2022: \$518,101) is included in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

(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	WEALTH MANAGEMENT	TOTAL
	\$	\$	\$	\$
2023 - Consolidated				
Balance at the beginning of the year	4,996,884	325,000	3,292,000	8,613,884
Recognised on acquisition (note 32)	206,343	-	3,728,204	3,934,547
Other movements during the year	325,000	(325,000)	-	-
Balance at end of year	5,528,227	-	7,020,204	12,548,431
2022 - Consolidated				
Balance at the beginning of the year	4,996,884	325,000	3,292,000	8,613,884
Movements during the year	-	-	-	-
Balance at end of year	4,996,884	325,000	3,292,000	8,613,884

(b) Impairment testing of goodwill (continued)

Funds management

The recoverable amount of the cash generating unit has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets, normalised EBITDA for a period of five years, a pre-tax discount rate of 14.70% per annum and a growth rate of 5% per annum.

Licensee business

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets, normalised EBITDA for a period of five years, a pre-tax discount rate of 19% (2022: 16%) per annum and a growth rate of 5% per annum.

Management believe that any reasonably possible change in the key assumptions on which the recoverable amount of the cash generating unit is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash generating unit.

19. Trade and other payables

	2023 \$	2022 \$
Unsecured:		
Trade payables	742,426	1,036,148
Dividends on shares issued under the Employee Incentive Scheme	32,562	27,326
Accruals	1,315,647	526,203
Licensee fees payable	1,021,698	1,088,293
Other payables	264,507	453,481
	3,376,840	3,131,451

Trade and other payables are generally settled on 30-day terms, where are Licensee fees payable are settled within 15-days. Due to the short-term nature of these payables, their carrying values represent a reasonable approximation of their fair values.

20. Provisions

	2023 \$	2022 \$
Employee benefits – current		
Annual leave	528,788	417,539
Long service leave	229,110	199,054
	757,898	616,593
Employee benefits - non-current		
Long service leave	75,776	61,487

21. Issued capital

(a) Share capital

	PARENT EQUITY		PARENT EQUITY	
	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares				
Fully paid	71,160,265	70,975,080	25,587,865	25,487,865

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(p)(v) for further information.

As at 30 June 2023, there are 1,300,000 (2022: 1,300,000) fully paid ordinary shares issued under the Employee Incentive Scheme as 'in-substance options', which are not included in the fully paid ordinary shares disclosed above.

(b) Movements in ordinary share capital

DATES	DETAILS	NUMBER OF SHARES	\$
30 June 2021	Balance	64,708,505	21,539,410
September to October 2021	Issue of ordinary shares by way of placements and share purchase plan	6,677,285	4,139,936
September to October 2021	Cost of issuing capital – net of tax	-	(38,300)
December 2021 to June 2022	Shares bought back on-market and cancelled	(806,760)	(473,762)
December 2021 to June 2022	Transaction costs arising from on-market buy-back	-	(570)
December 2021	Transfer of loan repayments to issued capital on completion of Employee Incentive Scheme (EIS) loan term	350,000	250,901
December 2021	Transfer from share-based payments reserve to issued capital on completion of EIS loan term	-	42,850
22 December 2021	Issue of ordinary shares under CIW ESP	46,050	27,400
30 June 2022	Balance	70,975,080	25,487,865
15 December 2022	Issue of shares for acquisition of Ralton AM Pty Ltd	185,185	100,000
30 June 2023	Balance	71,160,265	25,587,865

21. Issued capital (continued)

(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 creditors and are fully entitled to any proceeds of liquidation.

(d) On-market share buy-back

During the financial year ended 30 June 2023, Clime Investment Management Limited, in accordance with its on-market share buy-back scheme, did not undertake a share buy-back (2022: 806,760) shares. The number of shares, if any, 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.

(e) Employee Incentive Scheme ("EIS")

As at 30 June 2023, there are 1,300,000 (2022: 1,300,000) EIS 'in-substance' options on issue. Share options granted under the Company's EIS carry rights to dividends and voting rights. Refer to Note 25(a) for a schedule of the movements in EIS options on issue during the year.

No new share options were granted under the Company's EIS in the current financial year.

(f) Employee Share Plan ("ESP")

During FY2023, the Company did not issue any new shares (FY2022: 46,050) under the Clime Employee Share Plan.

The participants under the ESP are entitled to dividends and are subject to a 3-year lock-in- period in accordance with the plan rules. The fair value of these shares issued, if any, are immediately expensed to profit or loss account.

Refer to Note 25(b) for the shares issued under ESP for the year.

(g) 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 and benefits for other stakeholders and to maintain an optimal capital structure and to reduce the cost of capital.

The Group's capital structure currently consists of total equity, as recognised in the Statement of Financial Position.

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 2022.

22. Reserves and retained earnings

(a) Reserves

	2023 \$	2022 \$
Share-based payments reserve	333,612	290,137
Movements		
Share-based payments reserve		
Balance 1 July	290,137	294,951
Share-based payment expense recognised	43,475	38,036
Transfer to issued capital on completion of EIS loan term	-	(42,850)
Balance 30 June	333,612	290,137

(b) Accumulated losses

	2023 \$	2022 \$
Movements in retained earnings were as follows:		
Balance 1 July	(482,851)	1,242,039
Net (loss)/profit for the year attributable to owners of the Group	(1,867,667)	96,905
Adjustment arising from change in non-controlling interest - Ralton AM Pty Ltd	(16,394)	-
Dividends (Note 9)	(289,100)	(1,821,795)
Balance 30 June	(2,656,012)	(482,851)

(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.

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:

	2023 \$	2022 \$
Audit and review of financial statements - Pitcher Partners	293,110	159,057
Taxation matters - Pitcher Partners	12,854	12,745
Other matters - Pitcher Partners	-	1,000
Total services provided by Pitcher Partners	305,964	172,802
Other auditors (excluding Pitcher Partners)		
Audit and review of financial statements - KPMG	9,424	8,310
Others	11,550	1,020
	20,974	9,330

24. Earnings/(loss) per share**(a) Basic and diluted earnings/(loss) per share**

	2023 CENTS	2022 CENTS
Basic and diluted earnings/(loss) per share	(2.6)	0.1

(b) Diluted earnings per share

(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating basic and diluted earnings/(loss) per share	(1,867,667)	96,905
--	--------------------	---------------

(c) Reconciliations of weighted average numbers of shares

	2023 \$	2022 \$
Weighted average number of ordinary shares used in the calculation of basic earnings per share	71,075,029	69,451,157
Weighted average number of ordinary shares deemed to be issued for no consideration in respect of - Employee Incentive Scheme	-	1,571,781
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	71,075,029	71,022,938

(d) *Options issued under Employee Incentive Scheme*

Options granted under the Employee Incentive Scheme are considered to be anti-dilutive and have not been included in the determination of basic and diluted earnings/(loss) per share.

25. Share-based payments

(a) *Employee Incentive Scheme (EIS)*

The Clime Investment Management Limited 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.

There were no in-substance options granted during the current financial year.

Set out below is a summary of in-substance options Previously 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
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
2023								
30/04/2021	29/04/2024	\$0.575	400,000	-	-	-	400,000	-
23/06/2021	22/06/2024	\$0.573	550,000	-	-	-	550,000	-
22/03/2022	21/03/2025	\$0.582	350,000	-	-	-	350,000	-
Total			1,300,000	-	-	-	1,300,000	-
Weighted average exercise price			\$0.576					

(a) EIS (continued)

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
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
2022								
25/10/2013	03/01/2022	\$0.829	100,000	-	(100,000)	-	-	-
11/09/2015	03/01/2022	\$0.700	150,000	-	(150,000)	-	-	-
20/07/2016	03/01/2022	\$0.630	100,000	-	(100,000)	-	-	-
30/04/2021	29/04/2024	\$0.575	400,000	-	-	-	400,000	-
23/06/2021	22/06/2024	\$0.573	1,050,000	-	-	(500,000)	550,000	-
22/03/2022	21/03/2025	\$0.582	-	350,000	-	-	350,000	-
Total			1,800,000	350,000	(350,000)	(500,000)	1,300,000	-
Weighted average exercise price				\$0.576				

* In-substance options granted to the Chief Executive Officer.

The weighted average contractual life of in-substance options outstanding at the end of the period was 1.14 years (2022: 2.14 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.

The model inputs for in-substance options granted during the previous financial year ended 30 June 2022 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 \$0.56 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 30.2% and 34.3%;
- risk-free interest rate: 1.35%; and
- discount rate: 12%.

The fair values per in-substance option at the grant date were:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	VESTING / EXPIRY DATE
400,000	30/04/2021	\$0.575	\$0.108	29/04/2024
550,000	23/06/2021	\$0.573	\$0.108	22/06/2024
350,000	22/03/2022	\$0.582	\$0.120	21/03/2025
1,300,000				

Refer to the Remuneration Report on pages 25 to 31, for additional information in relation to the EIS.

(b) ESP

There were no shares granted under the ESP during the current financial year. The fair value of the shares issued under the ESP of \$Nil (2022: \$ 27,400) was expensed to the Statement of Comprehensive Income immediately on issue.

(c) Expenses arising from share-based payment transactions

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

	2023 \$	2022 \$
Option expense		
Employee Incentive Scheme	43,475	38,036
Employee Share Plan Scheme	-	27,400
	43,475	65,436

Refer to the Remuneration Report on pages 25 to 31. for additional information in relation to the Employee Incentive Scheme and Employee Share Plan 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 Directors, who are responsible for assessing the performance of various components of the business and making resource allocation decisions as Chief Operating Decision Makers (CODM), evaluate business activities in a number of different ways.

During the year ended 30 June 2023, the Group made a reclassification of its operating segments following the acquisition of MTIS Wealth Management Pty Limited, Investment Strategists Accounting Services Pty Limited and Ralton AM Pty Limited.

The revised Group's reportable segments under AASB 8 Operating Segments are as follows:

- Investment Management
- Licensee Services
- Corporate Centre

Investment Management

The Group's Investment Management businesses provides a range of investment management services through Clime Asset Management Pty Ltd, CBG Asset Management Limited and Ralton AM Pty Limited businesses.

These businesses generate operating revenue (investment management and performance fees) as remuneration for managing the investment portfolios of individuals, corporations and mandates.

The Group's private wealth business through Clime Private Wealth Pty Limited, MTIS Wealth Management Pty Limited, and Investment Strategists Accounting Services Pty Limited delivers tailored private wealth advisory services for its wholesale, sophisticated and retail clients.

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

Licensee Services

Licensee Services includes the businesses of Madison Financial Group Pty Limited, AdviceNet Pty Limited, WealthPortal Pty Limited, ProActive Portfolios Pty Limited and Optimise Advice Services Pty Limited.

These entities generate operating revenue in the form of Licensee fees from Authorised Representatives (Madison and Optimise) and portfolio management fees (AdviceNet, ProActive and WealthPortal).

Corporate Centre

Corporate centre includes the results of the Group's investments held in Clime Capital Limited and Group costs including unallocated group employees, and unallocated expenses relating to Group's support functions.

The previous year's information has been restated to reflect the above change.

(b) Reportable Segments

2023	INVESTMENT MANAGEMENT	LICENSEE SERVICES	INTER-SEGMENT ELIMINATIONS	CORPORATE CENTRE	CONSOLIDATED
	\$	\$	\$	\$	\$
Segment revenue					
Sales to external clients	12,143,749	2,558,857	-	226,780	14,929,386
Intersegment sales	-	476,008	(476,008)	-	-
Investment income	-	-	-	457,941	457,941
Other income	-	-	-	-	-
Total segment revenue	12,143,749	3,034,865	(476,008)	684,721	15,387,327
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	53,625	53,625
Net group result before tax	3,017,593	24,875	-	(5,383,924)	(2,341,456)
Income tax benefit/(expense)	-	-	-	-	473,789
Loss for the year					(1,867,667)
Depreciation and amortisation expense	324,765	35,008	-	1,116,939	1,476,712
2022					
	INVESTMENT MANAGEMENT	LICENSEE SERVICES	INTER-SEGMENT ELIMINATIONS	CORPORATE CENTRE	CONSOLIDATED
	\$	\$	\$	\$	\$
Segment revenue					
Sales to external clients	10,393,821	2,793,090	-	156,054	13,342,965
Intersegment sales	-	64,554	(64,554)	-	-
Investment income	-	-	-	339,917	339,917
Other income	-	309,943	-	-	309,943
Total segment revenue	10,393,821	3,167,587	(64,554)	495,971	13,992,825
Net realised and unrealised gains on financial assets at fair value through profit or loss	-	-	-	(875,228)	(875,228)
Net group result before tax	3,799,660	498,422	-	(4,084,109)	213,973
Income tax expense	-	-	-	-	(115,483)
Profit for the year	-				98,490
Depreciation and amortisation expense	546,566	-	-	531,673	1,078,239

(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. The Group operates in the geographical segments of Australia.

(d) Information about major clients

Included in revenues arising from the funds management business of \$12.1 million (2022: \$10.4 million) (see Note 26 (b) above) are revenues of approximately \$1.7 million (2022: \$1.3 million) which arose from services provided to the Group's largest client.

27. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

28. Contingent liabilities, contingent assets and commitments

During the previous financial year, a claim was instigated against one of the advisers operating under Madison's Australian Financial Services Licence.

The investigation has progressed and we are currently finalising the mediation process.

The Board believes that any potential liabilities will be covered against the escrow account created as part of the acquisition of Madison Entities with SC Australian Holdings 1 Pty Limited and security claims against the adviser.

Capital expenditure commitments

The Group has no contracted material capital expenditure commitments as at 30 June 2023 (2022: \$Nil).

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	LONG- SERVICE LEAVE	SHARE- BASED PAYMENTS	TOTAL
	\$	\$	\$	\$	\$
2023					
Remuneration of Directors and other Key Management Personnel	1,050,902	74,864	48,654	19,800	1,194,220
2022					
Remuneration of Directors and other Key Management Personnel	952,951	61,192	36,134	20,693	1,070,970

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 25 to 31 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 25 to 31.

(ii) Shareholdings

The numbers of shares (including shares issued under Employee Incentive Scheme (EIS)) 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.

	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
2023	No.	No.	No.	No.
Mr. John Abernethy	4,911,844	-	217,506	5,129,350
Ms. Susan Wynne	10,000	-	-	10,000
Mr. Michael Kollo	-	-	-	-
Mr. Ronni Chalmers	8,164,887	-	87,121	8,252,008*
Ms. Claire Bibby	-	-	-	-
Ms. Annick Donat	403,000	-	-	403,000**

	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
2022	No.	No.	No.	No.
Mr. John Abernethy	4,430,404	-	481,440	4,911,844
Ms. Susan Wynne	-	-	10,000	10,000
Mr. Michael Kollo	-	-	-	-
Mr. Ronni Chalmers	-	-	8,164,887	8,164,887*
Ms. Claire Bibby	-	-	-	-
Mr. Brett Spork	35,000	-	(35,000)	-
Mr. Neil Schafer	624,058	-	(624,058)	-
Mr. Peter Beaumont	-	-	-	-
Ms. Annick Donat	401,500	-	1,500	403,000**

* Includes 150,000 shares issued under Employee Incentive Scheme and 1,500 shares issued under Employee Share Plan Scheme to Mr. Ronni Chalmers issued prior to the appointment as a Director.

** Includes 400,000 shares issued under Employee Incentive Scheme and 3,000 shares issued under Employee Share Plan Scheme to Ms. Annick Donat.

(c) Loans to Directors and other Key Management Personnel

\$300,000 (2022: \$302,200) loan to Executive Officers in relation to the EIS shares issued under the Employee Incentive Scheme (refer Note 25(a)).

There were no other loans made to Directors of Clime Investment Management Limited or 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 within the Group is CIW (Clime Investment Management Limited).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 13.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 29.

(d) Other related party transactions

1. Clime Capital Limited

- i. Mr. John Abernethy and Mr. Ronni Chalmers are Directors of Clime Capital Limited.

The Group received \$160,916 (2022: \$156,160) as management fees for the services rendered by two Directors and Company Secretary, reimbursement for marketing fees and shared expenses to Clime Capital Limited.

- ii. Clime Investment Management Ltd directly owns 3.98% (2022: 4.44%) of the share capital of the Company as at 30 June 2023. Clime Investment Management Ltd, through the Investment Manager (held on behalf of clients), has the indirect power to dispose 3.66% (2022: 2.98%) of the Company's shares and has the indirect power to dispose 7.55% (2022: 9.17%) of the Company's Convertible Notes held by the Investment Manager's Individually Managed Accounts (IMAs) and other managed funds.
- iii. Clime Asset Management Pty Limited, received \$1,662,038 (2022: \$1,308,541) excluding GST as remuneration for managing Clime Capital Limited's investment portfolio in full.
- iv. All dividends paid and payable by Clime Capital Limited to its Directors and their related entities are on the same basis as to other shareholders.

2. Clime Fixed Interest Fund

Clime Asset Management Pty Limited during the year received \$27,385 (2022: \$77,928) as remuneration for managing the investment portfolios and acting as trustee of Clime Fixed Interest Fund. This fund was wound up during the current financial year.

3. Clime All Cap Australian Equities Fund (Wholesale) (formerly Clime CBG Australian Equities Fund (Wholesale))

CBG Asset Management Limited, during the year received \$722,600 (2022: \$677,171) as remuneration for managing the investment portfolios and acting as trustee of Clime All Cap Australian Equities Fund (Wholesale).

4. Clime Australian Equity Long Short Fund (Wholesale)

Clime Asset Management Pty Limited, during the year received \$1,884 (2022: \$2,034) as remuneration for managing the investment portfolios and acting as trustee of Clime Australian Equity Long Short Fund.

(e) 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 2023 (\$)	30 JUNE 2022 (\$)	30 JUNE 2023 (\$)	30 JUNE 2022 (\$)
Clime Capital Limited	547,921	131,239	-	-
Clime All Cap Australian Equities Fund (Wholesale)	26,838	42,963	-	-
Subsidiaries of Clime Investment Management Limited	9,335,327	8,791,583	24,373,408	21,656,843

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

	2023 \$	2022 \$
Assets		
Current assets	10,489,887	14,534,113
Non-current assets	29,751,101	25,405,086
Total Assets	40,240,988	39,939,199
Liabilities		
Current liabilities	11,033,597	8,522,351
Non-current liabilities	1,070,085	2,707,267
Total Liabilities	12,103,682	11,229,618
Net Assets	28,137,306	28,709,581
Equity		
Issued capital	25,587,865	25,487,865
Profit reserve	24,849,832	24,849,832
Accumulated losses	(22,634,003)	(21,918,253)
Share-based payments reserve	333,612	290,137
Total Equity	28,137,306	28,709,581

(b) Financial performance

(Loss)/Profit for the year	(426,651)	3,907,976
Other comprehensive income/(loss)	-	-
Total comprehensive income	(426,651)	3,907,976

(c) Guarantees entered into by the Parent Company

The parent company provides cash backed guarantees for the lease agreement of office premises. During the year these guarantees amounted to \$288,797 (2022: \$288,797) and is secured by a charge over other financial assets of \$295,060 (2022: \$289,545).

(d) Commitments

The Entity has contracted \$232,560 (2022: \$230,400) for the operating lease commitments of short-term office leases.

32. Business Combinations and acquisition of non-controlling interest

A. Acquisition of MTIS Wealth Management Pty Ltd and Investment Strategist Accounting Pty Ltd

On 14 August 2022, the Company acquired 100% of the share capital of MTIS Wealth Management Pty Limited (“MTIS”) and Investment Strategists Accounting Services Pty Limited (“ISAS”), with the Group obtaining beneficial ownership and rights from 1 July 2022.

MTIS is a diversified wealth management, advisory and accounting/tax services business. MTIS offers similar and complementary services to Clime Private Wealth and expands the Group’s presence in Melbourne’s CBD, creating new market opportunities for the Group. The Group will obtain synergies from merging the Melbourne offices and by providing administration support and AFS Licensing support by MFG.

	\$
Details of the purchase consideration	
Cash	3,969,511
Equity instruments	-
Deferred consideration payable	2,497,241
Total consideration	6,466,752

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed has been provisionally allocated as follows:

	\$
Assets and liabilities acquired	
Cash and cash equivalents	129,862
Identifiable intangible assets	2,963,037
Payables	(354,351)
Total identifiable assets acquired and liabilities assumed	2,738,548
Goodwill	3,728,204
Total consideration	6,466,752

The contingent consideration payable reflects maximum deferred consideration payable based on successful business performance criteria extending to July 2025 revising from 30 September 2024 previously agreed. Changes to the carrying value of deferred consideration payable on account of the revision payment terms of \$98,624 is recognised through Goodwill.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is \$2,796,000.

Acquisition-related costs (included in administration expenses in the statement of profit or loss and other comprehensive income) amounted to \$27,367.

MTIS contributed \$2.70 million revenue and \$0.53 million to the Group’s pre-tax profit for the period between the date of acquisition (effective 1 July 2022) and the reporting date.

Business Combinations and acquisition of non-controlling interest (continued)

Goodwill on acquisitions

The consolidated goodwill of the Group has increased by \$3.93 million since 30 June 2022 to \$12.55 million reflecting the MTIS, ISAS and Ralton business acquisitions. None of the goodwill is expected to be deductible for income tax purposes.

B. Acquisition of minority interest in Ralton AM Pty Ltd

On 24 February 2022, the Company acquired 75% of the share capital of Ralton AM Pty Limited (“Ralton”) with the Company acquiring the remaining 25% of Ralton on 18 November 2022 for a total consideration of \$300,000.

Ralton is a specialist Australian equities managed accounts provider with a value-oriented investment approach managing portfolios on behalf of retail and institutional clients. The Group will derive synergies from bringing the investment management capability and separately managed accounts / managed discretionary accounts (“SMA/MDA”) operations of both businesses together providing a platform for growth.

	\$
Details of the purchase consideration	
Cash paid	200,000
Shares issued	100,000
Total consideration	300,000

Acquisition-related costs (included in administration expenses in the statement of profit or loss and other comprehensive income) amount to \$13,104.

Ralton contributed \$0.21 million revenue and \$34,000 to the Group’s pre-tax profit during the current financial year.

Net cash outflow on acquisitions

\$3,969,511 and \$200,000 of purchase consideration in MTIS and Ralton respectively, was fully paid in cash and has been provisionally allocated as follows:

	MTIS \$	Ralton \$	Total \$
Total purchase consideration paid in cash	3,969,511	200,000	4,169,511
Cash and cash equivalents	(129,862)	(25,450)	(155,312)
Net cash flow	3,839,649	174,550	4,014,199

Directors' Declaration

For personal use only

The Directors declare that:

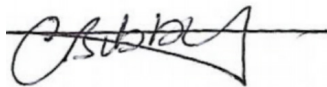
- a. in the Directors' opinion, the attached financial statements and notes thereto, as set out on pages 35 to 76, are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and giving a true and fair view of the financial position and performance of the Group;
- b. in the Director's opinion, there are reasonable grounds to believe that the Company 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 S295A 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:



John Abernethy
Chairman



Claire Bibby
Independent Director

22 September 2023



Pitcher Partners Sydney Partnership

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

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899**

Report on the Audit of the Financial Report

We have audited the accompanying 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 2023, 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.

Opinion

In our opinion:

- a) the accompanying financial report of Clime Investment Management Limited 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 2023 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899**



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 matter
<p>Accuracy of Management and Performance Fees Refer to Note 5: Revenue and Note 30: Related party transactions</p>	
<p>Management fees and Performance fees account for \$8,004,830 and \$490,386 of the Group's \$15,387,327 reported revenue in 2023.</p> <p>We focused our audit effort on the accuracy of management fees and performance fees given their significance to the revenue of the Group and the calculation includes key inputs such as portfolio movements, relevant index benchmarking and set percentages in accordance with the Investment Management Agreements.</p> <p>In addition to their quantum, as some of these transactions are made with related parties, there are additional inherent risks associated with these transactions, including the potential for these transactions to be charged in excess of those mandated under the management agreement.</p> <p>We therefore identified accuracy of management and performance fees as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and evaluating the design and implementation of management's processes and controls for calculating the management fees including those performed by an independent service organisation; • Reviewing the independent auditor's report on internal controls (ASAE 3402 Assurance Reports on Controls at a Service Organisation) for the Investment Administrator for the current financial year; • Making enquiries with management and the directors with respect to any significant events during the year and associated adjustments made as a result, in addition to reviewing ASX announcements and Board meeting minutes; • Testing a sample of key inputs such as company dividends, income tax payments, capital raisings, capital reductions as well as any other relevant expenses used in the calculation of management fees; • Testing of key inputs such as portfolio movements, application of the relevant index benchmarking, set percentage used in the calculation of management fees, as well as performing a recalculation in accordance with our understanding of the Investment Management Agreements; and • Assessing the appropriateness of the accounting policy in relation to management fees and the adequacy of disclosures in the financial statements.

For personal use only

Impairment Assessment of Intangible Assets

Refer to Note 18: Intangible Assets

At 30 June 2023 the Group's statement of financial position has intangible assets totalling \$18,148,866.

The assessment of impairment of the Group's intangible assets incorporates significant management judgement surrounding the assumptions and estimates used in calculating their recoverable amount.

Key assumptions and estimates include financial and cash flow forecasts based on budgeted results.

We therefore identified valuation of intangible assets as a key audit matter.

Our procedures included, amongst others:

- Obtain an understanding of and evaluating the design and implementation of management's processes and controls regarding the determination of the recoverable amount of the intangible assets;
- Challenging key assumptions and estimates (e.g., cash flow forecasts, discount rates and growth rates) used to determine the recoverable amount of the intangible assets;
- Performing sensitivity analysis on recoverable amount calculations performed by management; and
- Assessing the appropriateness of the 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 2023 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 Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the 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 Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899**



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.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLIME INVESTMENT MANAGEMENT LIMITED
ABN 37 067 185 899**



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

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 period 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 in pages 25 to 31 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Clime Investment Management Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group 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.

A handwritten signature in black ink, appearing to read 'S M Whiddett'.

S M Whiddett
Partner

22 September 2023

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

Pitcher Partners
Sydney

For personal use only

Shareholder Information

The shareholder information set out below was applicable as at 31 August 2023:

A. Distribution of Equity Securities

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

ORDINARY SHARES	NUMBER OF HOLDERS
1 - 1,000	45
1,001 - 5,000	164
5,001 - 10,000	60
10,001 - 100,000	177
100,001 and over	61
	507

B. Equity Security Holders

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

ORDINARY SHARES	NO OF SHARES	PERCENTAGE OF ISSUED SHARES
Citicorp Nominees Pty Limited	11,997,403	16.6
Mr. Ronni Chalmers, Locope Pty Ltd & Savoir Superannuation Pty Ltd	8,252,008	11.4
Torres Industries Pty Limited & Nagarit Pty Limited <Nagarit Super Fund A/ C>	7,470,576	10.3
Primewest Management Ltd	5,434,783	7.5
Mr. David Schwartz <David Schwartz Family Holdings A/C> & related entities	5,223,573	7.2
Double Pty Limited & Abernethy SMSF Pty Ltd <Abernethy Super Fund A/C>	5,129,350	7.1
PHC Investments Limited	4,950,052	6.8
Ruminator Pty Ltd	1,274,645	1.8
National Nominees Limited	1,185,690	1.6
Robansheil Pty Limited	1,178,833	1.6
Netwealth Investments Limited <Wrap Services A/C>	983,109	1.4
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	840,951	1.2
Clodene Pty Ltd	813,522	1.1
Mr Orlando Berardino Di Iulio & Ms Catharina Maria Koopman	748,090	1.0
Capital Property Corporation Pty Limited	742,309	1.0
Garrett Smythe Ltd	634,474	0.9
Barrob Bondi Pty Ltd <The Townson Superfund A/C>	609,453	0.8
Arcelia Pty Ltd <Round Hill Retire/Fund A/C>	485,334	0.7
Jetosea Pty Ltd	436,879	0.6
Sanlam Private Wealth Pty Ltd	410,000	0.6
	58,801,034	81.2

For personal use only

C. Equity Security Holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
	NO OF SHARES	PERCENTAGE OF ISSUED SHARES
Citicorp Nominees Pty Limited	11,997,403	16.6
Mr. Ronni Chalmers, Locope Pty Ltd & Savoir Superannuation Pty Ltd	8,252,008	11.4
Torres Industries Pty Limited & Nagarit Pty Limited <Nagarit Super Fund A/C>	7,470,576	10.3
Primewest Management Ltd	5,434,783	7.5
Mr. David Schwartz <David Schwartz Family Holdings A/C> & related entities	5,223,573	7.2
Double Pty Limited & Abernethy SMSF Pty Ltd <Abernethy Super Fund A/C>	5,129,350	7.1
PHC Investments Limited	4,950,052	6.8

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.

Contact Details

The Company Secretary is Mr. Andrew Metcalfe.

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

Level 12
20 Hunter Street
Sydney NSW 2000

Telephone: 1300 788 568

E. Other Information

Annual General Meeting

The Annual General Meeting of Clime Investment Management Limited is expected to be held on 24 November 2023.

Stock Exchange Listing

The shares of the Company are listed on the Australian Securities Exchange 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. The home exchange is Sydney.

This page is
intentionally left blank

For personal use only

Clime Investment Management Limited

ABN 37 067 185 899

Level 12, 20 Hunter Street Sydney NSW 2000 Australia
PO Box H90, Royal Exchange NSW 1225 Australia

1300 788 568

www.clime.com.au
info@clime.com.au





Y
M

D
Y
M
O
C
K
S

G
O
W
I
N
G
S

For personal use only

OPERA AUSTRALIA
PRESENTS
OPERA
at the Sydney
Opera House
Book Now

OPERA AUSTRALIA
PRESENTS
OPERA
at the Sydney
Opera House

OPERA AUSTRALIA
PRESENTS
OPERA
at the Sydney
Opera House

HEALTH CARE

OPERA AUSTRALIA
PRESENTS
OPERA
at the Sydney
Opera House



clime

clime.com.au

