

CLIME PRIVATE LIMITED

(ABN 89 614 090 309)

Interim Financial Report For the half-year ended 31 December 2021

Clime Private Limited

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

GENERAL PURPOSE INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

for the half-year ended 31 December 2021

Clime Private Limited

Dear Shareholders

Your Directors present their report of Clime Private Limited ("Clime Private" or "Company") for the half-year ended 31 December 2021.

Directors

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

John Abernethy	-	Director and Chairman
Annick Donat	-	Director (appointed 27 September 2021)
Ronni Chalmers	-	Director (appointed 27 September 2021)
Brett Spork	-	Director (resigned 27 September 2021)
Peter Beaumont	-	Director (resigned 27 September 2021)
Neil Schafer	-	Director (resigned 30 August 2021)

Principal Activities

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

Jasco is an unlisted public company that has been operating for over 60 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers.

For further information about the Company please refer to Note 1 of the financial statements.

Review of Operations

The Company reported an interim profit after tax of \$363,921 for the half-year ended 31 December 2021 (31 December 2020: \$503,574).

	31 December 2021	30 June 2021
	\$	\$
Cash and cash equivalents	45,683	60,406
Trade and other receivables less payables	(50,108)	(47,790)
Investment in Jasco	9,391,556	9,126,387
Net Tangible Assets/Total Equity	9,387,131	9,139,003
No. of Ordinary Shares on Issue	50,275,000	50,275,000
Net Tangible Assets per Share	18.7 cents	18.2 cents

There are no other significant changes in the operation of the Company since 30 June 2021.

Dividend

During the six months to 31 December 2021, shareholders received final dividend for the financial period ended 30 June 2021 of 0.28 cents per share fully franked amounting to \$140,770 (31 December 2020: for the financial period ended 30 June 2020 of 0.21 cents per share fully franked amounting to \$105,577). This dividend was paid on 20 December 2021.

Subsequent Events

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

DIRECTORS' REPORT

for the half-year ended 31 December 2021

Clime Private Limited

Auditors' Independence Declaration

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

Rounding off of amounts

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

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



John Abernethy
Chairman



Annick Donat
Director

Sydney, 14 March 2022

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201 Sussex Street
Sydney NSW 2000

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

In relation to the independent auditor's review for the half year ended 31 December 2021, to the best of my knowledge and belief there have been:

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



S M Whiddett
Partner

Pitcher Partners
Sydney

14 March 2022

Clime Private Limited

Interim Financial Statements

For the half-year ended 31 December 2021

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These interim financial statements do not include all the notes of the type normally included in an annual report. Accordingly, these statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Clime Private Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

Clime Private Limited

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$	\$
Share of profit of associate accounted for using the equity method	367,973	500,213
Director fee from Jasco Holdings Limited	16,000	20,000
Interest income	26	51
Administrative expenses	(21,815)	(10,004)
Profit before income tax	362,184	510,260
Income tax expense attributable to operating profit	1,737	(6,686)
Profit for the period	363,921	503,574
Other comprehensive income	24,978	9,258
Total comprehensive income attributable to members of Clime Private Limited	388,899	512,832
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share	0.72 cent	1.00 cent
Diluted earnings per share	0.72 cent	1.00 cent

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Clime Private Limited

	31 December 2021 \$	30 June 2021 \$
ASSETS		
Current Assets		
Cash and cash equivalents	45,683	60,406
Trade and other receivables	10,000	-
Current tax asset	7,182	2,303
Total Current Assets	62,865	62,709
Non-Current Assets		
Investment accounted for using the equity method	9,391,556	9,126,387
Total Non-Current Assets	9,391,556	9,126,387
Total Assets	9,454,421	9,189,096
LIABILITIES		
Current Liabilities		
Trade creditors and accruals	67,290	50,094
Total Liabilities	67,290	50,094
Net Assets	9,387,131	9,139,002
EQUITY		
Issued capital	7,807,933	7,807,933
Reserves	29,915	12,913
Retained earnings	1,549,283	1,318,156
Total Equity	9,387,131	9,139,002

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

Clime Private Limited

	Issued capital	Other reserves	Retained earnings	Total
	\$	\$	\$	\$
Balance as at 1 July 2020	7,807,933	5,715	648,197	8,461,845
Profit for the period	-	-	503,574	503,574
Other comprehensive income/(loss) for the period net of tax	-	10,119	(861)	9,258
Total comprehensive income for the period net of tax	-	10,119	502,713	512,832
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(105,577)	(105,577)
Balance as at 31 December 2020	7,807,933	15,834	1,045,333	8,869,100
Profit for the period	-	-	423,877	423,877
Other comprehensive income/(loss) for the period net of tax	-	(2,921)	(63,072)	(65,993)
Total comprehensive income for the period net of tax	-	(2,921)	360,805	357,884
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(87,982)	((87,982))
Balance as at 30 June 2021	7,807,933	12,913	1,318,156	9,139,002
Profit for the period	-	-	363,921	363,921
Other comprehensive income/(loss) for the period net of tax	-	17,002	7,976	24,978
Total comprehensive income for the period net of tax	-	17,002	371,897	388,899
Transactions with equity holders in their capacity as equity holders:				
- Dividends paid	-	-	(140,770)	(140,770)
Balance as at 31 December 2021	7,807,933	29,915	1,549,283	9,387,131

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

STATEMENT CASH FLOWS

for the half-year ended 31 December 2021

Clime Private Limited

	Half-year ended 31 December 2021 \$	Half-year ended 31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received from Jasco Holdings Limited	127,782	106,485
Payment of operating expenses	(4,619)	(10,570)
Director fee received	6,000	10,000
Income taxes paid	(3,142)	(2,661)
Interest received	26	51
Net cash inflow provided by operating activities	126,047	103,305
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(140,770)	(105,577)
Net cash used in financing activities	(140,770)	(105,577)
Net decrease in cash and cash equivalents	(14,723)	(2,272)
Cash and cash equivalents at beginning of the period	60,406	33,332
Cash and cash equivalents at end of the period	45,683	31,060

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

NOTE 1: ORGANISATION

Clime Private Limited (“Clime Private” or the “Company”) was incorporated in Australia on 5 August 2016, as a wholly owned subsidiary of Clime Investment Management Limited (“CIW”). The address of its registered office and principal place of business is Level 12, 20 Hunter Street, Sydney NSW 2000, Australia. The principal activity of the Company is the holding of its investments in Jasco Holdings Limited (“Jasco”) on behalf of its investors.

Jasco is a leading Australian art, design and craft materials wholesaler and distributor. Jasco is an unlisted public company that has been operating for over 60 years. Jasco is a profitable, vertically integrated, arts materials supply company. The two key divisions are retail and wholesale suppliers.

Retail

Jasco, through its Eckersley’s art and craft business (“Eckersley’s”) has 27 art supplies stores, four school supplies divisions, easel hire and a business supplies division across Australia. Eckersley’s provides artists, craft & design enthusiasts with the resources they need. The stores are located in major shopping locations and they supply artists, students and the general public. Eckersley’s fastest sales growth channel has been derived from online sales through its website eckersleys.com.au. Eckersley’s supplies school children, art college and University students with their “recommended education kits”. The bulk of Eckersley’s sales are derived from selling products supplied by the Jasco wholesale division.

Wholesale

Jasco is a wholesaler of leading art and craft brands to its retailer clients. With over 50 local and international suppliers and a sales force across Australia, it represents a large range of brands in art supplies, design materials, crafting and more. Its mission is to provide the most innovative and highest quality art and design products; and to provide retail partners with full category solutions.

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

- Winsor & Newton: The world’s leading brand of fine art materials with an unrivalled reputation for quality and reliability.
- Liquitex: The revolutionary pioneer of acrylics, making major contributions to the evolution of acrylic painting over the past 50 years.
- Conte a Paris: Used by the masters themselves, Conte a Paris high quality crayons, pastel pencils and drawing accessories have enriched art for more than a century.
- Reeves: Established in 1766 Reeves history of producing innovative art materials is at the core of everything it does and is evident in their wide range of art materials to suit children, crafters, hobbyists and artists.

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

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

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

These general-purpose financial statements for the interim reporting period ended 31 December 2021 have been prepared in accordance with the *Corporations Act 2001 and AASB 134 Interim Financial Reporting*.

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

NOTES TO INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Clime Private Limited

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

NOTE 2: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

(a) Basis of accounting (continued)

Details of Reporting Period

The current reporting period is the half-year ended 31 December 2021. For the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half-year ended 31 December 2020. For the Statement of Financial Position, the previous corresponding period is 30 June 2021.

(b) Accounting policies

The accounting policies applied in these interim financial statements have been applied consistently throughout the period and are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2021.

There are no new and revised accounting requirements significantly affecting the half yearly financial report. The half year financial report was authorised for issue on 10 March 2022.

(c) Fair value estimation

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

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

(d) Rounding off of amounts

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

NOTE 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

NOTES TO INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Clime Private Limited

NOTE 4: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Carrying amounts

Name of Company	Principal Activity	Carrying amounts			
		December 2021	June 2021	December 2021	June 2021
		%	%	\$	\$
<i>Unlisted</i>					
Jasco Holdings Limited (i)	Importing and distribution of art and craft materials	20.99	21.17	9,391,556	9,126,387

As at 31 December 2021, Jasco has 40,587,447 shares on issue (30 June 2021: 40,249,075). Clime Private Limited owns 8,518,775 shares (30 June 2021: 8,518,775) or 20.99% (30 June 2021: 21.17%).

(i) Jasco Holdings Limited

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

	\$
(b) Movements in carrying amounts	
Carrying amount as at 1 July 2020	8,452,517
Share of profit after income tax in FY21	922,277
Share of change in defined benefit plan in FY21	(63,933)
Share of change in reserves in FY21	7,198
Dividends received/receivable in FY21	(191,672)
Carrying amount as at 30 June 2021	9,126,387
Share of profit after income tax in HY22	367,973
Share of change in defined benefit plan in HY22	7,976
Share of change in reserves in HY22	17,002
Dividends received/receivable in HY22	(127,782)
Carrying amount as at 31 December 2021	9,391,556

NOTE 5: SHARE CAPITAL

	December 2021	June 2021	December 2021	June 2021
	No. of shares	No. of shares	\$	\$
Ordinary shares	50,275,000	50,275,000	7,807,933	7,807,933

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

Please visit <https://clime.com.au/clime-private-limited/> for further information in relation to the operation of low volume financial market.

NOTES TO INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

Clime Private Limited

NOTE 6: EARNINGS PER SHARE

(a) Basic earnings per share

	December 2021	December 2020
Profit attributable to the ordinary equity holders of the Company	<u>0.72 cent</u>	<u>1.00 cents</u>

(b) Diluted earnings per share

Profit attributable to the ordinary equity holders of the Company	<u>0.72 cent</u>	<u>1.00 cents</u>
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(c) Reconciliations of earnings used in calculating earnings per share

Basic and diluted earnings per share

Profit for the period attributable to owners of the Company	<u>\$363,921</u>	<u>\$503,574</u>
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>\$363,921</u>	<u>\$503,574</u>

(d) Weighted average number of shares used as the denominator

	December 2021 Number	December 2020 Number
Weighted average number of ordinary shares used in calculation of basic earnings per share	<u>50,275,000</u>	<u>50,275,000</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>50,275,000</u>	<u>50,275,000</u>

NOTE 7: DIVIDENDS

During the six months to 31 December 2021, shareholders received final dividend for the financial period ended 30 June 2021 of 0.28 cents per share fully franked amounting to \$140,770. This dividend was paid on 20 December 2021.

NOTE 8: SEGMENT INFORMATION

Due to the nature of the Company's operations and current size of the Company, for management reporting purposes, the Board of Directors currently considers and reports on the Company's operating results and financial position as one reportable operating segment. Refer to the Statement of Profit or Loss and Other Comprehensive Income for the Company's results.

NOTE 9: EVENTS OCCURRING AFTER THE REPORTING DATE

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

NOTE 10: CONTINGENT LIABILITIES AND COMMITMENTS

The Company had no contingent liabilities or commitments as at 31 December 2021.

DIRECTORS' DECLARATION

for the half-year ended 31 December 2021

Clime Private Limited

The Directors declare that:

- (a) in the Directors' opinion, the Financial Statements and Notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*; and
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - (ii) give a true and fair view of the financial position of the Company as at 31 December 2021 and of its performance for the period ended on that date.
- (b) In the Directors' opinion, there are reasonable grounds, at the date of this declaration, to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Abernethy
Chairman



Annick Donat
Director

Sydney, 14 March 2022

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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Clime Private Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Clime Private Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual 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 review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Scott Whiddett
Partner



Pitcher Partners
Sydney

14 March 2022