

Company Announcements
Australian Stock Exchange, Sydney
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Dividend Update for Holders of Converting Preference Shares

Retained Earnings Analysis

As disclosed in the subsequent events note of Clime Capital Ltd's Interim Financial Report (released on 25 February 2008), the gross value of the Company's investment portfolio has declined by approximately 17.1% since 31 December. The decline in value is a result of the following:

- A second profit downgrade released by Credit Corp Group Limited ("CCP") on 11 February 2008. Prior to this announcement, CCP was the Company's largest single investment. Clime has since disposed of its entire holding in CCP; and
- General market conditions which have seen the ASX All Ordinaries fall approximately 10.5% between 31 December 07 and 26 February 08.

The above factors have contributed to a material deterioration in the Company's level of retained earnings. A high level summary of the movement in retained earnings from 31 December 07 to 26 February 08 is as follows:

Opening retained earnings as at 31 Dec 07	\$7,820k
Less: Realised and unrealised losses on the investment portfolio since 31 Dec 07	<u>(\$8,731k)</u> ¹
Approximate retained earnings as at 26 Feb 08	(\$911k)

¹ - Note that the realised and unrealised losses since 31 Dec 07 are only partially tax-effected. At this stage, the Directors have not elected to carry forward unused tax losses.

Converting Preference Share Dividend – Quarter Ending 31 March 2008

In accordance with the Corporations Act 2001, dividends can only be paid out of current year, or a surplus of retained, profits. As such, in the context of the above, it is possible that the Company will not have a sufficient level of retained earnings as at 31 March 2008 in order to declare the next quarterly dividend.

Realised and unrealised gains of approximately \$1,256k, representing 2.4% of the current gross portfolio value, will need to be generated between now and 31 March in order for the Company to declare the March quarterly dividend.

The Company will make a further announcement closer to the end of the quarter to provide further guidance.

Roger Montgomery
Clime Capital Limited
26 February 2008

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