

**CLIME AUSTRALIAN VALUE FUND**

**ARSN 126 118 189**

**(Responsible Entity: Total Fund Services Limited ABN 70 120 380 627)**

**INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**CLIME AUSTRALIAN VALUE FUND  
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**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**RESPONSIBLE ENTITY'S REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

The directors of Total Fund Services Limited, the Responsible Entity of Clime Australian Value Fund, present their report together with the financial statements of Clime Australian Value Fund (the "Fund"), for the half-year ended 31 December 2010.

**Directors**

The names of the Directors of the Responsible Entity, who held office during or since the end of the period are:

	<b>Period of directorship</b>
John Abernethy	Appointed 26 June 2006
Paul Jensen	Appointed 1 July 2009
Peter Fagan	Appointed 1 July 2009
Roger Campbell	Appointed 1 July 2009

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

**Principal Activity**

The principal activity of the Fund during the financial period was investing in Australian listed securities, listed hybrids and fixed interest securities.

**Operations Results**

The net operating profit for the half-year ended 31 December 2010 is \$2,217,217 (31 December 2009: Net operating profit of \$5,051,924).

**Review of Operations**

A review of the operations of the Fund during the financial period and the results of those operations found that during the period, the Fund continued to engage in its principal activity and the results are disclosed in the attached financial statements.

**Significant Changes in State of Affairs**

In the opinion of the Directors of the Responsible Entity, there were no significant changes in the state of affairs of the Fund that occurred during the period under review.

**Subsequent Events**

Since 31 December 2010 there has been no matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the Fund.

**Distributions Paid**

For the period ending 31 December 2010, the distribution paid or payable to unitholders is Nil (31 December 2009: Nil).

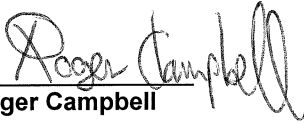
**CLIME AUSTRALIAN VALUE FUND**  
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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**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 4.

Signed in accordance with a resolution of the Board of Directors of Total Fund Services Limited, the Responsible Entity made pursuant to Section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors of Total Fund Services Limited, the Responsible Entity.



**Roger Campbell**  
Director

Dated            14 March 2011

**DECLARATION OF INDEPENDENCE BY ALISON SHERIDAN TO THE DIRECTORS OF TOTAL  
FUND SERVICES LIMITED THE RESPONSIBLE ENTITY OF CLIME AUSTRALIAN VALUE FUND**

As lead auditor for the review of Clime Australian Value Fund for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Alison Sheridan

Director



**BDO Audit (NSW-VIC) Pty Ltd**

Sydney, 14 March 2011

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Investment income</b>		
Net realised (loss)/gain on sale of financial assets held at fair value through profit or loss	(140,322)	969,394
Unrealised gain on revaluation of financial assets held at fair value through profit or loss	1,984,569	3,721,391
Dividends and trust distributions	338,026	331,076
Interest	195,225	212,905
Other income	-	3
	<hr/>	<hr/>
<b>Total net investment income</b>	<b>2,377,498</b>	<b>5,234,769</b>
<b>Expenses</b>		
Management and performance fees	(97,940)	(103,906)
Brokerage	(13,507)	(27,724)
Other expenses	(48,834)	(51,215)
	<hr/>	<hr/>
<b>Total expenses</b>	<b>(160,281)</b>	<b>(182,845)</b>
	<hr/>	<hr/>
<b>Profit for the half-year</b>	<b>2,217,217</b>	<b>5,051,924</b>
	<hr/>	<hr/>
Other comprehensive income	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the half-year attributable to unitholders</b>	<b>2,217,217</b>	<b>5,051,924</b>
	<hr/>	<hr/>

The accompanying notes form part of these interim financial statements.

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	<b>31 December 2010</b>	<b>30 June 2010</b>
<b>Assets</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	4,476,082	4,903,590
Trade and other receivables	124,861	538,008
Financial assets held at fair value through profit or loss	14,673,735	13,535,715
	<hr/>	<hr/>
<b>Total assets</b>	<b>19,274,678</b>	<b>18,977,313</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
Trade and other payables	25,027	407,429
Distributions payable	-	999,260
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>25,027</b>	<b>1,406,689</b>
	<hr/>	<hr/>
<b>Net assets</b>	<b>19,249,651</b>	<b>17,570,624</b>
	<hr/>	<hr/>
<b>Equity</b>		
Units issued	17,840,948	18,379,138
Retained earnings/(accumulated losses)	1,408,703	(808,514)
	<hr/>	<hr/>
<b>Total equity</b>	<b>19,249,651</b>	<b>17,570,624</b>
	<hr/>	<hr/>

The accompanying notes form part of these interim financial statements.

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	Units issued \$	Retained earnings/ (accumulated losses) \$	Total \$
<b>Balance at 1 July 2009</b>		20,717,187	(3,717,605)	16,999,582
Profit for the half-year		-	5,051,924	5,051,924
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>5,051,924</b>	<b>5,051,924</b>
<b>Transactions with owners in their capacity as owners</b>				
Applications	2	407,551	-	407,551
Redemptions	2	(1,732,855)	-	(1,732,855)
		<b>(1,325,304)</b>	<b>-</b>	<b>(1,325,304)</b>
<b>Balance at 31 December 2009</b>		<b>19,391,883</b>	<b>1,334,319</b>	<b>20,726,202</b>
Loss for the half-year		-	(1,143,573)	(1,143,573)
<b>Total comprehensive loss for the half-year</b>		<b>-</b>	<b>(1,143,573)</b>	<b>(1,143,573)</b>
<b>Transactions with owners in their capacity as owners</b>				
Distributions paid		-	(999,260)	(999,260)
Applications		397,500	-	397,500
Redemptions		(1,410,245)	-	(1,410,245)
		<b>(1,012,745)</b>	<b>(999,260)</b>	<b>(2,012,005)</b>
<b>Balance at 30 June 2010</b>		<b>18,379,138</b>	<b>(808,514)</b>	<b>17,570,624</b>
Profit for the half-year		-	2,217,217	2,217,217
<b>Total comprehensive income for the half-year</b>		<b>-</b>	<b>2,217,217</b>	<b>2,217,217</b>
<b>Transactions with owners in their capacity as owners</b>				
Applications	2	726,167	-	726,167
Redemptions	2	(1,264,357)	-	(1,264,357)
		<b>(538,190)</b>	<b>-</b>	<b>(538,190)</b>
<b>Balance at 31 December 2010</b>		<b>17,840,948</b>	<b>1,408,703</b>	<b>19,249,651</b>

The accompanying notes form part of these interim financial statements.

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cashflow from operating activities</b>		
Proceeds from sale of investments	6,140,914	10,095,999
Payment for purchase of investments	(5,531,025)	(10,584,180)
Interest received	180,960	225,734
Dividends and trust distributions received	481,054	416,716
Payments to Manager	(145,251)	(123,603)
Brokerage paid	(13,507)	(27,724)
Other income received	-	3
Other expenses paid	(3,203)	(3,323)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,109,942</b>	<b>(378)</b>
	<hr/>	<hr/>
<b>Cashflow from financing activities</b>		
Proceeds from applications by unitholders	726,167	407,551
Payment on redemption of units	(1,264,357)	(1,732,853)
Distributions paid	(999,260)	-
	<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>	<b>(1,537,450)</b>	<b>(1,325,302)</b>
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents held</b>	<b>(427,508)</b>	<b>(1,325,680)</b>
Cash and cash equivalents at the beginning of the financial period	4,903,590	4,303,422
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>4,476,082</b>	<b>2,977,742</b>
	<hr/>	<hr/>

The accompanying notes form part of these interim financial statements.

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**1 Basis of preparation of half-year financial statements**

These general purpose financial statements for the interim half-year ended 31 December 2010 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 Interim Financial Reporting.

These 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 Fund as the full financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements. However, the accounting policy with respect to debt: equity classification used in the most recent annual financial statements (and these half-year financial statements) is different to the policy used in the preparation of the financial statements for the half-year ended 31 December 2009 as described below:

**Change in accounting policy - financial liabilities and equity**

In accordance with the amendments to AASB 132 *Financial Instruments: Presentation*, applicable to the half-year ended 31 December 2009, the definition of a "financial liability" changed so that certain puttable financial instruments and obligations arising on liquidation that were previously classified as debt are now classified as equity.

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Under the new policy, all unitholders' funds are shown as equity and any trust distributions to unitholders are reflected as distributions from equity rather than as finance costs.

This change in accounting policy has been recognised on a retrospective basis from 1 July 2009 in accordance with the transitional provisions of the revised standard.

**2 Units issued**

Movements in units issued during the period were as follows:

	<b>31 December 2010 \$</b>	<b>31 December 2010 Units</b>
<b>Opening balance as at 1 July 2010</b>	18,379,138	16,068,932
Applications	726,167	631,438
Redemptions	(1,264,357)	(1,071,767)
<b>Closing balance as at 31 December 2010</b>	<b>17,840,948</b>	<b>15,628,603</b>

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**2 Units issued (continued)**

	<b>31 December 2009 \$</b>	<b>31 December 2009 Units</b>
<b>Opening balance as at 1 July 2009</b>	20,717,187	18,121,500
Applications	407,551	357,019
Redemptions	(1,732,855)	(1,557,617)
	<hr/>	<hr/>
<b>Closing balance as at 31 December 2009</b>	<b><u>19,391,883</u></b>	<b><u>16,920,902</u></b>

**3 Distributions paid and payable**

For the period ending 31 December 2010, the distribution paid or payable to unitholders is Nil (2009: Nil).

**4 Events occurring after the reporting date**

No significant events have occurred since the reporting date which would impact on the financial position of the Fund disclosed in the Statement of Financial Position as at 31 December 2010 or on the results and cash flows of the Fund for the half-year ended on that date.

**5 Contingent liabilities and commitments**

There were no contingent liabilities or commitments as at the reporting date.

**CLIME AUSTRALIAN VALUE FUND**  
**ARSN 126 118 189**

**DIRECTORS' DECLARATION OF THE RESPONSIBLE ENTITY**

The directors of Total Fund Services Limited, the Responsible Entity of Clime Australian Value Fund, declare that:

- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*; and
  - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the Fund's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
- (b) in the director's opinion, there are reasonable grounds to believe that the Fund 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 of Total Fund Services Limited by:



**Roger Campbell**

Director

Dated in Sydney this the 14th day of March 2011

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CLIME AUSTRALIAN VALUE FUND

We have reviewed the accompanying half-year financial report of Clime Australian Value Fund, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Total Fund Services Limited, the responsible entity, 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 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*. As the auditor of Clime Australian Value Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the responsible entity, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clime Australian Value Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the fund's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO

BDO Audit (NSW-VIC) Pty Ltd



Alison Sheridan

Director

Sydney, 14 March 2011