

CONTANGO MICROCAP LIMITED AND CONTROLLED ENTITIES
ABN 47 107 617 381

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2015.

Appendix 4D

Half Year Report for the six months to 31 December 2015

CONTANGO MICROCAP LIMITED

ABN 47 107 617 381

1. Reporting period

Report for the half year ended	31 December 2015
Previous corresponding periods:	Financial year ended 30 June 2015 Half-year ended 31 December 2014

2. Results for announcement to the market

	Movement \$A'000		2015 \$A'000
Revenues from ordinary activities (<i>item 2.1</i>)	Up 20,482	to	17,445
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up 13,136	to	9,055
Net profit for the period attributable to members (<i>item 2.3</i>)	Up 13,136	to	9,055

Dividends paid (<i>item 2.4</i>)	Amount per security	Franked amount per security at 30% tax rate
Final dividend for year ended 30 June 2015	3.7 cents	1.85 cents
Previous corresponding half-year	4.6 cents	2.3 cents
Record date for dividend entitlements (<i>item 2.5</i>)	9 September 2015 for FY15 final dividend paid.	

3. Net tangible assets per security

	Current period 31 Dec 2015	Previous corresponding period 31 Dec 2014
Net tangible asset backing per ordinary security (after provision for tax on unrealised gains)	\$1.08	\$1.08

4. Details of entities over which control has been gained or lost during the period:

Nil

5. Dividends

During the half-year ended 31 December 2015, the Company paid the final dividend for the year-ended 30 June 2015. This was a dividend of 3.7 cents per share and was 50% franked. The record date for this dividend was 9 September 2015 and the total dividend paid out on 30 September 2015 was \$5,918,747.

The interim dividend for the year ended 30 June 2016/half-year ended 31 December 2015 has been declared at 2.6 per share and will be 50% franked. Ex-date for the dividend is 18 February 2016 with the dividend to be paid on 25 March 2016.

6. Details of dividend or distribution reinvestment plans in operation are described below:

The Company introduced a Dividend Reinvestment Plan in December 2004 that has applied to all dividends so far paid. DRP shares are issued at a 3% discount to the volume weighted average price ("VWAP") on the last 4 trading days up to and including record date.

7. Details of associates and joint venture entities

On 21 December 2015, the Company acquired a 46.25% position in Halidon Asset Management Limited – a provider of funds management and responsible entity services.

Group's share of joint venture entity's activities	2015	2014
	\$	\$
Profit from ordinary activities (21 Dec 2015 to 31 Dec 2015)	6,355	nil
Income tax on ordinary activities for period	(1,906)	nil
Net profit from ordinary activities after tax for period	4,448	nil
Share of net profit of joint venture entity's activities for period	2,057	nil

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report which accompanies this report.

9. Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

**Contango MicroCap Limited
and Controlled Entities**

ABN 47 107 617 381

**Financial report for the
half-year ended 31 December 2015**

This half-year financial report is to be read in conjunction
with the financial report for the year ended 30 June 2015

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DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Contango MicroCap Limited and controlled entities, for the half year ended 31 December 2015, and the independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting.

Directors

The following persons held office as directors during the half-year or since the end of the half-year and up to the date of this report:

Name	Period of Directorship	Name	Period of Directorship
Mark G Kerr (Chairman)	Since 7 December 2009	Ian N Ferres	Since 7 December 2009
David I Stevens	Since 14 January 2004	Glenn Fowles	Since 14 January 2004

All directors have been in office since the start of the financial period to the date of this report.

Review of operations

The consolidated entity's net operating profit after tax for the half-year was \$9,054,611 (2014: loss of \$4,087,793). Basic earnings per share amounted to 5.6 cents per share for the half-year (2014: -2.6 cents).

The current period profit is primarily attributed to an increase in value of the Company's investment portfolio from September through half-year end. This has occurred during a period of modest decline in the Australian sharemarket which the Company operates (ASX All Ordinaries Accumulation index down 0.6% for the period).

The Company continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Company, and in accordance with the provisions of its Constitution.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the half-year under review.

Events subsequent to balance date

The interim dividend for FY16 of 2.6 cents per share (2015: 4.6 cps) 50% franked was declared on 15th February 2015.

The month of January 2016 saw significant volatility in the Australian share market. Over the first 10 trading days, the ASX All Ordinaries Accumulation index was down more than 7%. A rebound in the second half of the month saw this index finish down 5.4% for the month. The Company's NTA (net of tax) stood at \$1.043 on 31 January 2016, down 3.2% from 31 December 2015.

There have been no other significant events subsequent to 31 December 2015 that have occurred that would have any material impact on the content of these financial statements.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year is provided with this report, as required under section 307C of the *Corporations Act 2001*.

This report is signed in accordance with a resolution of the directors.



CONTANGO MICROCAP LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CONTANGO MICROCAP LIMITED

In relation to the independent auditor's review for the half year ended 31 December 2015, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Contango Microcap Limited and the entities it controlled during the period.



N R BULL
Partner

17 February 2016



PITCHER PARTNERS
Melbourne

Condensed Consolidated Statement of Comprehensive Income

	Note	Half-year ended 31 Dec 2015 \$'000	Half-year ended 31 Dec 2014 \$'000
Revenue and other income			
Revenue	2	4,276	4,638
Fair value gain/(loss) on financial assets through profit and loss		<u>13,169</u>	<u>(7,675)</u>
Total revenue and other income		<u>17,445</u>	<u>(3,037)</u>
Less: Expenses			
Employee benefits expense		2,298	1,917
Administration costs		1,501	1,412
Interest expense		733	28
Professional fees		174	545
Depreciation and amortisation		71	6
Other expenses		<u>364</u>	<u>271</u>
		<u>5,141</u>	<u>4,179</u>
Add:			
Share of profits of joint venture accounted for using the equity method		<u>2</u>	<u>-</u>
Profit/(loss) before income tax		12,306	(7,216)
Income tax expense/(benefit)		<u>3,251</u>	<u>(3,128)</u>
Profit/(loss) from continuing operations		<u>9,055</u>	<u>(4,088)</u>
Profit/(loss) for the half-year		<u>9,055</u>	<u>(4,088)</u>
Total comprehensive income for the half-year		<u>9,055</u>	<u>(4,088)</u>
Total comprehensive income attributable to Members of Contango MicroCap Limited		<u>9,055</u>	<u>(4,088)</u>
		Cents	Cents
Earnings/(loss) per share for profit from continuing operations attributable to members of Contango MicroCap Limited:			
Basic earnings/(loss) per share		5.6	-2.6
Diluted earnings/(loss) per share		5.6	-2.6

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

	As at 31 Dec 2015 \$'000	As at 30 Jun 2015 \$'000
Assets		
Cash and cash equivalents	8,485	10,486
Receivables	1,601	2,778
Other financial assets	91	-
Investments at fair value	192,921	183,869
Equity accounted investment in joint venture	341	-
Property, plant and equipment	54	35
Goodwill	9,455	9,455
Total assets	<u>212,948</u>	<u>206,623</u>
Liabilities		
Payables	917	2,021
Provisions	580	608
Provision for tax	930	-
Borrowings	25,997	25,935
Deferred tax liability	10,847	8,597
Total liabilities	<u>39,271</u>	<u>37,161</u>
Net assets	<u>173,677</u>	<u>169,462</u>
Equity		
Contributed equity	193,395	192,317
Reserves	18,087	24,005
Accumulated losses	(37,805)	(46,860)
Equity attributable to owners of Contango MicroCap Limited	<u>173,677</u>	<u>169,462</u>

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
As at 1 July 2014	189,821	37,612	(46,125)	181,308
Profit/(loss) for the half-year	-	-	(4,088)	(4,088)
Total comprehensive income for the half year	-	-	(4,088)	(4,088)
Transactions with owners in their capacity as owners:				
Transfer to dividend payment reserve	-	10,818	(10,818)	-
Dividend re-investment	1,379	-	-	1,379
Dividends paid	-	(7,251)	-	(7,251)
Total transactions with owners as in their capacity as owners:	1,379	3,567	(10,818)	(5,872)
As at 31 December 2014	191,200	41,179	(61,031)	171,348
As at 1 July 2015	192,317	24,005	(46,860)	169,462
Profit/(loss) for the half-year	-	-	9,055	9,055
Total comprehensive income for the half year	-	-	9,055	9,055
Transactions with owners in their capacity as owners:				
Dividend re-investment	1,078	-	-	1,078
Dividends paid	-	(5,918)	-	(5,918)
Total transactions with owners as in their capacity as owners:	1,078	(5,918)	-	(4,840)
As at 31 December 2015	193,395	18,087	(37,805)	173,677

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

	Half-year ended 31 Dec 2015 \$'000	Half-year ended 31 Dec 2014 \$'000
<i>Cash flows from operating activities</i>		
Payments for investments	(74,533)	(44,689)
Payments to suppliers and employees	(5,192)	(4,470)
Proceeds from sale of investments	78,764	48,592
Receipts from customers	1,461	1,532
Dividends received	2,535	3,013
Interest received	106	92
Tax paid	(71)	(11)
Net cash inflow/(outflow) from operating activities	3,070	4,059
<i>Cash flows from investing activities</i>		
Acquisition of joint venture investment	(232)	-
Net cash inflow/(outflow) from investing activities	(232)	-
<i>Cash flows from financing activities</i>		
Proceeds from debt instrument issued	-	26,500
Dividends paid	(4,840)	(5,872)
Net cash inflow/(outflow) from financing activities	(4,840)	20,628
Net increase/(decrease) in cash and cash equivalents	(2,001)	24,687
Cash and cash equivalents at the beginning of the half-year	10,486	6,023
Cash and cash equivalents at end of the half-year	8,485	30,710

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2015

1. Basis of preparation of the half-year financial report

This Condensed Consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Contango MicroCap Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

Contango MicroCap Limited is a "for-profit" entity for the purpose of preparing financial statements.

(a) Basis of preparation

This Condensed Consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for "for-profit" entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in the half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2015 and the corresponding half-year, other than the additional accounting policy applied in this half-year described in note 1(b)-(c).

(b) Principles of consolidation

The Company is an investment entity and therefore does not consolidate its subsidiaries, except for those subsidiaries whose main purpose and activities are providing services that relate to the Company's investment activities. Subsidiaries not consolidated are measured at fair value through profit or loss.

A subsidiary is an entity controlled by the Company. Control of an entity is achieved when the Company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity (the Company) and its consolidated subsidiaries (those subsidiaries whose main purpose and activities are providing services that relate to the Company's investment activities).

The financial statements of consolidated subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses, relating to transactions between entities within the consolidated group have been eliminated on consolidation. Subsidiaries are consolidated, where applicable, from the date on which control is established and are de-recognised from the date that control ceases.

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

(c) Investments in joint ventures

The company's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to the joint venture entity are set out in Note 6 & 7.

(d) Rounding amounts

The company is of a kind referred to in ASIC Class Order CO 98/100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(e) Account standards issued but not operative

AASB 15 – Revenue from Contracts with Customers

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

AASB 9 - Financial Instruments

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

The directors have not yet assessed the impact (if any) of changes in these standards.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

2. Revenue

	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
	\$000	\$000
Dividends	2,482	2,919
Interest	106	92
Investment management fees	1,688	1,627
	<u>4,276</u>	<u>4,638</u>

3. Dividends

Dividends paid during the half-year:

Ordinary Shares – 3.7 cents per share (2014: 4.6 cents)	<u>5,918</u>	<u>7,251</u>
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4. Contributed Capital

	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2015	Half-year ended 31 Dec 2014
	No. of shares	No. of shares	\$'000	\$'000
Opening balance	159,966,296	157,638,993	192,317	189,821
Dividend reinvestment - final dividend	<u>1,184,945</u>	<u>1,242,335</u>	<u>1,078</u>	<u>1,379</u>
Closing balance	<u>161,151,241</u>	<u>158,881,328</u>	<u>193,395</u>	<u>191,200</u>

5. Events occurring after the balance sheet date

The interim dividend for FY15 of 2.7 cents per share (2014: 4 cents) 50% franked was declared on 15 February 2015.

The month of January 2016 saw significant volatility in the Australian share market. Over the first 10 trading days, the ASX All Ordinaries Accumulation index was down more than 7%. A rebound in the second half of the month saw this index finish down 5.4% for the month. The Company's NTA (net of tax) stood at \$1.043 on 31 January 2016, down 3.2% from 31 December 2015.

There have been no other significant events specific to the Company of which the Directors are aware which have had a material effect on the Company or its financial position since balance date.

6. Equity accounted investments

	31 Dec 2015 \$000	30 Jun 2015 \$000
Equity accounted joint venture	<u>341</u>	-
	<u>341</u>	-

On 21 December 2015, the Group acquired 46.25% ownership in Halidon Asset Management Limited. The purchase price was \$322,465 being the acquisition of 740,000 shares at a price of \$43.57641. As at 31 December 2015, Contango Group has paid the first instalment of \$232,094. There are two remaining payments to be paid on 20 January 2017 and 21 December 2017.

7. Interests in joint venture arrangements

(a) Joint ventures

Investments in joint ventures are accounted for using the equity method in the consolidated entity.

Interests are held in the following associated companies:

Joint venture	Equity instrument	Ownership interest		Quoted fair value	
		Dec 2015 %	Jun 2015 %	Dec 2015 \$'000	Jun 2015 \$'000
Halidon Asset Management Limited Balance date: 31 December 2015	Ordinary shares	46.25	-	341	-

All voting power is reflective of the ownership interest.

(b) Summarised financial information for joint venture

	JV \$000
Cash and cash equivalents	259
Other current assets	32
Current liabilities	(41)
Net assets	250
Revenues	12
Administration expenses	(6)
Tax expense	(2)
Total comprehensive income	4
Dividend from joint venture	-

7. Interests in joint venture arrangements (continued)

(b) Summarised financial information for joint venture (continued)

	JV \$000
Reconciliation to carrying amount of interest in joint venture	
Opening net assets at acquisition (21 December 2015)	246
Add: comprehensive income for period (21 December 2015 – 31 December 2015)	4
Less: dividend paid	-
Closing net assets	250
Consolidated entity's % share of net assets	46.25%
Consolidated entity's share of net assets	116
Goodwill	225
Carrying amount of investment	341

(c) Significant restrictions on the ability of JV's to transfer funds

Outside of normal regulatory requirements (e.g. compliance with taxation regulations), there are no known restrictions on the ability of the joint venture to transfer funds to the Consolidated Entity.

(d) Risks associated with the group's interest in joint ventures

Under the acquisition agreement the group is required to contribute \$125,000 of additional capital to the joint venture entity before 28 February 2016.

There are no other significant risks expected to be associated with the group's interest in this joint venture.

8. Interests in subsidiaries

Subsidiaries of the group	Country of Incorporation	Ownership interest held by the group	
		31 Dec 2015	31 Dec 2014
		%	%
Contango Capital Partners Pty Ltd	Australia	100	100
Contango Group Pty Ltd	Australia	100	100
Bellwether Partners Limited	Australia	100	100
Contango Asset Management Limited	Australia	100	100
Contango Group Services Pty Ltd	Australia	100	100
Contango Income Generator Limited*	Australia	41.99	100

* Subsidiary not consolidated in accordance with AASB10(31)

9. Segment Information

(a) Description of segments

The consolidated entity has 2 reportable segments as described below:

- Microcaps investment portfolio – this segment represents the contribution of the investment portfolio of listed stocks from the microcap sector of the Australian share market which is managed by Contango Asset Management Limited – a wholly owned subsidiary of the Company. Direct costs of these activities are borne directly by the investment portfolio with a management fee charged by Contango Asset Management Limited. This fee is eliminated on consolidation.
- Funds management – this segment covers the management of investment portfolios for wholesale clients. This includes clients external to the Company as well as the microcap portfolio described above.

(b) Segment information

31 December 2015	MicroCaps	Funds Management	Total
Segment revenue			
Total segment revenue	15,755	2,726	18,481
Inter-segment revenue	-	(1,036)	(1,036)
Segment revenue from external source	15,755	1,690	17,445
Segment result	8,903	150	9,053
Total segment assets	211,056	1,892	212,948
Total segment liabilities	38,917	354	39,271

31 December 2014	MicroCaps	Funds Management	Total
Segment revenue			
Total segment revenue	(4,675)	3,854	(821)
Inter-segment revenue	-	(2,216)	(2,216)
Segment revenue from external source	(4,675)	1,638	(3,037)
Segment result	(4,368)	280	(4,088)
Total segment assets	204,636	1,995	206,631
Total segment liabilities	34,014	1,269	35,283

8. Contingent liabilities

As at 31 December 2015, the consolidated entity had the following contingent liabilities.

Acquisition earn-outs

- Under the terms of the sale agreement between Contango MicroCap Limited and the vendors of Bellwether Partners Limited that was acquired on 30 October 2013, an amount equal to 3 basis points per annum (0.03%) of the value of funds managed by Bellwether Partners Limited is payable to the vendors. Based on current valuations, this amounts to approximately \$73,330 (2014: \$134,900) over the remaining term of the agreement.
- Under the terms of the sale agreement between Contango MicroCap Limited and the vendors of the 50.004% of Contango Group Pty Ltd that was acquired on 30 November 2013, an amount equal to 75% of the net fee revenue from growth in new funds managed by Contango Asset Management Limited between 1 December 2013 and 30 November 2016 is payable to those vendors. As at 31 December 2015, there has been no net growth giving rise to any liability under this arrangement.

9. Leasing Commitments

Operating lease commitments for premises occupied by Contango Asset Management Limited exist until 31 October 2019. This disclosure arises from the acquisition by Contango MicroCap Limited of 50.004% of Contango Group Pty Ltd on 30 November 2013. Contango Asset Management Limited is a wholly owned subsidiary of Contango Group Pty Ltd.

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable	31 Dec 2015	31 Dec 2014
- not later than one year	175,000	175,000
- later than one year and not later than five years	495,000	670,000
- later than five years	-	-
Total	\$670,000	\$845,000

10. Related Party Transactions

During the half-year, as part of its normal payment of interest and dividends the Company made payments to related parties that held convertible notes and shares in Contango MicroCap Limited (CTN). The amounts paid were as follows:

Name	Capacity	Amount \$
Mark Kerr	Chairman	2,736
David Stevens	Director	81,949
Glenn Fowles	Director	21,760

11. Fair Value Measurement

The carrying amounts of the Company's Investments at fair value ("Investments") in the Statement of Financial Position are carried at fair value. The fair values of the Company's Investments for the period ended 31 December 2015 were determined directly, by reference to quoted prices from the Australian Securities Exchange or by input other than quoted prices that were observable. Investments measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data

The Company held \$192,741,000 (2014: \$164,790,000) Level 1 and \$180,000 (2014: 239,000) Level 2 Investments as at 31 December 2015. Level 2 Investments are investments in unlisted managed funds that are valued at redemption value calculated in accordance with market principles.

For all other financial assets and financial liabilities in the Statement of Financial Position, the directors consider that the carrying amounts approximate their fair values.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 3 to 13 in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Contango MicroCap Limited 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 directors.



Mark Kerr
Chairman
17 February 2016

CONTANGO MICROCAP LIMITED AND CONTROLLED ENTITIES
ABN 47 107 617 381

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CONTANGO MICROCAP LIMITED

We have reviewed the accompanying half-year financial report of Contango Microcap Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year 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

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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Contango Microcap Limited, 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*.

CONTANGO MICROCAP LIMITED AND CONTROLLED ENTITIES
ABN 47 107 617 381

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CONTANGO MICROCAP LIMITED

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 Contango Microcap Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 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*.



N R BULL
Partner

17 February 2016



PITCHER PARTNERS
Melbourne