CONTANGO MICROCAP LIMITED AND CONTROLLED ENTITIES
ABN 47 107 617 381

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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 2016.

Appendix 4D

Half Year Report for the six months to 31 December 2016

CONTANGO MICROCAP LIMITED
ABN 47 107 617 381

1. Reporting period

Report for the half year ended	31 December 2016
Previous corresponding periods:	Financial year ended 30 June 2016 Half-year ended 31 December 2015

2. Results for announcement to the market

	Movement $A'000		**2016** **$A'000**
Revenues from ordinary activities *(item 2.1)*	Down $9,577	to	$6,179
Profit from ordinary activities after tax attributable to members (*item 2.2*)	Down $6,692	to	$2,213
Net profit for the period attributable to members *(item 2.3)*	Down $6,842	to	$2,213

Dividends paid *(item 2.4)*	Amount per security	Franked amount per security at 30% tax rate
Final dividend for year ended 30 June 2016	3.7 cents	1.85 cents
Previous corresponding half-year	3.7 cents	1.85 cents
Record date for dividend entitlements *(item 2.5)*	30 September 2016 for FY16 final dividend paid.	

3. Net tangible assets per security

	Current period 31 Dec 2016	Previous corresponding period 31 Dec 2015
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 2016, the Company paid the final dividend for the year-ended 30 June 2016. This was a dividend of 3.7 cents per share and was 50% franked. The record date for this dividend was 30 September 2016 and the total dividend paid out on 14 October 2016 was $6,002,153.

The interim dividend for the year ended 30 June 2017 was declared on 10 February 2017. This will be a dividend of 2.7 cents per share and will be 50% franked. The record date for this dividend was 17 February 2017 and the total dividend to be paid on 24 March 2017 will be $4,526,712.

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

Refer to note 6 of the attached financial statements

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

9. Independent review of the financial report

The financial report is being independently reviewed. The financial report is not expected to be subject to any qualified independent review statement.

ENQUIRIES:

Mark Kerr – Chairman
P: 03 9605 5901
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Contango MicroCap Limited and Controlled Entities

ABN 47 107 617 381

Financial report for the half-year ended 31 December 2016

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016

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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 (the "Company") and controlled entities, for the half year ended 31 December 2016, 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:

Name	Appointment date	Period of office
Mark G Kerr (Chairman)	7 December 2009	01 July 2016 until the date of this report
David I Stevens	14 January 2004	01 July 2016 until the date of this report
Glenn Fowles	14 January 2004	01 July 2016 until the date of this report
Ian N Ferres	7 December 2009	01 July 2016 until the date of this report
Alistair M Drummond	29 July 2016	29 July 2016 until the date of this report

Review of operations

The consolidated entity's net operating profit after tax for the half-year was $2,212,701 (2015: $9,054,611). Basic earnings per share amounted to 1.3 cents per share for the half-year (2015: 5.6 cents).

The current period profit is attributed to an increase in value of the Company's investment portfolio through half-year end. This has occurred during a period of general improvement in the Australian sharemarket which the Company operates (ASX All Ordinaries Accumulation index up 9.9% 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

On 27 September 2016, the Company received final settlement for the sale of the funds management operations. This transaction occurred on 30 June 2016 and was disclosed in the financial statements for the year ended 30 June 2016.

Between 4 November 2016 and 30 December 2016 the Company sold the 30 million shares that it held in Contango Income Generator Limited. Shares were sold for $0.94 per share. Net proceeds of the sale (approximately $27m) will be added to the Company's core activity of investing in microcap companies.

Events subsequent to balance date

On 10 February 2017, the Company declared its interim dividend payment of 2.7 cents per share (50% franked) payable to eligible shareholders on 24 March 2017.

There have been no other significant events subsequent to 31 December 2016 that have occurred that would have any material impact on the content of these financial statements.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where 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.



Mark Kerr – Chairman
22 February 2017

PITCHER PARTNERS

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 2016, 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*.

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

B J BRITTEN
Partner

22 February 2017

PITCHER PARTNERS
Melbourne

Condensed Consolidated Statement of Comprehensive Income

	Note	**Half-year ended 31 Dec 2016 $'000**	Half-year ended 31 Dec 2015 $'000
Revenue and other income			
Revenue	2	**2,838**	2,587
Fair value gain on financial assets through profit and loss		**3,341**	13,169
Total revenue and other income		**6,179**	15,756
Less: Expenses			
Employee benefits expense		**13**	-
Investment management fees		**1,265**	1,036
Administration costs		**1,347**	1,295
Interest expense		**731**	733
Professional fees		**208**	174
Depreciation and amortisation		**62**	62
Other expenses		**198**	364
		3,824	3,664
Profit before income tax		**2,355**	12,092
Income tax expense		**142**	3,187
Profit from continuing operations		**2,213**	8,905
Profit after tax from discontinued operations		**-**	150
Profit for the half-year		**2,213**	9,055
Total comprehensive income for the half-year		**2,213**	9,055
Total comprehensive income attributable to			
Members of Contango MicroCap Limited		**2,213**	9,055
		Cents	Cents
Earnings per share for profit from continuing operations attributable to members of Contango MicroCap Limited:			
Basic earnings per share		**1.3**	5.6
Diluted earnings per share		**1.3**	5.6

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

	As at 31 Dec 2016 $'000	As at 30 Jun 2016 $'000
Assets		
Cash and cash equivalents	**39,980**	9,436
Receivables	**862**	17,266
Investments at fair value	**183,374**	199,501
Total assets	**224,216**	226,203
Liabilities		
Payables	**1,279**	5,386
Provision for tax	**2,102**	402
Borrowings	**26,115**	26,056
Deferred tax liability	**13,981**	15,895
Total liabilities	**43,477**	47,739
Net assets	**180,739**	178,464
Equity		
Contributed equity	**200,242**	194,178
Reserves	**7,894**	13,896
Accumulated losses	**(27,397)**	(29,610)
Equity attributable to owners of Contango MicroCap Limited	**180,739**	178,464

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 2015	192,317	24,005	(46,860)	169,462
Profit 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**
As at 1 July 2016	194,178	13,896	(29,610)	178,464
Profit for the half-year	-	-	2,213	2,213
Total comprehensive income for the half year	**-**	**-**	**2,213**	**2,213**
Transactions with owners in their capacity as owners:				
Dividend re-investment	1,105	-	-	1,105
Issue of shares	4,959	-	-	4,959
Dividends paid	-	(6,002)	-	(6,002)
Total transactions with owners as in their capacity as owners:	6,064	(6,002)	-	62
As at 31 December 2016	**200,242**	**7,894**	**(27,397)**	**180,739**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

	Note	**Half-year ended 31 Dec 2016 $'000**	Half-year ended 31 Dec 2015 $'000
Cash flows from operating activities			
Payments for investments		**(70,395)**	(74,533)
Payments to suppliers and employees		**(4,479)**	(847)
Proceeds from sale of investments		**102,966**	78,764
Dividends received		**2,645**	2,535
Interest received		**100**	105
Income tax paid		**(356)**	-
Net cash inflow from operating activities		**30,481**	6,024
Cash flows from financing activities			
Proceeds from shares issued		**4,959**	-
Dividends paid net of amounts reinvested	4	**(4,896)**	(4,840)
Net cash inflow/(outflow) from financing activities		**63**	(4,840)
Net cash outflow arising from discontinued operations		**-**	(2,679)
Net increase/(decrease) in cash and cash equivalents		**30,544**	(1,495)
Cash and cash equivalents at the beginning of the half-year		**9,436**	9,256
Cash and cash equivalents at the end of the half-year		**39,980**	7,761

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

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 2016 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.

The financial report covers Contango MicroCap Limited and its controlled entities. The Company is limited by shares, incorporated and domiciled in Australia. The Company is a "for-profit" entity for the purpose of preparing the financial statements. The address of Contango MicrCap Limited's registered office and principal place of business is Level 27, 35 Collins Street, Melbourne, Australia.

(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 2016 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.

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 condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position respectively.

(c) Rounding amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

(d) Account standards issued but not operative

AASB 15 – Revenue from Contacts 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.

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

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 this standard.

(e) Comparatives

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

2. Revenue

	Half-year ended 31 Dec 2016 $000	Half-year ended 31 Dec 2015 $000
Dividends	**2,738**	2,482
Interest	**100**	105
	2,838	2,587

3. Dividends

Dividends paid during the half-year:		
Ordinary Shares – 3.7 cents per share (2015: 3.7 cents)	**6,002**	5,918

The interim dividend for the year ended 30 June 2017 has been declared at 2.7 cents per share – 50% franked. Dividend payments will be made on 24 March 2017

4. Contributed Capital

	Half-year ended 31 Dec 2016	Half-year ended 31 Dec 2015	**Half-year ended 31 Dec 2016**	Half-year ended 31 Dec 2015
	No. of shares	No. of shares	**$'000**	$'000
Opening balance	**162,040,056**	159,966,296	**194,178**	192,317
Issue of new shares	**4,611,763**	-	**4,959**	-
Dividend reinvestment - final dividend	**1,004,179**	1,184,945	**1,105**	1,078
Closing balance	**167,655,998**	161,151,241	**200,242**	193,395

5. Events occurring after the balance sheet date

On 10 February 2017, the Company declared its interim dividend payment of 2.7 cents per share (50% franked) payable to eligible shareholders on 24 March 2017.

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. Interests in subsidiaries

Subsidiaries of the group	**Country of Incorporation**	**Ownership interest held by the group**	
		31 Dec 2016	31 Dec 2015
		%	%
Contango Capital Partners Pty Ltd	Australia	**100**	100
Bellwether Partners Limited	Australia	**100**	100
Contango Asset Management Limited	Australia	**0**	100
Contango Group Pty Ltd	Australia	**0**	100
Contango Group Services Pty Ltd	Australia	**0**	100
Contango Income Generator Limited*	Australia	**0**	41.99

* Subsidiary not consolidated in accordance with AASB10(31)

Refer to Note 10 of the financial report for the year ended 30 June 2016 for details of discontinued operations.

7. Contingent liabilities

As at 31 December 2016, the consolidated entity had the no contingent liabilities.

8. 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	2,873
David Stevens	Director	81,949
Glenn Fowles	Director	26,364

9. Fair Value Measurement

The carrying amounts of the Company's Investments at fair value ("Investments") in the condensed consolidated statement of financial position are carried at fair value. The fair values of the Company's Investments for the period ended 31 December 2016 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 $183,374,000 (2015: $192,741,000) Level 1 and $0 (2015: 180,000) Level 2 Investments as at 31 December 2016. Level 2 Investments held at 31 December 2015 were investments in unlisted managed funds that were valued at redemption value calculated in accordance with market principles.

For all other financial assets and financial liabilities in the condensed consolidated statement of financial position, the directors consider that the carrying amounts approximate their fair values.

DIRECTORS' DECLARATION

The directors declare that in the directors' opinion, the financial statements and notes thereto, set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) Give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2016 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, 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
22 February 2017

PITCHER PARTNERS

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 2016, 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 2016 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*.

PITCHER PARTNERS

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 31 December 2016 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*.

B J BRITTEN
Partner

22 February 2017

PITCHER PARTNERS
Melbourne