



Monday 24 February 2014

RESULTS COMMENTARY - HALF YEAR ENDED 31 DECEMBER 2013

Contango MicroCap Limited (ASX: CTN) announces its financial results for the half-year ended 31 December 2013 as approved by the Board. These are attached in the ASX Appendix 4D accompanying this briefing note.

HIGHLIGHTS

- The Company earned an **after-tax profit of \$26,999,471**.
 - This is an improvement of \$26.4m (4,392%) when compared with a profit after-tax of \$0.6m for the corresponding period in 2012.
- **Earnings Per Share** were 17.6 cents. This compares to 0.4 cents for the previous corresponding period.
- **Dividends** paid to shareholders of 4.0 cents per share (cps).
- The **Interim Dividend** for FY14 will be 4 cents per share – this is 1 cent above previous guidance and reflects the strong result recorded for the half-year. A separate announcement of the specific details of this dividend follows this release. Since declaring its first dividend in December 2004 CTN has declared a total of 75cps in dividends to shareholders amounting to a total payout of over \$82m.
- The 31 December after-tax NTA was \$1.154. This was an increase from the 30 June 2013 after tax NTA value of \$1.052 and represents **NTA growth of 13.5%** (when the 4.0 cent dividend is allowed for).
- The 31 December 2013 discount to after-tax NTA was 8.6%, indicating potential value for investors. This is an improvement from the corresponding discount figure of 13.3%.
- CTN assumed full ownership of Contango Group Pty Ltd - the parent company of the Company's investment manager, Contango Asset Management Limited.
- At year end CTN recorded its **highest number of shareholders** at 4,583, up 6.6% from 4,299 the previous year.
- CTN continues to have a **strong balance sheet** and is well positioned to participate in the benefits of microcap company growth.
 - Net Assets of \$180.9m as at 31 December 2013.

SHARE PRICE PERFORMANCE

In the 6 month period the CTN share price rose from \$0.98c to \$1.055. When the 4.0 cent dividend is allowed for the CTN share price total return was 11.7% over the period.

Over the last 5 years years the CTN share price has generated a total return (including dividends paid) to shareholders as follows¹.

As at 31.12.2013	% return		
	CTN Total Shareholder Return	S&P/ ASX Emerging Companies Accum.	S&P/ASX Small Ordinaries Accum.
1 Year	13.9	-13.3	-0.8
2 years pa	17.0	-10.9	2.8
3 years pa	0.9	-15.3	-6.0
4 years pa	8.0	-6.5	-1.5
5 years pa	17.0	8.4	8.1

MANAGING DIRECTOR COMMENT²

A large number of stocks contributed positively to overall performance during the period including *Slater & Gordon, iProperty Group, BT Investment Management, Mayne Pharma, Village Roadshow iCar Asia, G8 Education Centres, Austbrokers Holdings and Cedar Woods Properties.*

“The global economy continues to slowly heal, led mostly by the US and supported by monetary policy and reduced fiscal drag. With growth expected to remain robust in the US over 2014 rates will remain low for the foreseeable future. These themes will continue to be key drivers of markets over the next 12 months.”

Further details related to the investment portfolio and company were made in the December quarter Investment Commentary which was released through the ASX on 22 January 2014.

Yours sincerely



David Stevens
Managing Director

ABOUT CTN

CTN holds a diversified portfolio of 60-90 companies listed on the ASX with a market capitalization generally between \$10m & \$350m at time of acquisition. There are around 1,000 companies in this universe with a total Market Cap. of around \$70 billion.

CTN is “*Style Neutral*”- the portfolio is managed on the basis of sensitivity to economic & market factors as well as stock specific considerations. At some stages of the cycle there is a Growth bias while in periods of economic weakness the portfolio typically has a bias to Value/ Defensive stocks.

CTN first listed on the ASX on 25 March 2004. The underlying investment portfolio has provided a compound return of 17.6% per annum¹ since inception in March 2004 substantially outperforming relevant indices and demonstrating the skill and experience of the investment managers. Since listing in 2004 CTN has declared \$0.75cps in dividends, amounting to over \$82m

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Notes

¹ Past performance is no indication, guarantee of or predictor of future performance

² Contango comment for information purposes only. It does not contain investment recommendations nor provide investment advice. We strongly encourage you to obtain detailed professional advice to help you determine your tolerance to risk as well as your need to attain a particular return on your investment.