

Contango
MicroCap
Limited



Contango MicroCap Limited

ABN 47 107 617 381

Report to Shareholders for the year ended 30 June 2008

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Dear Fellow Shareholder

Re: Contango MicroCap Limited Annual Report

In an extremely challenging environment, Contango MicroCap's investment portfolio continued to outperform the market.

Results Summary for the Year Ended 30 June 2008

- Gross Portfolio Performance of -5.4% compared to a return of -20.5% for the S&P/ASX Small Ordinaries Accumulation Index
- \$5.2m dividend and interest income
- Net loss after tax of \$15.8m
- Fully franked final dividend 4.0 cents
- Total dividend for the year 13.0 cents per share fully franked
- No debt, significant cash balances held

Net Tangible Asset (NTA) Backing

Over the 12 months to 30 June 2008, the Company's adjusted NTA¹ has fallen by 12.4%.

This compares very favourably with the Small Ordinaries Accumulation Index which declined by 20.5% over the year. The All Ordinaries Accumulation Index was down 12.1% over the year.

This result continues to place Contango MicroCap at the forefront of the performance of Listed Investment Companies. In addition, the underlying investment portfolio was in the top quartile of the major asset consultant surveys of comparable small and micro cap investment products.

Profit

The Company's investment portfolio provided dividend and interest income of \$5.2m. The after tax loss for the year ended 30 June 2008 was \$15.77m compared to a profit of \$54.24m for the previous year (30 June 2007).

Dividends

The strong earnings during the previous year enabled the Company to pay a special dividend of 5 cents per share in January 2008. The company paid an interim dividend of 4 cents per share fully franked in April 2008. The final dividend of 4 cents per share, fully franked, was paid on 12 September 2008.

Research House Approval

The Company has maintained its 'Recommended' rating by research house, Aegis Equities.

Discount to NTA

The credit crisis has drained liquidity from equity markets. The impact has been greatest on smaller companies. This process has caused a large gap to open up between the NTA and the share price for many small listed companies. Contango Microcap Limited's investment portfolio has performed very strongly relative to the market and relative to other small and microcap fund managers. Nevertheless, the Company's share price has fallen significantly and now trades at a large discount to NTA.

On 26 September the Board announced that it had requested the fund manager to examine a range of capital management options, including buy-back activities, to determine the most effective way to reduce the current large discount to NTA and to improve the liquidity of the shareholder base. As part of this review, the fund manager will assess the effectiveness of recent buy back activities undertaken by similar companies. The results of this review will be made available at, or before, the AGM in November 2008.

¹ After allowing for re-investment of dividends and take-up of pro-rata rights entitlement

Since Year End

The global credit crisis continues to generate enormous turbulence. The US government approved a US\$700 billion rescue program on 3 October. Governments and central banks around the world have been active in supporting financial markets. Risk aversion remains high and there is limited turnover in the microcap end of the market. A more detailed discussion of the global financial crisis will be provided in the September Investment Update which will be distributed to shareholders shortly.

Portfolio

We have adjusted the composition of the Company's investment portfolio to take account of the changing market conditions.

	Dec 2007	Mar 2008	Jun 2008	Sep 2008
Industrials	29.4%	22.6%	16.7%	24.8%
Resources	49.9%	50.8%	60.5%	39.5%
Property	2.1%	0.4%	0.2%	0.1%
SPI Futures	0.0%	0.0%	16.5%	21.2%
Cash	18.6%	26.2%	6.1%	14.4%
Total	100.0%	100.0%	100.0%	100.0%

Since December 2007, we have held significant cash positions. We reduced the cash holdings for a short period in June 08; modest purchases were undertaken on the expectation of a market pick up after tax loss selling in June. When this did not eventuate, we increased our cash levels once again.

As an asset allocation decision, we have held long Index Futures positions of more than 20% of the portfolio in recent months. This has allowed us to reduce our exposure to microcaps and gain exposure to larger capitalised securities. This has been a successful strategy as the small companies index declined by 21.9% over the last 6 months compared with a decline of 12% for the larger cap index.

Periods to 30/9/08	Small Ordinaries Accumulation Index	ASX 200 Accumulation Index
3 Months	-18.1%	-10.4%
6 Months	-21.9%	-12.0%

During the September quarter, we reduced the portfolio's exposure to resources. We are continuing to down weight resources and increase the portfolio's exposure to more defensive industrial stocks.

Outlook

The global equity markets have fallen sharply in response to the global credit crisis. Economic activity has slowed in the US and Europe and is weakening in China.

Decisive action by Australia's RBA, combined with large falls in the currency will help to support the domestic market.

We have increased the defensiveness of the Company's microcap portfolio to take account of the weaker economic environment. These are challenging times, but we remain confident that the microcap sector will deliver strong returns over the medium term.

Yours sincerely



David Stevens
Chairman – Contango MicroCap Limited
8 October 2008

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial period ended 30 June 2008.

Board Composition and Performance

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Director's report.

As at the date of this report, the Board is comprised of four Non-executive Directors, of which none are independent directors. The Board has considered its composition and believes that as the principal management function, being management of investments, is conducted by Contango Asset Management Limited, that the current composition of the Board is appropriate for the Company.

The Board meets regularly with its primary functions including:

- Monitoring the investment performance and Net Tangible Assets of the Company
- Ensuring adequate systems of internal control and risk management are implemented and maintained
- Approval of half yearly and annual financial reports
- Declaration of dividends
- Monitoring of taxation issues relevant to the Company
- Maintaining compliance with the investment management agreement
- Ensuring proper and effective disclosure of Company business to the market

Trading Policy

The Company's policy regarding Directors trading in its securities restricts them from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Audit Committee

The Company does not have an audit committee. The Company's Board of Directors consists of 4 members, which take direct responsibility for audit, financial reporting and compliance activities.

Remuneration Policies and Remuneration Committee

The Company has no employees subject to any remuneration arrangements payable by the Company and therefore does not have a remuneration committee. The Company engages a professional investment manager, Contango Asset Management Limited (AFSL 237119) to manage the investment activities of the Company. The Directors of the Company are all employees of the investment manager and are remunerated by it directly.

Other Information

Further information relating to the Company's activities has been made publicly available on the Company's web site at www.contangomicrocap.com.au.

Directors' Report

The Directors present their report together with the financial report of Contango MicroCap Limited for the financial year ended 30 June 2008 and auditor's report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards. Compliance with Australian equivalents to International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Directors

The following persons were Directors of Contango MicroCap Limited during the whole of the financial year and up to the date of this report:

David I Stevens
 Stephen L Babidge
 William A Laister
 Glenn Fowles

Principal activities

The principal activities of the Company during the financial year were investment in companies listed on the Australian Stock Exchange (the "ASX"). There has been no significant change in the nature of these activities during the financial year.

Review of operations

A review of the operations of the Company during the financial year and the results of those operations are as follows:

The Company continued investing in shares listed on the ASX during the year ended 30 June 2008.

Over the 12 months the investment portfolio provided a return of -5.4% before fees and taxes.

The Company intends to continue investing in accordance with the guidelines which were disclosed in the Company's prospectus.

	Year ended	
	30 June	30 June
	2008	2007
	\$'000	\$'000
Profit/(loss) before income tax expense	(23,557)	76,929
Income tax benefit	7,786	<u>(22,694)</u>
Net profit/(loss) attributable to members of Contango MicroCap Limited	(15,771)	54,235

Dividends

Details of dividends paid, declared or recommended are as follows:

24 August 2007	Final fully franked dividend for 2007 of 4 cents per share	\$3,072,456
10 January 2008	Special dividend of 5 cents per share	\$5,779,117
24 April 2008	Interim fully franked dividend for 2008 of 4 cents per share	\$4,647,782

The Company has a dividend reinvestment plan ("DRP") in respect of the final dividend. The number of shares issued under the DRP will be based on the weighted average price of the Company's shares sold on the ASX during the period from and including the record date of 22 August 2008 until five days after the record date.

Directors' Report (continued)

Significant changes in the state of affairs

During the year 38,117,446 new shares were issued as a result of the Company's one-for-two rights issue in December 2007. A net amount of \$66,659,930 was raised as new capital from this issue.

Dividend reinvestment participants received 1,514,885 ordinary shares in return for dividend payments of \$2,379,404.

Likely developments and expected results of operations

The Company will continue to pursue its operating strategy to create shareholder value. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The operations of the Company are not subject to any particular environmental regulations under a Commonwealth, State or Territory law.

Information on Directors and Company Secretary

David I Stevens - Chairman (Non-executive)

Qualifications

Bachelor of Economics (Monash University)

Appointment

14 January 2004

Experience and expertise

David first began in the investment industry in 1978 and has been associated with over 20 years of first quartile investment performance. His specialist skills are Australian equities, as well as the generalist skills of strategic asset allocation through intimate knowledge of international equities, domestic and fixed interest and domestic property. More recently David joined HSBC Asset Management in 1989. He became Chief Investment Officer in 1990 and Managing Director from 1992 until his resignation in November 1998. Funds under management at HSBC grew from \$700 million to in excess of \$6.3 billion during his period as Managing Director. The bulk of these were in Balanced and Australian equity mandates. David is also a Director of Contango Capital Partners Limited.

Interests in Shares and Options

53,000 Ordinary shares in Contango Microcap Limited.

Stephen L Babidge - Director (Non-executive)

Qualifications

Member of the Institute of Chartered Accountants in Australia and Fellow of the Financial Services Institute of Australasia. Bachelor of Arts in Accounting (University of South Australia).

Appointment

14 January 2004

Experience and expertise

Stephen has in excess of 22 years of experience in funds management, investment banking and chartered accounting. Stephen joined HSBC Asset Management Australia Limited in 1987 and, at the time of his resignation in November 1998, was the Executive Director and Chief Investment Officer. His duties included Chairmanship of the Asset Allocation Committee, management of all investment personnel and asset teams, and day-to-day management of all clients' Australian equity portfolios as Head of Equities. During his period with HSBC, Stephen put together one of the industry's most highly regarded and stable investment teams. Stephen is also a Director of Contango Capital Partners Limited.

Interests in Shares and Options

248,182 Ordinary shares in Contango Microcap Limited.

Directors' Report (continued)

William A Laister (Non-executive)

Qualifications

Bachelor of Economics (University of Queensland)

Appointment

14 January 2004

Experience and expertise

William has worked in the investment industry for over 23 years. His roles have included Resource Analyst, Head of Trading, Investment Manager, Senior Investment Manager – Resources and Head of Australasian Equities. Prior to joining, William was Head of Australasian Equities for HSBC Asset Management and has also previously worked with the stockbroking firms of Wilson and Co and Morgan Stockbroking in Brisbane. No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.

Interests in Shares and Options

275,416 Ordinary shares in Contango Microcap Limited.

Glenn Fowles (Non-executive)

Qualifications

Bachelor of Business (Accounting and Finance) (Massey University, NZ)

Appointment

14 January 2004

Experience and expertise

Glenn has worked in the financial services industry since 1985. His roles at fund management organisations have included that of Company Accountant, Operations Manager, Financial Controller, Finance Director, Chief Operating Officer and Chief Executive Officer. Glenn has extensive experience in all aspects of investment administration, including investment accounting, custody, information systems, compliance and taxation.

Interests in Shares and Options

38,605 Ordinary shares in Contango Microcap Limited.

Special Responsibilities

Company Secretary

Meetings of Directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2008, and the numbers of meetings attended by each director were:

	Board Meetings	
	A	B
David I Stevens	7	7
Stephen L Babidge	7	7
William A Laister	7	7
Glenn Fowles	7	7

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

Directors' Report (continued)

Information on Directors and Company Secretary (continued)

Remuneration report

Contango MicroCap Limited does not employ any personnel.

There have been no payments of remuneration to any Directors during the period.

David Stevens and Stephen Babidge are Directors of Contango Asset Management Limited which is a director-related entity of Contango MicroCap Limited.

Remuneration of the Directors is paid directly by Contango Asset Management Limited, a director related party. The Company itself does not provide the Directors with any remuneration.

The Directors of Contango MicroCap Limited do not consider that there is any direct correlation between the level of remuneration provided to Directors of Contango Asset Management Limited (and associated subsidiaries) and the management fees paid by Contango MicroCap Limited to Contango Asset Management Limited in accordance with Contango MicroCap Limited constitution and Information Memorandum.

Share-based compensation

No options over unissued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification and Insurance of Directors, Officers and Auditors

During the financial year, the Company has paid premiums amounting to \$30,651 insuring all the Directors and the officers of the Company. No indemnities have been given or insurance paid for the auditors of the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Corporate Governance

A statement of the Company's corporate governance practices are outlined in the Corporate Governance Statement.

Directors' Report (continued)

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid or payable to the auditor (Pitcher Partners) for audit and non-audit services provided during the year are set out below.

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
1. Audit services		
Audit and review of financial reports	35,000	25,000
2. Non-audit services		
Other assurance and taxation services	5,385	35,675
Total remuneration for audit-related services	40,385	35,675

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

This report is made in accordance with a resolution of directors.



David I Stevens
Chairman

Melbourne
Dated this 30 day of September 2008

Auditor's Independence Declaration
To the Directors of Contango Microcap Limited

In relation to the independent audit for the year ended 30 June 2008, to the best of my knowledge and belief there have been:

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



T J BENFOLD
30 September 2008



PITCHER PARTNERS
Melbourne

Contango MicroCap Limited
ABN 47 107 617 381
Income Statement
For the year ended 30 June 2008

Income Statement

	Notes	Year ended	
		30 June	30 June
		2008	2007
		\$'000	\$'000
Revenue	4	(20,118)	36,239
Other income	4	5,229	3,686
Fair value gains / (losses) on financial assets through profit and loss	4	(5,587)	48,363
Administration expenses	5	(3,081)	(11,359)
Profit/(loss) before income tax		(23,557)	76,929
Income tax benefit / (expense)	6	7,786	(22,694)
Profit from continuing operations		(15,771)	54,235
Net profit/(loss) attributable to members of Contango MicroCap Limited		(15,771)	54,235
		Cents	Cents
Earnings per share:			
Basic earnings per share	18	(16.1)	80.3
Diluted earnings per share	18	(16.1)	80.3

The above Income Statement should be read in conjunction with the accompanying Notes.

Balance Sheet

		As at	
	Notes	30 June 2008 \$'000	30 June 2007 \$'000
Assets			
Cash and cash equivalents	19(b)	45,965	9,244
Trade and other receivables	7	2,304	2,624
Financial assets held at fair value through profit or loss	8	152,794	173,343
Total Assets		201,063	185,211
Liabilities			
Trade and other payables	9	1,490	12,357
Current tax liabilities	6	1,994	7,515
Deferred tax liabilities	6	6,936	20,082
Total Liabilities		10,420	39,954
Net assets		190,643	145,257
Equity			
Contributed equity	10	152,919	78,263
Retained profits	11	37,724	66,994
Total Equity		190,643	145,257

The above Balance Sheet should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

	Year ended	
	30 June	30 June
	2008	2007
Notes	\$'000	\$'000
Total equity at the start of the year	145,257	74,250
Profit/loss for the year	(15,771)	54,235
Total recognised income and expense for the year	(15,771)	54,235
 Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	10 74,656	24,591
Dividends provided for or paid	12 (13,499)	(7,819)
	61,157	16,772
 Total equity at the end of the year	190,643	145,257

The above Statement in changes in Equity should be read in conjunction with the accompanying Notes.

Contango MicroCap Limited
ABN 47 107 617 381
Cash Flow Statement
For the year ended 30 June 2008

Cash Flow Statement

		Year ended	
		30 June	30 June
		2008	2007
Notes		\$'000	\$'000
Cash flows from operating activities			
	Dividends received	3,365	3,204
	Interest received	2,155	296
	Payment of other expenses	(12,961)	(4,220)
	Income tax paid	(10,878)	(4,070)
19 (a)	Net cash outflow from operating activities	(18,319)	(4,790)
Cash flows from investing activities			
	Proceeds from sale of investments	121,195	127,016
	Payment for investments	(127,311)	(133,800)
	Net cash inflow from financing activities	(6,116)	(9,874)
Cash flows from financing activities			
	Proceeds from share issue	74,655	24,591
	Dividends paid	(13,499)	(7,819)
	Net cash inflow from financing activities	61,156	16,772
	Net increase in cash and cash equivalents	36,721	5,198
	Cash and cash equivalents at the beginning of the financial year	9,244	4,046
19 (b)	Cash and cash equivalents at end of year	45,965	9,244

The above Cash flow statement should be read in conjunction with the accompanying Notes.

1 Reporting Entity

Contango MicroCap Limited ("the Company") is incorporated and domiciled in Australia. The financial report was authorised for issue by the Directors as at the date of the Director's report.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

This financial report is a general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report covers Contango Microcap Limited as a Company. Contango MicroCap Limited is a company limited by shares, Incorporated and domiciled in Australia.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRSs). Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

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

(b) Financial Instruments

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on current bid prices.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Loans and receivables are measured at fair value at inception and subsequently at amortised costs using the effective interest rate method.

Financial liabilities include trade payables, other creditors and amounts due to director-related entities.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(d) Income Recognition

Revenue from the sale of investments is recognised when the significant risks and rewards of ownership of the investments have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Expenses

All expenses are recognised in the income statement on an accrual basis.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate (30%) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

2 Summary of significant accounting policies (continued)

(f) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(h) Receivables

Receivables may include amounts for interest and securities sold where settlement has not yet occurred. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method.

(i) Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Purchases of securities and investments that are unsettled at reporting date are included in payables and are normally settled within three business days of trade date.

(j) Goods and Services Tax (GST)

GST is incurred on the investment management fees charged to the Company. The Company qualifies for Reduced Input Tax Credits (RITC's) at a rate of 0.75% hence investment management fees have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(k) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(l) New Accounting Standards and Interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

(m) Rounding of Amounts

The Company is the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the 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.

2 Summary of significant accounting policies (continued)

(n) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up equity is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Comparative Figures

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

3 Critical Accounting Estimates and Judgements

The Company makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. Estimates and judgements are based on past performance and management's expectation for the future. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the investments that may lead to their impairment. Where an impairment trigger exists, the amount of any impairment loss is determined.

(b) Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Unlisted investments

Non – listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Year ended	
30 June 2008 \$'000	30 June 2007 \$'000

4 Income

Profit/(loss) from sale of financial instruments	(20,118)	36,239
Interest	2,132	291
Dividend and trust distribution income	2,965	3,395
Net unrealised gains/(losses) on financial instruments held at fair value through profit and loss	(5,587)	48,363
Other operating income	132	-
	(20,476)	88,288

5 Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

Management fees	2,513	1,622
Performance fees	-	9,308
Other operating expenses	568	429
	3,081	11,359

6 Tax expense

(a) The components of tax expense:

Current tax	5,338	8,215
Deferred tax	(13,124)	14,479
Total income tax expense	(7,786)	22,694

(b) Numerical reconciliation of income tax expense to prima facie tax payable:

Profit from continuing operations before income tax expense	(23,557)	76,929
Total profit before income tax	(23,557)	76,929
Tax at the Australian tax rate of 30% (2007 - 30%)	(7,067)	23,079
Tax effect of amounts which are not assessable in calculating taxable income:		
Imputation credits	(719)	-
Tax effect of amounts which are not assessable in calculating taxable income	-	(385)
Income tax (benefit) / expense	(7,786)	22,694

(c) Deferred tax relates to the following:

<i>Deferred tax liabilities</i>		
Income assessable in future	18	8
Revaluation of financial assets through profit and loss at fair value	6,948	20,156
	6,966	20,164
<i>Deferred tax assets</i>		
Accruals	-	9
Transaction costs on equity issue	30	73
	30	82
Net deferred tax liability	6,936	20,082

(d) Deferred income tax related to items credited directly to equity:	20	22
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(e) Provision for income tax:	1,994	7,515
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Year ended
30 June 30 June
2008 2007
\$'000 \$'000

7 Receivables

Accrued income	59	351
Trade receivables	2,180	1,539
Other receivables	65	734
	2,304	2,624

8 Financial assets held at fair value through profit or loss

Held for trading

Derivatives	(1,101)	(3,923)
Total held for trading	(1,101)	(3,923)

Designated at fair value through profit or loss upon initial recognition

Listed equities	153,895	163,445
Unlisted managed investment schemes	-	13,821
	153,895	177,266
Total designated at fair value through profit or loss upon initial recognition	152,794	173,343

9 Payables

Unsettled purchases	1,453	1,773
Sundry creditors and accruals	37	10,584
	1,490	12,357

10 Contributed Equity

2008 **2007**
\$ **\$**

(a) Issued and paid up equity

Ordinary shares fully paid	152,919	78,263
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		

(b) Movements in shares on issue

	2008		2007	
	No. of shares	\$'000	No. of shares	\$'000
Beginning of the financial year	74,511,408	78,263	54,227,289	53,672
Issued during the year				
- Dividend reinvestment scheme	1,514,885	2,379	936,826	1,425
- Shares issued from rights issue, net of transaction costs	40,827,446	72,277	19,347,293	23,166
End of the financial year	116,853,739	152,919	74,511,408	78,263

Year ended	
30 June 2008 \$'000	30 June 2007 \$'000

11 Retained earnings

Opening retained earnings	66,994	20,578
Net profit attributable to shareholders	(15,771)	54,235
Dividends paid for the year	(13,499)	(7,819)
Balance at end of year	37,724	66,994

12 Dividends

(a) Dividends paid during the year

(i) Current year interim dividend		
Franked dividend – 4 cents per share (2007: 4 cents per share)	3,072	2,968
(ii) Previous year final		
Franked dividend – 4 cents per share (2007: 3.5 cents per share)	4,648	1,898
(iii) Special dividend		
Franked dividend - 5 cents per share (2007: 4 cents per share)	5,779	2,953
Total dividends paid	13,499	7,819

(b) Dividends payable at year end

2008 Final dividend – fully franked 4cents per share has been declared after year-end and is not recognised as a liability in these financial statements	3,928	3,072
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(c) Franking credit balance

Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends	3,761	8,516
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13 Segment information

The Company is organised into one main business segment which operates solely in the business of investment management within Australia. The microcap sector of the Australian stock market is regarded as those stocks listed in Australia excluding the stocks that comprise the S&P/ASX 300 Index. While the Company operates from Australia only (the geographical segment), the Company may have asset exposures in different countries and across different industries.

14 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:

	2008	2007
(a) Audit services		
Pitcher Partners		
Audit and review of financial reports	35	25
(b) Non-audit services		
Taxation services and other assurance	5	36

15 Financial Risk Management

(a) Objectives, strategies, policies and processes

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the Company's prospectus and seeks to maximise the returns derived for the level of risk to which the Company is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the Company (the Board).

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, price risks, and ratings analysis for credit risk.

As part of its risk management strategy, the Company uses derivatives and other investments, including share price and warrants, to manage exposures resulting from changes in interest rates, equity price risks, and exposures arising from forecast transactions.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Company's direct investments and not on a look-through basis for investments held in the Company.

The sensitivity of the Company's equity and profit/(loss) before income tax to price risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

(i) Price risk

Equity price risk is the risk that the fair value of equities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk exposure arises from the Company's investment portfolio. The investments are classified on the balance sheet as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Company's overall market positions are monitored on a daily basis by the Company's Investment Manager and are reviewed on a quarterly basis by the Board of Directors.

Compliance with the Company's prospectus is reported to the Board on a monthly basis.

The Company's net assets include investments in debt and equity securities and related derivatives. At 30 June 2008, the overall market exposures were as follows:

15 Financial Risk Management (continued)

	As at	
	30 June	30 June
	2008	2007
	\$'000	\$'000
Derivatives assets held for trading	205	-
Derivatives liabilities held for trading	(1,306)	(3,923)
Securities designated at fair value through profit or loss	153,895	177,266
	152,794	173,343

An increase of 5% at the reporting date of the underlying investments' prices for Australian equities would have increased profit or loss from operating activities by \$5,347,790 (2007: \$6,067,005). A decrease of 5% at the reporting date of the underlying investments' prices for Australian equities would have decreased profit or loss from operating activities by \$5,347,790 (2007: \$6,067,005). There would have been no impact on equity other than the related retained earnings change due to operating profit or loss. The analysis has been performed on the same basis for 2007.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Company has established limits on investments in interest-bearing assets, which are monitored on a daily basis. The Company may use derivatives to hedge against unexpected increases in interest rates. The risk is measured using sensitivity analysis.

In accordance with the Company's policy, the Company monitors the Company's overall interest sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis. Compliance with the Company's policy is reported to the Board on a monthly basis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the maturity dates:

30 June 2008	Floating interest rate	Non-interest bearing	Total carrying amount as per Balance Sheet	Weighted average effective interest rate
	\$'000	\$'000	\$'000	
(i) Financial assets				
Cash and cash equivalents	42,540	3,425	45,965	6.27
Trade and other receivables	-	2,304	2,304	-
Investments	-	152,794	152,794	-
Total financial assets	42,540	158,523	201,063	-
(i) Financial liabilities				
Payables	-	1,490	1,490	-
Income tax payable	-	1,994	1,994	-
Total financial liabilities	-	3,484	3,484	-

15 Financial Risk Management (continued)

30 June 2007	Floating interest rate	Non-interest bearing	Total carrying amount as per Balance Sheet	Weighted average effective interest rate
	\$'000	\$'000	\$'000	%
(i) Financial assets				
Cash and cash equivalents	9,244	-	9,244	5.81
Trade and other receivables	-	2,624	2,624	-
Investments	-	173,343	173,343	-
Total financial assets	9,244	175,967	185,211	-
(j) Financial liabilities				
Payables	-	12,357	12,357	-
Income tax payable	-	7,515	7,515	-
Total financial liabilities	-	19,872	19,872	-

An increase of 1% in interest rates applicable at the reporting date would have increased profit or loss from operating activities by \$297,780 (2007: \$64,708). A decrease of x% would have reduced profit or loss from operating activities by \$297,780 (2007: \$64,708). There would have been no impact on equity other than the related retained earnings change due to operating profit or loss. The analysis has been performed on the same basis for 2007.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Company, other than derivatives, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the Balance Sheet. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Company holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

Contango MicroCap Limited manages credit risk by diversifying the exposure among counter parties and operating in liquid markets. Contango MicroCap Limited does not have any significant concentration of credit risk on an industry basis.

(d) Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Company may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer. No such investments were held at the balance sheet date.

In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity position on a daily basis, and the Board reviews it on a quarterly basis. Compliance with the Company's policy is reported to the Board on a monthly basis.

15 Financial Risk Management (continued)

Maturity analysis for financial liabilities

The table below analyses the Company's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statements of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	12-60 months \$'000
At 30 June 2008				
Payables	1,490	-	-	-
Current tax liability	675	-	1,319	-
Total financial liabilities	2,165	-	1,319	-
	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	12-60 months \$'000
At 30 June 2007				
Payables	12,357	-	-	-
Current tax liability	650	-	6,865	-
Total financial liabilities	13,007	-	6,865	-
	Less than 1 month \$'000	1-3 months \$'000	3-12 months \$'000	12 months and over \$'000
At 30 June 2008				
Options				
- Outflow	-	-	1,306	-
- Inflow	-	-	-	-
Warrants				
- Outflow	-	-	-	-
- Inflow	-	-	-	205
	-	-	1,306	205

(e) Fair values of financial assets and financial liabilities

The carrying amounts of all the Company's financial assets and financial liabilities at the statements of financial position date approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

For the years ended 30 June 2008 and 30 June 2007, the Company did not have any financial assets and financial liabilities that were determined using valuation techniques. The fair values of the Company's financial assets and liabilities for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

(f) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

16 Key management personnel disclosures

(a) Key management personnel compensation

The Company does not pay remuneration directly to any Directors.

The activities of the Company are managed by Contango Asset Management Limited and its associated subsidiaries ('the Fund Manager'). The Company pays the Fund Manager a management fee and a performance fee in accordance with the Contango MicroCap Limited constitution, Investment Management Agreement and Prospectus.

The Directors of the Company are also employees of the subsidiary of the Fund Manager. David Stevens and Stephen Babidge are Directors of Contango Asset Management Limited. Amounts paid to the Fund Manager are disclosed in note 17.

(b) Directors' and executives' equity holdings

Number of shares held by Key Management Personnel:

2008

	Balance at the start of the year	Rights taken-up during the year	Other changes during the year	Balance at the end of the year
Directors of Contango MicroCap Limited				
Ordinary shares				
David I Stevens (Appointed 14 January 2004)	438,403	20,004	(405,407)	53,000
Stephen L Babidge (Appointed 14 January 2004)	660,790	82,491	(475,099)	268,182
William A Laister (Appointed 14 January 2004)	153,184	95,090	17,562	265,836
Glenn Fowles (Appointed 14 January 2004)	405,407	38,605	(405,407)	38,605

2007

	Balance at the start of the year	Rights taken-up during the year	Other changes during the year	Balance at the end of the year
Directors of Contango MicroCap Limited				
Ordinary shares				
David I Stevens (Appointed 14 January 2004)	427,407	10,996	-	438,403
Stephen L Babidge (Appointed 14 January 2004)	616,074	81,509	(36,793)	660,790
William A Laister (Appointed 14 January 2004)	106,835	39,373	6,976	153,184
Glenn Fowles (Appointed 14 January 2004)	405,407	-	-	405,407

Included in Directors interests in Contango MicroCap Limited are shareholdings of 405,407 in a Director – related entity, Contango Asset Management Limited, of which the directors are considered to have significant influence.

No options were granted as remuneration.

(c) Loans to key management personnel

During the year there were no loan arrangements entered into or outstanding with Directors or associates.

17 Related party transactions

(a) Transactions with entities with joint control or significant influence over the Company

The Company has entered into a management agreement with Contango Asset Management Limited, the Manager, for a period of 10 years, which expires in April 2014. As contained in this agreement and detailed in the original prospectus, the management fee is 1.25% per annum of funds under management and a performance fee of 15% of any out-performance above the S&P/ASX All Ordinaries Accumulation Index is also payable.

All management fees were fully paid at balance date.

	Year ended	
	2008 \$'000	2007 \$'000
Management fees	2,513	1,622
Performance fees	-	9,308

18 Earnings per share

	Cents	Cents
(a) Earnings per share		
Basic earnings per share	(16.1)	80.30
Diluted earnings per share	(16.1)	80.30
Weighted average number of shares used in the calculation of basic earnings per share	98,020,736	67,570,491
Weighted average number of shares used in the calculation of diluted earnings per share	98,020,736	67,570,491

19 Cash flow information

	2008 \$'000	2007 \$'000
(a) Reconciliation of the net profit after tax to the net cash flows from operations:		
Net profit for the year	(15,771)	54,235
<i>Non-Cash Items</i>		
Losses / (Gains) on investments - realised	20,118	(36,239)
Losses / (Gains) on investments - unrealised	5,587	(48,363)
	<u>25,705</u>	<u>(84,602)</u>
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in income receivables	961	(716)
Increase / (decrease) in expense payables	(10,547)	7,669
(Decrease) / increase in income tax payable	(5,521)	4,167
(Decrease) / increase in deferred tax liabilities	(13,146)	4,457
	<u>(28,253)</u>	<u>25,577</u>
Net cash outflow from operating activities	<u>(18,319)</u>	<u>(4,790)</u>
(b) Reconciliation of cash		
Cash balance comprises:		
- Cash at bank	45,965	9,244
Closing cash balance	<u>45,965</u>	<u>9,244</u>

20 Economic dependency

Other than the contents of the investment management agreement between the Company and the investment manager, Contango Asset Management Limited, the Company has no economic dependency on any other entity.

21 Commitments and contingencies

The Company regularly commits to underwriting activities in respect of public share issues. The amount disclosed represents the potential financial amount that the Company may be liable for at 30 June 2008 and is \$Nil (2007: \$2,775,000).

22 Events occurring after the balance sheet date

The following event has occurred since the end of the financial year:

- A final dividend of 4 cents per share has been declared for the year ended 30 June 2008. Payment was made on the 12th of September 2008.
- Directors note that there has been a substantial correction in the markets in which the Company invests between the Balance sheet date and the date of this report. Changes in the value of the Company's investments are reflected in the Company's Net Asset backing per share which is reported to the ASX monthly.

Apart from the events described above, there has been no matter or circumstance, which has arisen since 30 June 2008 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2008, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2008, of the Company.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 27 are in accordance with the *Corporations Act 2001*:
 - (i) Comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) Give a true and fair view of the Company's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the financial year ended on that date; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

While the Company does not have any employees, the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the relevant executives of Contango MicroCap Limited who perform the functions of Chief Executive Officer and Chief Financial Officer as they relate to the Company.

This declaration is made in accordance with a resolution of the Directors.



David Stevens
Chairman

Melbourne

30 September 2008

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

We have audited the accompanying financial report of Contango Microcap Limited, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors' of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion,

- (a) the financial report of Contango Microcap Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the Director's Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Contango Microcap Limited and its controlled entities for the year ended 30 June 2008 complies with section 300A of the *Corporation Act 2001*.



T J BENFOLD
30 September 2008



PITCHER PARTNERS
Melbourne

A. Distribution of equity securities

Analysis of numbers of equity holders by size of holding:

			Number of fully paid share holdings at 30 June 2008	Shares	Percentage of total shares on issue
1	-	1000	145	71,695	0.06
1,001	-	5,000	583	1,886,647	1.61
5,001	-	10,000	669	5,188,203	4.44
10,001	-	100,000	1,726	50,085,664	42.86
100,001	and over		132	59,621,530	51.03
			3,225	116,853,739	100.00

There were 64 holders of less than a marketable parcel of ordinary shares of \$500 (421 shares).

B. Major holders of fully paid ordinary shares

The twenty largest holders of the Company's ordinary shares as at 30 June 2008 are listed below:

Rank	Name	Shares	% of total
1	NATIONAL NOMINEES LIMITED	13,508,567	11.56
2	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	8,432,610	7.22
3	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	4,863,871	4.16
4	CITICORP NOMINEES PTY LIMITED <CWLTH SMALL CO FD 9 A/C>	4,529,280	3.88
5	BRAZIL ENTERPRISES PTY LTD	1,460,000	1.25
6	DR RUSSELL KAY HANCOCK	1,100,000	0.94
7	MR VICTOR JOHN PLUMMER	1,000,000	0.86
8	DR GEORGE HAVAS + MRS LYNETTE DAWN HAVAS <HAVAS FAMILY SUPER FUND A/C>	919,500	0.79
9	AUST EXECUTOR TRUSTEES LTD <LIC FUND A/C>	833,483	0.71
10	MR JAMES VINCENT CHESTER GUEST	643,739	0.55
11	T I S PTY LTD <TRANSPORT INDUSTRY S/F A/C>	600,000	0.51
12	GJP INVESTMENTS PTY LTD <THE LANGHAM FUND A/C>	573,750	0.49
13	MR FRANCIS DAVOREN HAWARD + MR ROBERT DEANE KING <ESTATE W S CROSSING A/C>	469,999	0.40
14	MR KEVIN THOMPSON <THOMPSON FAMILY A/C>	403,747	0.35
15	AVANTEOS INVESTMENTS LIMITED <SYMETRY DELEGATES A/C>	386,248	0.33
16	MR PETER MICHAEL ANTAW + MRS VICTORIA MARY ANTAW <PETAVIC SUPER FUND A/C>	381,724	0.33
17	MR SHOLTO DOUGLAS JAMES + MR SIMON JOHN RALEIGH <EST EDWARD WISEMAN A/C>	360,000	0.31
18	MR JACK MARESCA	357,972	0.31
19	CRESWICK HOLDINGS PTY LTD	326,248	0.28
20	PEBDOE PTY LIMITED	321,138	0.27
Total Top Twenty Holders Balance		41,471,876	35.50

Company Particulars

Contango MicroCap Limited ABN 47 107 617 381

The Company was incorporated as a limited liability Company in New South Wales on 27 November 2003. The Company is a Listed Investment Company with its securities listed only on the Australian Stock Exchange.

Registered office

Level 24
360 Collins Street
Melbourne Victoria 3000
Telephone (03) 9222 2333

Directors

David I Stevens
Stephen L Babidge
William A Laister
Glenn Fowles

Company secretary

Glenn Fowles

Auditor

Pitcher Partners
Level 19
15 William Street
Melbourne Victoria 3000

Investment custodian

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

Share registrar

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3000
Telephone 1300 850 505