

# Contango Asset Management Limited and Controlled Entities

ACN: 080 277 988

## Contango Asset Management Limited ACN 080 277 998

### APPENDIX 4D HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2017

#### Results for announcement to the market

**Reporting Period:** 1 July 2017 to 31 December 2017

**Previous corresponding period:** 1 July 2016 to 31 December 2016

<b>Results 31 December 2017</b>		<b>%</b>		<b>\$'000</b>
Revenue from ordinary activities	Up	64	to	2,384
Profit/(Loss) from ordinary activities after tax attributable to members	Up	36	to	(3,614)
Profit/(Loss) for the period attributable to members	Up	36	to	(3,614)

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	Nil	Nil
Interim dividend – no dividend is proposed	Nil	Nil

Record date for determining entitlements to the interim dividend	N/A
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<b>NTA Backing</b>	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	9.23 cents	5.80 cents

<b>Gain of control of subsidiaries</b>	N/A
<b>Loss of control of subsidiaries</b>	N/A

## Contango Asset Management Limited and Controlled Entities

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<b>Details of associates and joint venture entities</b>	Current period	Previous corresponding period
Switzer Asset Management Limited	46.25%	46.25%

<b>Group's share of joint venture entity's activities</b>		
	Current period	Previous corresponding period
	<b>\$'000</b>	<b>\$'000</b>
Profit/ (Loss) from ordinary activities	(32)	(102)
Income tax on ordinary activities for the period	10	-
Net Loss from ordinary activities after tax for the period	(22)	(102)
Share of net loss of joint venture entity's activities for the period	(10)	(47)

This information should be read in conjunction with the 2017 Annual Financial Report of Contango Asset Management Limited (previously Tyrian Diagnostics Limited) and its controlled entities and any public announcements made in the period by Contango Asset Management Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2017.

# Contango Asset Management Limited and Controlled Entities

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Contango Asset Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Contango Asset Management Limited and Controlled Entities

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## CORPORATE INFORMATION

### Contango Asset Management Limited ABN 56 080 277 998

This half-year report covers the consolidated entity comprising Contango Asset Management Limited and its subsidiaries (the "Group").

Both the functional and presentation currency of Contango Asset Management Limited and its subsidiaries is Australian Dollars (\$).

#### DIRECTORS

Roger Amos (Chairman)  
Martin Switzer  
Charles Aitken  
Patricia Toh  
George Boubouras (Resigned 27 October 2017)

#### COMPANY SECRETARY

Hari Morfis

#### REGISTERED OFFICE

Level 27  
35 Collins Street  
MELBOURNE VIC 3000

Telephone: +61 3 9222 2333

#### PRINCIPAL PLACE OF BUSINESS

Level 27  
35 Collins Street  
MELBOURNE VIC 3000

Telephone: +61 3 9222 2333

#### AUDITORS

Ernst and Young (Appointed 27 November  
2017)  
200 George St  
SYDNEY NSW 2000

#### SHARE REGISTER

Link Market Services Limited  
Level 12  
680 George Street  
SYDNEY NSW 2000

Ph: +61 2 8280 7111

#### STOCK EXCHANGE LISTINGS

The Company is listed on the Australian  
Securities Exchange Limited  
ASX Code – CGA (previously TDX)

# Contango Asset Management Limited and Controlled Entities

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## DIRECTORS' REPORT

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The Directors of Contango Asset Management Limited (the "Company") present their report on the Company and its controlled entities ("the consolidated entity" or "the Group") for the half-year to 31 December 2017.

### Directors

The following persons were directors of Contango Asset Management Limited during the whole of the half-year to 31 December 2017 and up to the date of this report:

Roger Amos (Chairman)  
Martin Switzer  
Charles Aitken  
Patricia Toh

The following directors held office for part of the half year as indicated below:  
George Boubouras (Resigned 27 October 2017)

### Principal activities

During the half-year, the principal activities of the Company were providing funds management services conducted by a wholly owned subsidiary of the Company, Contango Funds Management Limited (ACN 085 487 421). Contango Funds Management Limited is the holder of Australian Financial Services Licence 237119 for the provision of funds management services to wholesale clients and is the responsible entity for the registered wholesale Contango Managed Investment Scheme ARSN 099 665 264.

The Company also operates funds management services through a 46.25% owned associate company, Switzer Asset Management Ltd (ACN 26 123 611 978) the holder of Australian Financial Services Licence 312247.

Comments on the operations and the results of those operations are set out below.

## REVIEW AND RESULTS OF OPERATIONS

### Results

Revenue and Other Income from continuing operations to 31 December 2017 was \$2,384,000 (\$1,451,000: 31 December 2016). The net loss after tax in the half-year to 31 December 2017 was \$3,614,000 (net loss after tax \$2,648,000: 31 December 2016).

On 30 October 2017 the Group announced a refocus on core business of listed and exchange traded investments targeted at retail, self-directed and independent financial advisory channels.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On the 28 August 2017, the Company had further issued placement shares to a total of 5.5 million at a price of \$0.90 per share. The placement shares were issued on the same terms as, and rank equally in all respects with the existing fully paid ordinary shares in the Company.

# Contango Asset Management Limited and Controlled Entities

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## DIRECTORS' REPORT (continued)

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As announced to the ASX on 20 October 2017, the Company had also via its subsidiary Contango Funds Management Limited (CFML) entered into an agreement to assign its investment management mandate of Contango Microcap Limited (CTN) to NAOS Asset Management Limited (NAML).

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

During the period, the Group entered into an agreement to assign its investment management mandate of Contango Microcap Limited to NAOS Asset Management Limited for an aggregate consideration of \$12.5 million.

On 20 February 2018, non-associated shareholders of the Company approved the transaction as required by ASX Listing Rule 10.1 and 10.9 at an Extraordinary General Meeting (EGM).

As a result of the transaction, the Group will record a pre-tax gain of \$9.5 million relating to this transaction in its Profit and Loss in the second half of the 2018 financial year.

Shareholders also approved, at the EGM referred to above, for the Company to conduct an employee share scheme buy back in the six month period following the approval of the resolution (20 February 2018) with respect to:

- a) 1,369,344 fully paid ordinary shares issued under the Company's Employee Share Incentive Plan pursuant to the terms of each relevant ESIP Share Buy-Back Agreement; and
- b) 4,543,351 fully paid ordinary shares issued under the Company's Employee Loan Share Plan pursuant to the terms of each relevant ELSP Shares Buy-Back Agreement.

Other than the above matters which are further disclosed in the financial report at Note 13: Events occurring after balance sheet date, the Company is not aware of any matter or circumstance, that has arisen since 31 December 2017 that has significantly affected, or may significantly affect:

- (a) the Consolidated Entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Consolidated Entity's state of affairs in future financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Any further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

# Contango Asset Management Limited and Controlled Entities

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## DIRECTORS' REPORT (continued)

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### ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

### 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 8.

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

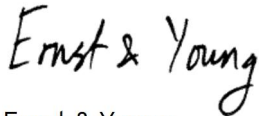


Roger Amos  
Chairman  
Sydney  
23 February 2018

## Auditor's Independence Declaration to the Directors of Contango Asset Management Limited

As lead auditor for the review of Contango Asset Management Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Luke Slater  
Partner

Date: 23 February 2018



# Contango Asset Management Limited and Controlled Entities

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2017

	Consolidated Half-year		
	Note	31 December 2017 \$'000	31 December 2016 \$'000
Revenue		2,371	1,441
Other Income		13	10
<b>Total Revenue</b>	3	<b>2,384</b>	1,451
<b>Less:</b>			
Employee benefit expense		(2,618)	(814)
Professional services expense		(404)	(541)
Operations expense		(394)	(211)
Corporate & administration expenses	3	(1,950)	(2,447)
Share of profit/(loss) of Associate		(10)	-
<b>Earnings before depreciation and amortisation, impairment loss, finance costs and income tax</b>		<b>(2,992)</b>	(2,562)
Depreciation and amortisation expense		(258)	(48)
Impairment loss	5	(676)	-
<b>Profit/(loss) before finance costs and income tax</b>		<b>(3,926)</b>	(2,610)
Finance costs		(8)	(38)
<b>Profit/(loss) before income tax</b>		<b>(3,934)</b>	(2,648)
Income tax (expense)/credit	8	320	-
<b>Net Profit/(loss) after income tax</b>		<b>(3,614)</b>	(2,648)
<b>Other comprehensive income/(loss), net of income tax</b>			
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to members of Contango Asset Management Limited</b>		<b>(3,614)</b>	(2,648)

<b>Earnings per share attributable to the ordinary equity holders of the Company:</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(7.85) ¢	(11.13)¢
Diluted earnings per share	(7.85) ¢	(11.13)¢

*The above Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

# Contango Asset Management Limited and Controlled Entities

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2017

		Consolidated Half-year	
	Note	31 December 2017 \$'000	30 June 2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,865	819
Trade and other receivables	4	660	1,348
Assets held for sale	13	1,977	-
Other assets		227	187
<b>Total current assets</b>		<b>7,729</b>	<b>2,354</b>
<b>Non-Current assets</b>			
Investment accounted for using the equity method		337	347
Other financial assets		604	504
Property, plant and equipment		199	220
Intangible assets		-	2,882
<b>Total non-current assets</b>		<b>1,140</b>	<b>3,953</b>
<b>Total assets</b>		<b>8,869</b>	<b>6,307</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,049	823
Provisions	7	862	341
Other Liabilities	13	2,000	-
Borrowings	6	-	750
<b>Total current liabilities</b>		<b>3,911</b>	<b>1,914</b>
<b>Non-Current liabilities</b>			
Deferred tax liability	8	544	864
<b>Total non-current liabilities</b>		<b>544</b>	<b>864</b>
<b>Total liabilities</b>		<b>4,455</b>	<b>2,778</b>
<b>Net assets</b>		<b>4,414</b>	<b>3,529</b>
<b>EQUITY</b>			
Issued capital	9	145,431	140,777
Reserves		112	267
Accumulated losses		(141,129)	(137,515)
<b>Total equity</b>		<b>4,414</b>	<b>3,529</b>

*The above Condensed Consolidated Statement of financial position should be read in conjunction with the accompanying notes.*

# Contango Asset Management Limited and Controlled Entities

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half-year ended 31 December 2017

	Issued Capital	Share Option Reserves	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2016</b>	123,626	-	(123,367)	259
Loss for the period	-	-	(2,648)	(2,648)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(2,648)	(2,648)
Issue of share capital net of transaction costs	17,151	-	-	17,151
Issue of options	-	53	-	53
Share based payment (Employee share plans)	-	71	-	71
<b>Balance at 31 December 2016</b>	<b>140,777</b>	<b>124</b>	<b>(126,015)</b>	<b>14,886</b>
<b>Balance at 1 July 2017</b>	<b>140,777</b>	<b>267</b>	<b>(137,515)</b>	<b>3,529</b>
Profit for the period	-	-	(3,614)	(3,614)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(3,614)</b>	<b>(3,614)</b>
Issue of share capital net of transaction costs	4,654	-	-	4,654
Share based payment (Employee share plans)	-	(155)	-	(155)
<b>Balance at 31 December 2017</b>	<b>145,431</b>	<b>112</b>	<b>(141,129)</b>	<b>4,414</b>

*The above Condensed Consolidated Statement of changes in equity should be read in conjunction with the accompanying notes.*

# Contango Asset Management Limited and Controlled Entities

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the half-year ended 31 December 2017

	Consolidated Half-year	
	31 December 2017 \$'000	31 December 2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,725	759
Payments to suppliers and employees	(5,470)	(2,375)
Interest received	13	4
Finance costs	(18)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,750)</b>	<b>(1,612)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from deposit on assignment of intangible assets	13 2,000	-
Purchase of property, plant and equipment	(8)	-
Payments to acquire businesses, net of cash acquired	-	(10,273)
Payments to acquire investments	-	(75)
Payment for transaction costs to acquire businesses	-	(366)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>1,992</b>	<b>(10,714)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of shares	9 5,000	14,244
Payment for transaction costs to issue shares	(346)	(1,260)
Repayment of borrowings	(750)	-
Loan to Associate	(100)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>3,804</b>	<b>12,984</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>4,046</b>	<b>658</b>
Cash at the beginning of period	819	298
<b>NET CASH AT END OF PERIOD</b>	<b>4,865</b>	<b>956</b>

*The above Condensed Consolidated Statement of cash flows should be read in conjunction with the accompanying notes.*

# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by Contango Asset Management Limited in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Basis of preparation of the financial report

These general purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Contango Asset Management Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 23 February 2018.

#### (b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. Comparative information has been reclassified where required for consistency with the half year's presentation.

A number of new accounting standards and amendments have been issued but are not yet effective, none of which have been early adopted by the Group in this financial report.

AASB 15 *Revenue from Contracts with Customers* (AASB 15) and AASB 9 *Financial Instruments* (AASB 9) and AASB 16 *Leases* (AASB 16) are effective for periods beginning on 1 January 2018.

### NOTE 2: DIVIDENDS

No interim dividend has been declared or paid in respect to the half year ended 31 December 2017 (2016: nil).

# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 3: RESULTS FOR THE PERIOD

	Consolidated Half-year	
	31 December 2017	31 December 2016
	\$'000	\$'000

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The following revenue and expense items are relevant in explaining the financial performance for the interim period:

#### Revenue:

Investment management and service fees	2,371	1,441
Interest income	13	10
	<hr/>	<hr/>
	2,384	1,451

#### Corporate and administration expense:

Advertising expense	(152)	(75)
Accounting, audit, acquisition and relisting costs	(314)	(749)
Insurance expense	(74)	(33)
IT expenses	(19)	(22)
Office and communication expense	(234)	(79)
Travel and accommodation	(381)	(77)
Share based payment expense	155	(1,268)
Loyalty incentive costs	(227)	-
Other expense	(704)	(144)
	<hr/>	<hr/>
	(1,950)	(2,447)

### NOTE 4: TRADE AND OTHER RECEIVABLES

	Consolidated Half-year	
	31 December 2017	30 June 2017
	\$'000	\$'000
<b>Current</b>		
Trade receivables	412	1,257
Sundry debtors	248	45
GST receivable	-	46
	<hr/>	<hr/>
<b>Total Trade and other receivables</b>	<b>660</b>	<b>1,348</b>

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# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5: INTANGIBLE ASSETS

	Consolidated Half-year	
	31 December 2017 \$'000	30 June 2017 \$'000
<b>Goodwill</b>		
At cost	-	9,760
Accumulated impairment loss	-	(9,760)
	-	-
<b>Customer Relationships</b>		
At cost	3,844	3,844
Accumulated amortisation and impairment	(1,867)	(411)
Transferred to asset held for sale - refer to Note 13	(1,977)	(551)
	-	2,882
<b>Total Intangibles</b>	-	2,882

#### (a) Movements in carrying amounts of intangible assets

	Goodwill \$'000	Customer Relationships \$'000	Total \$'000
<b>Opening value at 1 July 2017</b>	-	2,882	2,882
Transferred to asset held for sale	-	(1,977)	(1,977)
Amortisation charge	-	(229)	(229)
Impairment loss	-	(676)	(676)
<b>Closing value at 31 December 2017</b>	-	-	-

Amount transferred to assets held for sale relates to the CTN transaction disclosed in Note 13.

#### (b) Impairment

Customer relationships represent the value of relationships with customers (primarily investment management agreements) existing at the date of acquisition of the Contango business – September 2016. As at 31 December 2017, an impairment charge of \$676,000 has been recognised against Customer Relationships based on the assessment of net cashflows expected from remaining investment management agreements in place at 31 December 2017, less cost of operations.

The impairment charge recognised forms part of the one reporting segment as disclosed in Note 11.

# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 6: BORROWINGS

	Consolidated Half-year	
	31 December 2017 \$'000	30 June 2017 \$'000
CURRENT		
Other unsecured loans	-	750
<b>Total current borrowings</b>	<b>-</b>	<b>750</b>

#### Summary of borrowing arrangements

Borrowings consist of an unsecured loan at an interest rate of 5.25%. The loan was repaid on 5 September 2017.

### NOTE 7: PROVISIONS

The provisions of \$862,000 at 31 December 2017 includes \$560,000 provided for corporate restructure including office relocation and redundancies.

### NOTE 8: INCOME TAX CREDIT

	Consolidated Half-year	
	31 December 2017 \$'000	31 December 2016 \$'000
(a) <b>The major components of tax credit comprise:</b>		
Derecognition of Deferred Tax liabilities	320	-
	<b>320</b>	<b>-</b>
(b) <b>Deferred tax liability:</b>		
Customer relationships	864	1,153
Reduction through impairment and amortisation	(320)	(289)
<b>Closing balance at the end of the reporting period</b>	<b>544</b>	<b>864</b>



# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 9: CONTRIBUTED EQUITY

Movements in ordinary share capital:

<b>Details</b>	<b>Number of shares</b>	<b>\$'000</b>
Opening Balance – 1 July 2017	<b>42,265,500</b>	<b>140,777</b>
<b>Details:</b>		
Issue of shares, net of transaction costs	5,555,556	4,654
<b>Balance as at 31 December 2017</b>	<b>47,821,056</b>	<b>145,431</b>

On the 28 August 2017, Contango Asset Management Limited had issued placement shares to a total of 5.5 million at a price of \$0.90 per share. The placement shares were issued on the same terms as, and rank equally in all respects with the existing fully paid ordinary shares in the Company.

### NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

### NOTE 11: SEGMENT INFORMATION

The Group operates solely in the business of providing funds management services. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (CODM) for the single identified operating segment are the amounts reflected in the Statement of Profit & Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The CODM has been identified as the Board of Directors.

### NOTE 12: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 13: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During the period, Contango Asset Management Limited (CGA) had via its subsidiary Contango Funds Management Limited (CFML) entered into an agreement to assign its investment management mandate of Contango Microcap Limited (CTN) to NAOS Asset Management Limited (NAML).

The assignment of the CTN investment management agreement by CFML to NAOS was for an aggregate consideration of \$12.5 million payable by NAOS to CFML.

Of the total consideration of \$12.5 million, \$2 million was paid to CFML upon execution of the contract in October 2017 and the remaining amounts upon the occurrence of certain conditions having been satisfied. As at 31 December 2017 the intangible asset associated with this assignment has been transferred to a held for sale asset category and \$2 million has been recorded as unearned income.

The conditions of the assignment agreement have now been met and a further \$3.86 million was received on 20 February 2018. The remaining \$6.64 million is payable to CFML over a four-year period commencing 30 June 2019.

On 20 February 2018, non-associated shareholders of the Company approved the above assignment of the CTN investment management agreement as required by ASX Listing Rule 10.1 and 10.9. As a result, the CTN transaction continues to take effect whereby the Company (through its subsidiary CFML) will be entitled to receive from NAML the \$12.5 million consideration payable under the transaction for the agreement to assign the investment management agreement of CTN (now NAOS Small Cap Opportunities Company Limited) to NAML.

As a result of the transaction, CGA will record a pre-tax gain of \$9.5 million relating to this transaction in its Profit and Loss for the year ended 30 June 2018.

Furthermore, the shareholders had also approved for the Company to conduct an employee share scheme buy back in the 6 month period following the approval of the resolution (20 February 2018) with respect to:

- c) 1,369,344 fully paid ordinary shares issued under the Company's Employee Share Incentive Plan pursuant to the terms of each relevant ESIP Share Buy-Back Agreement; and
- d) 4,543,351 fully paid ordinary shares issued under the Company's Employee Loan Share Plan pursuant to the terms of each relevant ELSP Shares Buy-Back Agreement.

The Company is not aware of any other matters or circumstances which are not otherwise dealt with in the financial statements that have significantly, or may significantly, affect the operations of the Company, the results of its operations or the state of the Company in subsequent years.

# Contango Asset Management Limited and Controlled Entities

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 14: RELATED PARTY TRANSACTIONS

#### Loans to/from related parties

During the year, the Group provided a zero-interest subordinated loan of \$259,469 to its associate Switzer Asset Management Limited (SAM) with no fixed term. The loan is subordinated to all other creditors of SAM and not repayable until 30 June 2027.

	\$'000
Balance of loan at 1 July 2017	159
Loans advanced	<u>100</u>
Balance at 31 December 2017	<u>259</u>

# Contango Asset Management Limited and Controlled Entities

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## Director's Declaration

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In the directors' opinion:

- a. the financial statements and notes set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. there are reasonable grounds to believe that Contango Asset Management 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.



Roger Amos  
Chairman

Sydney  
23 February 2018

# Independent Auditor's Report to the Members of Contango Asset Management Limited

## Report on review of interim financial information

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Contango Asset Management Limited and its controlled entities (the Company), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial 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*.

#### 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 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, anything has come to our attention that causes us to 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 Company's financial position as at 31 December 2017 and its financial 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 the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the Directors Report.

*Ernst & Young*

Ernst & Young

*Luke Slater*

Luke Slater

Partner

Date: 23 February 2018