Contango Asset Management Limited
(previously Tyrian Diagnostics Limited)
ACN 080 277 998

APPENDIX 4D
HALF YEAR REPORT

PERIOD ENDED 31 DECEMBER 2016

Results for announcement to the market

Reporting Period: 1 July 2016 to 31 December 2016

Previous corresponding period: 1 July 2015 to 31 December 2015

Results 31 December 2016				$'000
Revenue from ordinary activities	Increased	13,000%	to	1,441
Profit/(Loss) from ordinary activities after tax attributable to members	Decreased	1,700%	to	(2,648)
Loss for the period attributable to members	Decreased	1,700%	to	(2,648)

Dividends	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

NTA Backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (cents)	5.80 cent	0.04 cent

Gain of control of subsidiaries
On the 29 September 2016, CAM SPV Pty Ltd (ACN: 612978800), 2735 CSM Holdings Pty Ltd (ACN: 085657147), Contango Funds Management Limited (ACN: 085487421) and Contango Group Services Pty Ltd (ACN: 085586590) were acquired. These companies were consolidated into the Group at that date.

Acquired entities contribution to profit/(loss) during the current period		
	Current period	Previous corresponding period
	$'000	**$'000**
CAM SPV Pty Ltd	-	-
2735 CSM Holdings Pty Ltd	(47)	-
Contango Funds Management Limited	(171)	-
Contango Group Services Pty Ltd	-	-

Revenues and costs prior to acquisition of the acquired entities was consolidated into the accounts of Contango Asset Management Limited as Goodwill in the Consolidated Statement of Financial Position.

Revenue and cost after the date of acquisition are included in the Statement of Profit or Loss. The revenue of $1,441,000 is for the 3 months' period 29 September 2016 to 31 December 2016 (Note 8).

Included within the loss of $2,648,000 are one off costs associated with the acquisition of $986,000 and expensed $1,268,000 in share and option based payments (Note 1(c)).

Details of associates and joint venture entities
As a result of the acquisition of 2735 CSM Holdings Pty Ltd on the 29 September 2016, Contango Asset Management Limited also acquired a 46.25% interest in the Switzer Asset Management Limited (previously Halidon Asset Management Limited).

Group's share of joint venture entity's activities		
	Current period	Previous corresponding period
	$'000	**$'000**
Loss from ordinary activities	(102)	-
Income tax on ordinary activities for the period	-	-
Net Loss from ordinary activities after tax for the period	(102)	-
Share of net loss of joint venture entity's activities for the period	(47)	-

This information should be read in conjunction with the 2016 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 2016.

This report is based on the consolidated entity's financial statements for the half-year ended 31 December 2016 of Contango Asset Management Limited and its controlled entities, which have been reviewed by HLB Mann Judd.

The Independent Auditor's Review Report provided by HLB Mann Judd is included in the consolidated interim financial statements for the half-year ended 31 December 2016**.**

A Review of operations is included in the Directors' Report of the attached Half Year Report of Contango Asset Management Limited.

Contents

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 2016 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*.

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)
Merilyn Sleigh (Resigned 25 August 2016)
Simon O'Loughlin (Resigned 25 August 2016)
George Boubouras (Appointed 25 August 2016)
Martin Switzer (Appointed 25 August 2016)
Charles Aitken (Appointed 25 August 2016)
Patricia Toh (Appointed 11 October 2016)

COMPANY SECRETARY

Andrew Blunden (resigned 24 November 2016)
Hari Morfis (appointed 24 November 2016)

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

HLB Mann Judd Assurance (NSW) Pty Ltd
Level 19
207 Kent Street
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)

DIRECTORS' REPORT

The Directors of Contango Asset Management Limited (the "Company") present their report on the Company all its controlled entities ("the consolidated entity" or "the Group") for the half-year to 31 December 2016.

Directors

The following persons were directors of Contango Asset Management Limited during the whole of the half-year to 31 December 2016 and up to the date of this report:
Roger Amos (Chairman)

The following directors held office for part of the half year as indicated below:
Merilyn Sleigh (Resigned 25 August 2016)
Simon O'Loughlin (Resigned 25 August 2016)

In addition, the following directors held office from the date indicated and up to the date of this report:
George Boubouras (Appointed 25 August 2016)
Martin Switzer (Appointed 25 August 2016)
Charles Aitken (Appointed 25 August 2016)
Patricia Toh (Appointed 11 October 2016)

Principal activities

During the half-year the principal activities of the Company consisted of:

(a) in respect of the period from 1 July 2016 to 28 September 2016: development and licensing of diagnostic intellectual property assets; and

(b) in respect of the period on and from 29 September 2016: the funds management business 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.

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 2016 was $1,451,000 ($11,000 to 31 December 2015). The net loss after tax in the half-year to 31 December 2016 was $2,648,000 ($147,000 to 31 December 2015).

The results of the acquired entities prior to the 29 September 2016 are not included in the consolidated results of the Group as these were results prior to the acquisition.

Revenue and cost after the date of acquisition are included in the Statement of Profit or Loss. The revenue and other income of $1,451,000 is for the 3 months' period 29 September 2016 to 31 December 2016.

Included within the loss of $2,648,000 are one off costs associated with the acquisition of $986,000 and expensed $1,268,000 in share and option based payments (Note 1(c)).

Cash Used in Operations

During the period the Consolidated Entity received $759,000 from customers which is a lesser amount than would normally be received in a future 6 month period due to cash received from operating activities prior to 29 September 2016 not being included in the consolidated results (Note 8).

The Consolidated Entity made payments of $2,375,000 to suppliers and employees, of which $272,000 relates to one-off costs in relation to the acquisition. The net cash outflows from operating activities increased from $176,000 in the previous corresponding period to $1,612,000 in the current half-year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the half-year reporting period, the Company acquired 100% of the shares in CAM SPV Pty Ltd and with it the funds management business of Contango. This acquisition constituted a significant change in the nature of the Company's activities. The following further changes occurred during the period with respect to the Company and the acquisition of CAM SPV Pty Limited:

1) change in name from Tyrian Diagnostics Limited to Contango Asset Management Limited;
2) re-admission to the ASX as a result of the change in the nature of the Company's activities;
3) consolidation of every 300 shares into 1 share; and
4) issue of securities to pursuant to the Prospectus dated 18 August 2016 and Replacement Prospectus dated 31 August 2016.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Company is not aware of any matter or circumstance that has arisen since 31 December 2016 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.

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 9.
This report is made in accordance with a resolution of the directors.

Roger Amos
Chairman
Sydney
23 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Contango Asset Management Limited for the half-year ended 31 December 2016 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

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

A Smith

Sydney, NSW
23 February 2017

A G Smith
Director

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half-year ended 31 December 2016

	Consolidated Half-year 31 December 2016 $'000	31 December 2015 $'000
Revenue from continuing operations	1,441	11
Other Income	10	-
	1,451	**11**
Less:		
Employee benefit expense	(814)	-
Interest expense	(38)	-
Professional services expense	(541)	-
Depreciation and amortisation expense	(48)	-
Operations expense	(211)	-
Corporate & administration expenses	(2,447)	(156)
Patent costs	-	(2)
Loss before income tax	**(2,648)**	**(147)**
Income tax expense	-	-
Loss from continuing operations	**(2,648)**	**(147)**
Other comprehensive income	**-**	**-**
Total comprehensive loss attributable to members of Contango Asset Management Limited	**(2,648)**	**(147)**

Earnings per share from continuing operations attributable to the ordinary equity holders of the Company:	**Cents**	**Cents**
Basic earnings per share	(11.13)¢	(0.00)¢
Diluted earnings per share	(11.13)¢	(0.00)¢

Earnings per share attributable to the ordinary equity holders of the Company:	**Cents**	**Cents**
Basic earnings per share	(11.13)¢	(0.00)¢
Diluted earnings per share	(11.13)¢	(0.00)¢

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

		Consolidated Half-year	
	Notes	31 December 2016 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents		956	298
Trade and other receivables	3	1,496	-
Other financial assets		51	-
Other current assets	4	309	15
Total current assets		2,812	313
Non-Current assets			
Equity accounted investment in joint venture	9	350	-
Property, plant and equipment		38	-
Goodwill	10	12,433	-
Other non-current assets	5	378	-
Total non-current assets		13,199	-
Total assets		16,011	313
LIABILITIES			
Current liabilities			
Trade and other payables		576	54
Provisions	6	107	-
Employee benefits		342	-
Deferred revenue		100	-
Total current liabilities		1,125	54
Total liabilities		1,125	54
Net assets		14,886	259
EQUITY			
Contributed equity	12	140,777	123,626
Reserves		124	-
Accumulated losses		(126,015)	(123,367)
Total equity		14,886	259

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

STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2016

	Note	Consolidated Half-year 31 December 2016 $'000	31 December 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		759	5
Payments to suppliers and employees		(2,375)	(187)
Interest received		4	6
Net cash inflow/(outflow) from operating activities		(1,612)	(176)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire businesses, net of cash acquired	8	(10,273)	-
Payments to acquire investments		(75)	-
Payment for transaction costs to acquire businesses		(366)	-
Net cash inflow/(outflow) from investing activities		(10,714)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		14,244	-
Payment for transaction costs to issue shares		(1,260)	-
Net cash inflow/(outflow) from financing activities		12,984	-
NET INCREASE (DECREASE) IN CASH HELD		658	(176)
Cash at the beginning of period		298	584
NET CASH AT END OF PERIOD		956	408

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Issued Capital $'000	Accumulated Losses $'000	Reserves $'000	Total $'000
Balance at 1 July 2015	**123,626**	**(126,866)**	**3,798**	**558**
Loss for the period	-	(147)	-	(147)
Total comprehensive income	-	(147)	-	(147)
Balance at 31 December 2015	**123,626**	**(127,013)**	**3,798**	**411**
Loss for the period	-	(152)	-	(152)
Total comprehensive income	-	(152)	-	(152)
Transfer of reserves to accumulated losses	-	3,798	(3,798)	-
Balance at 1 July 2016	**123,626**	**(123,367)**	**-**	**259**
Loss for the period	-	(2,648)	-	(2,648)
Total comprehensive income	-	(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
Balance at 31 December 2016	**140,777**	**(126,015)**	**124**	**14,886**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

This financial report is a general purpose financial report of Contango Asset Management Limited ("the Company") and its controlled entities ("the Consolidated Entity" or "the Group") that has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reports, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This 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 2016 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*.

The Company is limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on 23 February 2017.

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

(b) Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(c) Going concern

During the half-year ended 31 December 2016 the Group incurred a loss of $2,648,000 (2015: $147,000 loss). Included in the half-year ended 31 December 2016 loss was one-off costs of $986,000 associated with the business combination (Note 8). Also, expensed $1,268,000 in share and option based payments, being $1,144,000 in shares to directors, $53,000 in options and $71,000 in share based payments under the Employee Share Plans (Note 11)

The revenue for the half-year ended 31 December 2016 included only revenue from the entities acquired as part of the business combination (Note 8) from 29 September 2016 to 31 December 2016.

Having regard to cash-flow forecasts prepared by the Group, the directors believe that positive cashflows from operations are expected to be generated over the next 12 months and therefore the directors believe that the Company will continue as a going concern for a period of 12 months from the date of the Directors' Report. The financial statements have therefore been prepared on a going concern basis.

(d) Principles of consolidation
The consolidated financial statements are those of the consolidated entity comprising the financial statements of the parent entity and of all entities the parent controls. The parent entity controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its return.
The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Results of the controlled entity are consolidated from the date on which control is established and are de-recognised from the date that control ceases. Non-controlling interests in the results of controlled entity are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(e) Revenue
Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services
Management fee revenue is recognised upon delivery of the service to the customer.

(iii) Interest income
Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(f) Cash and cash equivalents
Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

(g) Property, plant and equipment
All classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

(h) Depreciation
The depreciable amounts of all fixed assets are calculated using the diminishing balance method over their estimated useful lives commencing from the time the asset is held ready for use.

The estimated useful life for plant and equipment for the period is 3 years (2015: 3 years).

(i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or AFS financial assets as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Financial assets are valued at the closing unit price at period end.

(j) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectable an estimated loss of the gross carrying value of the asset is written off against the associated provision.

(k) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 7–60 days of recognition.

(l) Investment in joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group’s investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group’s share of the results of operations of the joint venture. Any change in other comprehensive income (“OCI”) of those investees is presented as part of the Group’s OCI. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of joint venture and its carrying value, and then recognises the loss in profit or loss.

(m) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, less the fair value of the identifiable assets acquired and liabilities assumed.

Acquisition related costs are expensed as incurred.

(n) Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value (or proportionate share of net assets value) of the non-controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(o) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

In accordance with taxation legislation all wholly owned subsidiaries acquired during the year joined the tax-consolidated group on their respective acquisition dates.

(p) Deferred tax balances

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.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to 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.

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

(q) Tax consolidation
Contango Asset Management Limited and its wholly owned subsidiaries are not consolidated for tax purposes

(r) Provisions
Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(s) Employee benefits
Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(i) Short-term employee benefit obligations
Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as provisions.

(ii) Long-term employee benefit obligations
The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(iii) Bonus plan
The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(t) Share-based payments
The consolidated entity provide benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. The fair value of shares issued where the shares are treated as an option is determined using the Black Scholes valuation model. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares expected to vest is reviewed and adjusted at each reporting date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(u) Accounting standards issued but not yet effective at 31 December 2016

AASB 15 Revenue from contracts with customers

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

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

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

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 16 Leases

AASB 16 Leases which is applicable for annual reporting periods beginning on or after 1 January 2019. The new standard removes the distinction between operating and finance leases, recognising all lease assets and liabilities on the statement of financial position with limited exceptions for short term leases and leasing low value assets. The Company has not yet fully assessed the impact of the change.

(v) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(w) Comparatives

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

(x) Rounding of amounts

The amounts in the consolidated financial statements and directors' report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) 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 this legislative instrument applies.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Income tax

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

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. Refer Note 10 for further details.

(c) Share based payments

Refer Note 11 for details of key assumptions for share based payments.

NOTE 3: TRADE AND OTHER RECEIVABLES

	31 December 2016 $'000	30 June 2016 $'000
Trade receivables	1,509	-
Allowance for doubtful debts	(13)	-
	1,496	**-**

NOTE 4: OTHER CURRENT ASSETS

	31 December 2016 $'000	30 June 2016 $'000
Prepayments	309	15
	309	**15**

NOTE 5: OTHER NON-CURRENT ASSETS

	31 December 2016 $'000	30 June 2016 $'000
Bank guarantees greater than 90 days	378	-
	378	**-**

NOTE 6: PROVISIONS

	31 December 2016 $'000	30 June 2016 $'000
Provision for additional amounts due on investment in Switzer Asset Management Limited (Note 9)	107	-
	107	**-**

NOTE 7: SEGMENT REPORTING

AASB 8 *Operating Segments* requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting to key decision makers to evaluate segment performance and decide how to allocate resources to segments. This has resulted in the Group being considered as one reportable segment, being funds management services.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of directors.

NOTE 8: BUSINESS COMBINATIONS

Acquisition of CAM SPV Pty Ltd and its subsidiaries
On 29 September 2016, the Group acquired 100% of the shares capital of CAM SPV Pty Ltd (ACN: 612 978 800) and its subsidiary, 2375 CSM Holdings Pty Ltd (ACN: 085 657 147) (CSM). CSM owns 100% of the share capital of Contango Funds Management Limited (ACN: 085 487 421) (CFML) and Contango Group Services Pty Ltd (ACN: 085 586 590) (CGS). CSM, CFML and CGS are collectively referred to as 'Contango'.

CSM also holds a 46.25% non-controlling shareholding investment in Switzer Asset Management Limited (ACN: 123 611 978) (SAM). SAM is an Australian fund manager specialising in managed funds for retail investors. The business of SAM (previously Halidon Asset Management Ltd) was established in 2007. SAM is jointly owned by Switzer Financial Group Pty Ltd (ACN: 112 294 649) (46.25%) and CSM (46.25%).

Contango is a boutique wholesale and listed investment company (LIC) fund manager with mandates across the entire market capitalisation spectrum. CFML is the holder of Australian Financial Services Licence 237119 which licences CFML to provide funds management services for wholesale and institutional clients. CFML is the responsible entity of the registered wholesale Contango Managed Investment Scheme (ARSN: 099 665 264). CFML manages large cap, mid cap, small cap, micro cap and income focused mandates for its institutional clients. It also manages two LIC mandates.

NOTE 8: BUSINESS COMBINATIONS (CONTINUES)

The fair values of the identifiable assets and liabilities of Contango as at the date of acquisition were:

	Fair value recognised on acquisition $'000
Assets	
Cash and cash equivalent	2,675
Trade and other receivables	872
Plant and equipment	40
Investment	372
Other assets	628
Total assets	**4,587**
Liabilities	
Trade and other payables	753
Provisions and deferred revenue	719
Total liabilities	**1,472**

	Fair value recognised on acquisition $'000
Total identifiable net assets at fair value	3,115
Goodwill arising on acquisition	12,433
Purchase consideration transferred	15,548
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	2,675
Cash paid	(12,948)
Payments to acquire businesses, net of cash acquired	(10,273)

From the date of acquisition, Contango has contributed $1,441,000 of revenue and $218,000 to the net loss before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been $2,862,000 and the loss from continuing operations for the period would have been $361,000.

The goodwill is not deductible for income tax purposes.

Transaction costs of $986,000 have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

The directors have applied the provisional accounting approach, as contained within AASB 3 Business Combinations, to the Intangible Asset balance and will use the measurement period post acquisition to retrospectively attribute a value to each separately identified components of the intangible assets acquired.

The directors intend to conduct a valuation of the separate components of the acquired intangible assets. Each identified intangible asset with a finite life (if any) will then be recognised within the consolidated statement of financial position of the group and amortised over its estimated useful life or tested for impairment on an annual basis.

NOTE 9: EQUITY ACCOUNTED INVESTMENT IN JOINT VENTURE

The Group has a 46.25% interest in Switzer Asset Management Limited (ACN: 123 611 978). The Group's interest in Switzer Asset Management Limited is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Switzer Asset Management Limited:

	31 December 2016 $'000	31 December 2015 $'000
Cash and cash equivalents	235	-
Receivables and Prepayments	48	-
Payables	(25)	-
Equity	**258**	-
Group's share of equity	**119**	-

Summarised statement of profit or loss of Switzer Asset Management Limited:

	31 December 2016 $'000	31 December 2015 $'000
Revenue	137	-
Administrative expenses	(239)	-
Profit/(loss) before tax	**(102)**	**-**
Income tax expense	**-**	-
Profit/(loss) for the half-year (continuing operations)	**(102)**	**-**
Total comprehensive income for the period (continuing operations)	**(102)**	**-**
Group's share of profit/(loss) for the period	**(47)**	**-**

The joint venture had no contingent liabilities or capital commitments as at 31 December 2016.

The Group is committed to make two further instalments to complete the acquisition of Switzer Asset Management Limited. These instalments are due February 2017 for $53,000 and the final instalment in January 2018 for $53,000.

The loss of $102,000 in Switzer Asset Management Limited contained one off costs of $118,000 (2015: $nil) associated with the development of the exchange traded product ("ETP").

At 31 December 2016, the Group reduced the value of its investment in Switzer Asset Management Limited by its share of the joint venture's loss of $47,000. This reduced the value of the investment to $350,000.

The Group performs its annual impairment test at year end of its interest in Switzer Asset Management Limited and when circumstances indicate the carrying value may be impaired. The Group's impairment test for its interest in the joint venture assumes that sales will increase by 85% in the 2018 year as a result of an increase in funds under management and costs will reduce by 25% as a result of the one-off costs being incurred in the 2017 for the development of the ETP.

NOTE 10: IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The Group performed its annual impairment test at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations.

Key assumptions used in "value in use" calculations and sensitivity to changes in assumptions are set out below.

The calculation of value in use for the Group is most sensitive to the following assumptions:

- Value of funds under management
- Management fee rates
- Employment costs
- Growth rate estimates is used to extrapolate cash flows beyond the forecast period

Value of funds under management – The value of funds under management is the key determinant in the level of revenue received as management fees for the management of those funds. The value of funds under management is forecast to increase over the forecast period.

Management fee rates – The level of management fee rates for the forecast period has been estimated to be consistent with historical and industry norms.

Employment costs – A significant cost to the Group is employment costs. Over the forecast period employment costs are estimated to increase 7% year on year. This is to account of additional hires and salary increases.

Discount rates - Discount rates represent the current market assessment of the risks specific to the Group and the time value of money.

The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flow has been done using the following key assumptions:

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue increase	38%	11%	9%	8%	6%
Employment cost increase	7%	7%	7%	7%	7%
Cost increase	5%	5%	5%	5%	5%

and a pre-tax discount rate of 15% was applied. Cash flows beyond the five-year period have been extrapolated using a 1.5% growth rate. As a result of the updated analysis, the Company did not identify an impairment for the Group's goodwill of $12,433,000.

Revenue and cost sensitivity

In the event that forecast revenue does not meet expectations then the following impairment would need to be considered:

Salary increases remain at 7% and cost increase remain 5% per year.

Revenue shortfall	10%	15%	20%
Impairment amount	$ -	$1,378,000	$2,727,000

NOTE 11: SHARE-BASED PAYMENTS

In September 2016, 1,906,094 shares were issued to Directors (George Boubouras, Charles Aitken, Martin Switzer), Paul Rickard and associates of Martin Switzer. The shares were valued at $0.60 per share, being the offer price under the prospectus issued during the year. Resulting in a expense of $1,144,000 being recorded during the period.

4,396,107 shares were also issued to Pacific Point Partners Limited in satisfaction of a pre-acquisition loan of $2,600,000 and interest of $37,664. The shares were valued at $0.60 per share, being the offer price under the prospectus issued during the year. These shares were included in the total shares issued under the prospectus of 28,643,300 shares.

In September 2016, 345,000 share options were granted to Pacific Point Partners Limited in partial consideration of providing a loan to assist in the acquisition of Contango. The Options have an exercise price of $0.60 each and are exercisable at any time after the one year anniversary of the date of grant until the fifth year anniversary of the date of grant.
The fair value at grant date is estimated using a Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of options was estimated on the date of grant using the following assumptions:

Exercise price $0.60
Dividend yield (%) 0.00
Expected volatility (%) 25.00
Risk-free interest rate (%) 1.70
Fair value per option $0.1527

For the six months ended 31 December 2016, the Group has recognised $53,000 of share-based payment expense in regards to the options granted to Pacific Point Partners Limited in the profit or loss.

Also in September 2016, 2,003,301 shares were issued under the Employee Share Incentive Plan (ESIP) and 5,705,604 Shares were issued under the Employee Loan Share Plan (ELSP) (Collectively known as the Share Plans) to certain employees of the Consolidated Entity. As the ELSP and ESIP have similar features to an option, the appropriate approach is to value the plans using an option pricing model.

The key details of the Share Plans are as follows:

Only certain employees of the Group are eligible to participant in the Share Plans, which is for fully paid ordinary shares in the capital of the Company. The Company loans the employee an amount equal to the acquisition price of the shares at zero interest.

The loan amount for shares acquired under the ESIP and is repayable in instalments during the three years after the acquisition of shares.

The loan amount for shares acquired under the Share Plans is repayable within 30 days after the 7th anniversary of the date of acquisition of shares.

1/3 of the shares are locked until the fifth anniversary of the date of acquisition of the shares. A further 1/3 of the shares are locked until the sixth anniversary of the date of acquisition of the shares. The final 1/3 of the Shares are locked until the seventh anniversary of the date of acquisition of the shares.

If an employee who is a participant ceases to be an employee during the relevant loan period or prior to the fifth anniversary of the date of acquisition due to dismissal the shares will become 'Leaver Shares' and may be purchased by the Company or employee pursuant to the put/call option arrangements. Further details on the ESIP and ELSP can be found in the announcements made to the Australian Securities Exchange on 28 September 2016.

The fair value at grant date is estimated using a Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of shares issued under the ELSP are as follows:

Exercise price $0.60
Dividend yield (%) 0.00
Expected volatility (%) 25.00
Risk-free interest rate (%) 1.70
Life 6.0, 6.5 and 7.0 years
Calculated fair value per share: between $0.17 and $0.18

The fair value of shares issued under the ESIP was estimated using the following assumptions:

Exercise price $nil
Dividend yield (%) 0.00
Expected volatility (%) 25.00
Risk-free interest rate (%) 1.70
Life 6.0, 6.5 and 7.0 years
Calculated fair value per share: $0.60

Estimated likelihood of employees remaining an employee over the term of the Share Plans is 75%. The likelihood of employees remaining an employee is assessed annually.

For the six months ended 31 December 2016, the Group has recognised $71,000 of share-based payment expense in regards to shares issued under the Share Plans in profit or loss.

NOTE 12: CONTRIBUTED EQUITY

Movements in ordinary share capital:

Details	**Number of shares**	**$’000**
Balance at 1 January 2016	1,022,027,092	123,626
Balance as at 30 June 2016	**1,022,027,092**	**123,626**
Share consolidation 300 for 1, (25 August 2016)	3,407,201	-
Capital Raising net of transaction costs (26 September 2016)	28,643,300	15,648
Issue of shares	2,506,094	1,503
Employee Share Incentive Plan	2,003,301	-
Employee Loan Share Plan	5,705,604	-
Balance as at 31 December 2016	**42,265,500**	**140,777**

The shares issued under the Employee Share Incentive Plan and Employee Loan Share Plan have been treated as options under Australian Accounting Standards. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to the reserve account, refer the Consolidated Statement of Changes in Equity. The fair value of any shares issued are measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

NOTE 13: EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	31 December 2016 $'000	31 December 2015 $'000
Basic earnings per share		
Loss from continuing operations	(2,648)	(147)
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share	(2,648)	(147)
Diluted earnings per share		
Loss from continuing operations	(2,648)	(147)
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share	(2,648)	(147)
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic EPS	23,791,882	1,022,027,092

Calculated basic earnings per share and diluted earnings per share are:

Basic earnings (loss) per share	31 December 2016 Cents	31 December 2015 Cents
Total basic earnings (loss) per share attributable to the ordinary equity holders of the Company	(11.13)¢	(0.00)¢

Dilutive earnings (loss) per share	31 December 2016 Cents	31 December 2015 Cents
Dilutive earnings (loss) per share attributable to the ordinary equity holders of the Company	(11.13)¢	(0.00)¢

Options have not been included in the calculation of diluted earnings per share because they are considered to be antidilutive for the period ended 31 December 2016. These options could potentially dilute basic earnings per share in future periods. Shares issued under the ESIP and ELSP have been included in the calculation of ordinary and diluted earnings per share.

NOTE 14: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company is not aware of any 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.

In the directors' opinion:

a. the financial statements and notes set out on pages 10 to 28 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 2016 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 2017

CONTANGO ASSET MANAGEMENT LIMITED

AUDITOR'S REVIEW REPORT

To the members of Contango Asset Management Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Contango Asset Management Limited ("the company") which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 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*.

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HLB Mann Judd Assurance

CONTANGO ASSET MANAGEMENT LIMITED

AUDITOR'S REVIEW REPORT (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Contango Asset Management Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

A Smith

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

A G Smith
Director

Sydney, NSW
23 February 2017