CONTANGO ASSET MANAGEMENT LIMITED

(formerly Tyrian Diagnostics Limited)

ACN 080 277 998

PRELIMINARY FINAL REPORT / APPENDIX 4E

For the year ended 30 June 2017

Provided to the ASX under Listing Rule 4.3a

Contango Asset Management Limited and Controlled Entities

ACN: 080 277 998

APPENDIX 4E

PRELIMINARY FINANCIAL REPORT

Year ended 30 June 2017

Results for announcement to the market

Reporting period: 1 July 2016 to 30 June 2017

Previous corresponding period: 1 July 2015 to 30 June 2016

Results 30 June 2017				**$'000**
Revenue from ordinary activities (1)	Increased	19652%	to	4,148
Normalised earnings before interest, tax, depreciation, amortisation and impairment (2)	Decreased	381%	to	(1,442)
Statutory Profit/(Loss) from ordinary activities after tax attributable to members	Decreased	2257%	to	(7,071)
Normalised profit from ordinary activities after tax attributable to members (2)	Decreased	548%	to	(1,944)
Statutory net Profit/(Loss) for the period attributable to members	Decreased	2257%	to	(7,071)
Normalised net Profit/(Loss) for the period attributable to members	Decreased	548%	to	(1,944)

1. Revenue represents fees from fund management activities for the nine months 29 September 2016 to 30 June 2017

2. Normalised earnings before interest, tax, depreciation, amortisation and impairment is a non-AIFRS item and excludes share based payments and one-off acquisition and relisting costs ($2.182 million), a charge against profit and loss for the impairment of goodwill ($2.945 million), net of tax, as required by Australian Accounting Standards (AASB 138), depreciation and amortisation charges ($454,000) and interest ($48,000).

Commentary on "Results for Announcement to the Market"

The Company, formerly Tyrian Diagnostics Limited, acquired Contango Funds Management Limited (**CFML**), the holder of an Australian financial services licence and several substantial investment management agreements. The acquisition of CFML and its related entities (together the **Contango Group**) was completed with effect on 29 September 2016.

Accordingly, the information in this report reflects the position of the Company operating as Tyrian Diagnostics Limited up until 28 September 2016 and as Contango Asset Management Limited for the period from 29 September 2016 to 30 June 2017. Revenue recorded in this report is the revenue for only the nine month period following the acquisition of the Contango Group.

Revenue

Total statutory revenue for FY17 was $4.1 million, compared with $21,000 in the prior year. The prior year revenue represents interest earned on cash held by Tyrian Diagnostics Limited as a listed entity with no other material assets.

Revenue increase is driven by fund management activities via the Funds Under Management (FUM) relationships acquired and growth in FUM since the date of acquisition.

As part of the acquisition of the Contango Group the Company acquired Switzer Asset Management Limited (SAM) as a 46.25% controlled associate entity which is equity accounted.

Total Contango Group Funds Under Management and Advice at 30 June 2017 is $752.6 million up from $673 million at 29 September 2016.

Expenses

Employee and operational costs for FY17 were $5.6 million and include costs associated with rebuilding the Investment, Business Development, Legal and Finance teams required for the Group's future growth strategy.

Expenses for FY17 also include $2.2 million one off costs associated with the capital raising in September 2016 and the acquisition of the funds management business.

Under Australian Accounting Standards the Group is required to assess the carrying value of Goodwill at each reporting date. The carrying value is assessed based on a value in use calculation where the value is determined by discounting the future cash flows expected to be generated by current FUM mandates and evidenced future FUM mandates, allowing for moderate market driven FUM inflows. As the Group is still in the early stages of its growth strategy execution, the discounted value of currently foreseeable future cash flows from current mandates indicates an impairment to goodwill. Directors have therefore formed a prudent and conservative view that, in compliance with the accounting standards, an impairment charge of $2,945,000 should be recognised through Consolidated Statement of Profit or Loss at 30 June 2017.

Financial Performance

Revenues increased to $4.148 million representing revenues from the acquisition of the funds management business on 29 September 2016 with an underlying EBITDA in the first year of operations of a loss of $1.442 million and an underlying net loss after tax of $1.944 million (before taking account the one-off listing costs and goodwill impairment – listing costs ($2.182 million) and goodwill impairment ($2.945 million).

Reconciliation of Statutory Profit to Normalised Earnings (underlying EBITDA)[1]

	30 June 2017	30 June 2016
Revenue	4,148	21
Employee costs	(3,096)	-
Other operational costs	(2,494)	(321)
Normalised earnings before interest, tax, depreciation, amortization and impairment[1]	**(1,442)**	**(300)**
Interest on borrowings	(48)	-
Depreciation and amortisation	(454)	-
Normalised profit after tax attributable to members[1]	**(1,944)**	**(300)**
Share based payments & one-off acquisition and relisting costs	(2,182)	-
Goodwill impairment charge	(2,945)	-
Statutory loss for the year	**(7,071)**	**(300)**

[1]Non AIFRS items

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)	3.6 cent	0.03 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 $'000	Previous corresponding period $'000
CAM SPV Pty Ltd	-	-
2735 CSM Holdings Pty Ltd	70	-
Contango Funds Management Limited	(934)	-
Contango Group Services Pty Ltd	(6,207)	-
Contango International Management Pty Ltd	**-**	**-**

Details of associates and joint venture entities

As a result of the acquisition of CAM SPV 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 associate entity's activities	Current period $'000	Previous corresponding period $'000
Loss from ordinary activities before income tax	(76)	-
Income tax on ordinary activities for the period	22	-
Net Loss from ordinary activities after tax for the period	(54)	-
Share of net loss of joint venture entity's activities for the period	(25)	-

Earnings per security	2017	2016
Basic earnings/(loss) per share (cents)	(23.3)	(0.03)
Diluted earnings per share (cents)	(23.3)	(0.03)

Events Subsequent to Balance Date

On 21 August, 2017 the Group announced a share placement of 5,555,556 shares at $0.90 each to cornerstone, institutional and other sophisticated investors, raising $5 million gross in additional capital. The funds will be used to develop further the Group's suite of products, build internal business development capability and repay debt.

The financial information provided in this Appendix 4E has been prepared in accordance with Australian Accounting standards.

Audit of the financial report

This report is based on the Annual Financial Report which is in the process of being audited.

....

Roger Amos (Chairman)

Date: 22 August 2017

Contango Asset Management Limited and Controlled Entities

ACN: 080 277 998

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 000's $	2016 000's $
Revenue	3	**3,759**	-
Other income	3	**389**	21
Total revenue		**4,148**	21
Employee benefits expense		**(3,096)**	-
Operations expense		**(592)**	-
Professional services expense		**(514)**	(4)
Corporate and administrative expenses	4	**(3,570)**	(317)
Loss before depreciation and amortisation, finance costs and income tax		**(3,624)**	(300)
Depreciation and amortisation		**(454)**	-
Impairment loss		**(2,945)**	-
Loss before finance costs and income tax		**(7,023)**	(300)
Finance costs		**(48)**	-
Loss before income tax		**(7,071)**	(300)
Income tax expense		**-**	-
Net profit for the year		**(7,071)**	(300)
Other comprehensive income, net of income tax			
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**(7,071)**	(300)
Net loss attributable to:			
Members of the parent entity		**(7,071)**	(300)
Total comprehensive loss attributable to:			
Members of the parent entity		**(7,071)**	(300)
Earnings per share from continuing operations attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents)		**(23.3)**	(0.03)
Diluted earnings per share (cents)		**(23.3)**	(0.03)
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)		**(23.3)**	(0.03)
Diluted earnings per share (cents)		**(23.3)**	(0.03)

Contango Asset Management Limited and Controlled Entities

ACN: 080 277 998

Consolidated Statement of Financial Position
As at 30 June 2017

	Note	2017 000's $	2016 000's $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**819**	297
Trade and other receivables		**1,348**	7
Other assets		**187**	10
TOTAL CURRENT ASSETS		**2,354**	314
NON-CURRENT ASSETS			
Investment accounted for using the equity method	5	**347**	-
Other financial assets		**504**	-
Property, plant and equipment		**220**	-
Intangible assets	6	**9,095**	-
TOTAL NON-CURRENT ASSETS		**10,166**	-
TOTAL ASSETS		**12,520**	314
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**774**	55
Borrowings		**750**	-
Provisions		**390**	-
TOTAL CURRENT LIABILITIES		**1,914**	55
TOTAL LIABILITIES		**1,914**	55
NET ASSETS		**10,606**	259
EQUITY			
Issued capital	7	**140,777**	123,626
Reserves		**267**	-
Retained earnings		**(130,438)**	(123,367)
TOTAL EQUITY		**10,606**	259

Contango Asset Management Limited and Controlled Entities

ACN: 080 277 998

Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

2016

	Issued Capital 000's $	Share Option Reserve 000's $	Accumulated Losses 000's $	Total 000's $
Balance at 1 July 2015	**123,626**	**3,799**	**(126,866)**	**559**
Loss attributable to members of the parent entity	-	-	(300)	(300)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	**(300)**	**(300)**
Transactions with owners in their capacity as owners				
Transfers to retained earnings from reserves	-	(3,799)	3,799	-
Balance at 30 June 2016	**123,626**	**-**	**(123,367)**	**259**

2017

	Issued Capital 000's $	Share Option Reserve 000's $	Accumulated Losses 000's $	Total 000's $
Balance at 1 July 2016	**123,626**	**-**	**(123,367)**	**259**
Loss attributable to members of the parent entity	-	-	(7,071)	(7,071)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	**(7,071)**	**(7,071)**
Transactions with owners in their capacity as owners				
Share based payment transactions	-	214	-	214
Issue of Options	-	53	-	53
Issue of shares, net of transaction costs	17,151	-	-	17,151
Balance at 30 June 2017	**140,777**	**267**	**(130,438)**	**10,606**

Contango Asset Management Limited and Controlled Entities

ACN: 080 277 998

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 000's $	2016 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,870**	11
Payments to suppliers and employees		**(5,986)**	(308)
Interest and costs of finance paid		**(43)**	-
Interest received		**18**	10
Income tax refund		**35**	
Net cash used in operating activities		**(2,106)**	(287)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(233)**	
Payment for subsidiary, net of cash acquired		**(10,273)**	-
Purchase of investments		**(75)**	-
Payment of transaction costs to acquire businesses		**(366)**	-
Net cash used by investing activities		**(10,947)**	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**750**	-
Proceeds from issue of new shares		**14,244**	-
Transaction costs relating to issue of new shares		**(1,260)**	-
Loans to related party		**(159)**	
Net cash used by financing activities		**13,575**	-
Net increase/(decrease) in cash and cash equivalents held		**522**	(287)
Cash and cash equivalents at beginning of year		**297**	584
Cash and cash equivalents at end of financial year		**819**	297

Note 1: Basis of preparation of the financial report

The unaudited preliminary financial report and notes represent those of Contango Asset Management Limited as a Group consisting of Contango Asset Management Limited ("the Company") and the entities it controlled at the end of, or during, the year ("the Consolidated Entity" or "the Group").

This preliminary financial report has been prepared in accordance with the Australian Securities Exchange Listing rules as they relate to the Appendix 4E and in accordance with the measurement and recognition requirements of Australian Accounting Standards and Interpretation, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. As such, this preliminary financial report does not include all of the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the Interim Financial Report for the six months ended 31 December 2016, and with any public announcements made by Contango Asset Management Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

Note 2: Statement of significant accounting policies

The following is a summary of significant accounting policies adopted by Group in the preparation of the preliminary financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Going concern

During the year ended 30 June 2017 the Group incurred a loss of $7,071,000 (2016: $300,000 loss). Included in the year ended 30 June 2017 loss were one-off costs of $986,000 associated with the business combination and a charge to Profit and Loss of $2,945,000 for Impairment of Goodwill. The Group also expensed $1,196,000 in one-off share and option based payments. The revenue for the year ended 30 June 2017 includes revenue from the entities acquired as part of the business combination from 29 September 2016 to 30 June 2017.

On 21st August, 2017 the Company announced and finalised the placement of 5,555,556 shares at $0.90 each to cornerstone institutional and other sophisticated investors, raising $5,000,000 in additional capital.

Having regard to the capital raised in the share placement and combined with forecasted cash-flow from operations, the directors believe that the Company has sufficient cash reserves to continue the growth strategy commenced in September 2016 for the foreseeable future, and for at least twelve months from the date of this report. The financial statements have therefore been prepared on a going concern basis.

b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

c) Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Note 3: Revenue and Other Income

	2017 000's $	2016 000's $
Revenue		
Management Fees	**3,759**	-
Other Income		
Interest received	**18**	10
Services Charges	**358**	-
Royalty income	**12**	11
Gain on investments	**1**	-
Total Other Income	**389**	21

Note 4: Corporate & Administrative Expenses

	2017 000's $	2016 000's $
Advertising	**214**	317
Accounting, audit, acquisition and relisting costs	**1,353**	-
Other	**191**	-
Insurance	**97**	-
IT expenses	**80**	-
Office & communication costs	**54**	-
Travel & accommodation	**385**	-
Share based payments	**1,196**	-
Total corporate & administrative expenses	**3,570**	317

Note 5: Investment accounted for using the equity method

	Principal place of business / Country of Incorporation	Percentage Interest (%) 2017	Percentage Interest (%) 2016
Associate Entity:			
Switzer Asset Management Limited	Australia	**46.25**	-

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.

Note 5: Investment accounted for using the equity method (continued)

Summarised Statement of Financial Position of Switzer Asset Management Limited:

	2017 000's $	2016 000's $
Current assets	623	-
Non-Current assets	30	-
Current liabilities	(79)	-
Non-Current liabilities	(319)	-
Equity	255	-
Group's share of equity	118	-

Summarised Statement of Comprehensive Income of Switzer Asset Management Limited:

	2017 000's $	2016 000's $
Revenue	446	-
Administration expenses	(522)	-
Profit/(loss) before tax	(76)	-
Income tax expense	22	-
Profit/(loss) for the period	(54)	-
Total comprehensive income for the period	(54)	-
Group's share of profit/(loss) for the period	(25)	-

The associate entity had no contingent liabilities or capital commitments as at 30 June 2017.

The Group is committed to make a final instalment to complete the acquisition of Switzer Asset Management Limited. During the year, an instalment for $53,000 was made in February 2017 with the final instalment due in January 2018 for $53,000.

The loss of $(54,000) in Switzer Asset Management Limited contained one off costs of $118,000 (2016: $nil) associated with the development of the exchange traded product (“ETP”).

At 30 June 2017, the Group reduced the value of its investment in Switzer Asset Management Limited by its share of the associated entity’s loss of $25,787. This reduced the value of the investment to $347,000.

The Group performs its annual impairment test of its interest in Switzer Asset Management Limited at year end and when circumstances indicate the carrying value may be impaired. The Group’s impairment test for its interest in the associate entity assumes that sales will increase by 85% in the 2018 year, as a result of an increase in funds under management flowing from the launch of the Switzer Dividend Growth Fund in February 2017, which at 30 June, 2017 had funds under management of $64million. Switzer Asset Management Limited had total FUM at 30 June, 2017, including other funds managed, of $95.9million. Costs will also reduce by 25% as a result of the one-off costs incurred in 2017 for the development of the ETP.

Note 6: Intangible Assets

	2017 000's $	2016 000's $
Goodwill	**8,607**	-
Accumulated impairment loss	**(2,945)**	-
	5,662	
Customer Relationships	**3,844**	
Accumulated amortisation	**(411)**	-
	3,433	
Total Intangibles	**9,095**	-

Impairment testing

The Group performs its annual impairment test at 30 June 2017 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 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 from current managed funds and future inflows expected.

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 for 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.

Note 6: Intangible Assets (continued)

The Group used the cash-generating unit's value-in-use to determine the recoverable amount. The projected cash flow includes the following key assumptions:

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue increase (year one annualised)	21%	19%	16%	10%	9%
Employment cost increase	16%	0%	5%	5%	5%
Cost increase	5%	5%	5%	5%	5%

A pre-tax discount rate of 15% was applied in the value in use calculation. Cash flows beyond the five-year period have been extrapolated using a 2.5% growth rate. As a result of the cash flow analysis, the Group identified an impairment for the Group's goodwill of $2,945,000.

Revenue and Cost Sensitivity Analysis

If forecast revenue does not meet expectations, then the following impairment would need to be considered if salary and costs increases remain at 7%pa and 5%pa respectively over the forecast period.

Change in Revenue	**(5%)**	**(10%)**	**(15%)**
Impairment expense that would be recognised	$2,142,000	$4,764,000	$7,386,000

Note 7: Issued Capital

	2017 000's $	2016 000's $
42,265,500 (2016: 1,022,027,092) Ordinary Shares	**140,777**	123,626
Total	**140,777**	123,626

Movements in ordinary shares capital	**Number of shares 000's**	**000's $**
Opening Balance - 1 July 2016	**1,022,027,092**	**123,626**
Details		
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 (1)	**5,705,604**	**-**
At the end of the reporting period	**42,265,500**	**140,777**

(1) Employee Share Plans:

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.