



ASX RELEASE

Contango MicroCap Limited (ASX Code: CTN)

RESULTS SUMMARY AND UPDATE: YEAR ENDED 30 JUNE 2009

- **Gross portfolio performance of -36.7% compared with -28.6% for the S&P/ASX Small Ordinaries Accumulation Index**
- **\$2.5m profit before investment losses**
- **Net loss after tax of \$50.5m**
- **No dividend payable for the year ended 30 June 2009**
- **No debt, modest cash balances held**
- **As at 27 August 2009, gross portfolio returns were up 58.4% since the bottom of the market in early March 2009**
- **Also at 27 August 2009, gross portfolio performance was up 20.4% since 30 June 2009**

Introduction

After an extraordinary period in financial markets, we are seeing signs that the global economy is on the path to recovery.

During the financial year to 30 June 2009, we made significant changes to the structure of the investment portfolio to reduce the impact of the financial crisis on capital values. In particular, we significantly increased cash balances and increased the portfolio's holdings of SPI futures contracts. The SPI contracts were acquired to shift the equity exposure of the portfolio towards larger caps which were expected to outperform microcaps during the downturn.

Despite these changes many of the CTN's holdings fell sharply as liquidity was drained from the microcap segment of the market. As a result, CTN's investment portfolio underperformed the All Ordinaries Index and the Small Ordinaries index for the year to June 2009.

Markets bottomed in March 2009 and have gathered strength over recent months. We progressively sold down our cash holdings and reduced our SPI positions as we gained confidence in the durability of the recovery.

Dividends

No dividends were paid or payable for the year ended 30 June 2009. If markets stabilise around current levels or continue to improve, a dividend could be payable in February 2010.

Discounts to NTA

During the past year, a lack of liquidity in equity markets, particularly for small and microcap stocks resulted in significant gaps opening up between share prices and underlying asset values. Discounts to asset backing on listed investment companies rose strongly between September 2008 and March 2009 as the financial crisis intensified. CTN's share price performance was adversely affected by these trends with the discount to NTA increasing to the largest level since CTN listed in March 2004.

At the height of the crisis, CTN undertook a modest buyback program to provide added liquidity to a market under extreme stress.

As market conditions improved, and we become more confident about the outlook, we reduced the share buyback program.

Outlook

The aggressive stimulus programs introduced by the Chinese government have contributed to a solid rebound in the Chinese economy. Large scale intervention by western governments has also helped to stabilised growth and set the global economy on the path to recovery.

The Australian economy has held up well through the global crisis and is expected to continue to benefit from the resurgence of demand in China.

As risk aversion wanes and funds move back into the less liquid segments of the Australian market, we expect to see microcap stocks deliver strong returns.

The gross return on CTN's investment portfolio from 30 June 2009 to 27 August 2009 was 20.4%.

Despite the severity of the financial crisis, in the five years to 30 June 2009, the gross return on CTN's investment portfolio was 20.7% per annum. We continue to believe that the microcap sector remains a very attractive long term investment.

For more information please contact:

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CONTANGO MICROCAP LTD
ABN 47 107 617 381

PRELIMINARY FINAL REPORT / APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2009

PROVIDED TO THE ASX UNDER LISTING RULE 4.3A

Name of entity: CONTANGO MICROCAP LIMITED	ABN 47 107 617 381
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1. Reporting period

Report for the financial year ended	30 June 2009
Previous corresponding period is the period ended	30 June 2008

2. Results for announcement to the market

				\$000's
Revenues from ordinary activities	Down	246%	to	(70,770)
Loss from ordinary activities after tax attributable to members	Down	221%	to	(50,556)
Net loss for the period attributable to members	Down	221%	to	(50,556)
Dividends paid or payable relating to the current year earnings	Amount per security		Franked amount per security	
NIL	NIL		Nil	
Record date for determining entitlements to the final dividend	n/a			
Payment date of final dividend	n/a			

Additional explanation of result

Any profit or loss on the revaluation or disposal of investments is taken directly to the Profit and Loss.

Most of the investments of the Company are listed companies on the ASX and have been subject to the significant general market decline that has occurred over the year.

In the year ended 2009, total investment losses were \$75.6m (the corresponding amount in 2008 were losses of \$25.7m).

Dividend and interest income earned on the portfolio was \$4.4m for the year (2008: \$5.2m).

3. Income Statement

	2009	2008
	\$'000	\$'000
Revenue	(70,770)	(20,475)
Administration expenses	(2,341)	(3,082)
Loss before income tax	(73,111)	(23,557)
Income tax benefit (expense)	22,555	7,786
Loss from continuing operations	(50,556)	(15,771)
Loss attributable to the members of the company	(50,556)	(15,771)
Basic earnings per share (cents)	-43.1	-16.1
Diluted earnings per share (cents)	-43.1	-16.1

4. Balance Sheet

	2009	2008
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	30,140	45,965
Receivables	218	2,302
Financial assets through profit and loss	98,456	152,794
Deferred tax asset	10,279	-
TOTAL ASSETS	139,093	201,061
LIABILITIES		
Payables	3,191	1,488
Current tax payable	-	1,994
Deferred tax liabilities	-	6,936
TOTAL LIABILITIES	3,191	10,418
NET ASSETS	135,902	190,643
EQUITY		
Contributed equity	153,408	152,919
Retained earnings	(17,506)	37,724
TOTAL EQUITY	135,902	190,643

5. Statement of Changes in Equity

	2009	2008
	\$'000	\$'000
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	190,643	145,257
Loss for the year	(50,556)	(15,771)
Transactions with equity holders in their capacity as equity holders:		
Contributions	489	74,656
Dividends provided for or paid	(4,674)	(13,499)
	(4,185)	61,157
TOTAL EQUITY AT THE END OF THE YEAR	135,902	190,643

6. Statement of Cash Flows

	2009	2008
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Payments of other expenses	(1,503)	(12,961)
Dividends received	2,216	3,364
Interest received	2,214	2,157
Income tax refund (paid)	3,343	(10,858)
Net cash used in operating activities	(6,270)	(18,298)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	245,901	111,968
Payment for investments	(263,809)	(118,084)
Net cash used in investing activities	(17,908)	(6,116)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	74,634
Share buy-back activity	(256)	-
Dividends paid	(3,929)	(13,499)
Net cash provided from financing activities	(4,185)	61,135
Net increase in cash and cash equivalents	(15,825)	36,721
Cash and cash equivalents at beginning of year	45,965	9,244
Cash and cash equivalents at end of the year	30,140	45,965

7. Dividends paid or payable in the current year

	Date of payment	Amount per share	Total amount of dividend
Final dividend – y/e 30/06/08	12 September 2008	4.0 cents	4,674,150
Interim dividend – y/e 30/06/09	Nil	Nil	0
Total paid during year			<u>\$4,674,150</u>
Final dividend – y/e 30/06/09	Nil	Nil	Nil
Total payable			<u>\$0</u>

Amount per security

Total dividends paid	Amount per security	Franked amount per security at 30% tax
Prior year – ordinary final	4¢	4¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary shares	4,674	13,499
Total	4,674	13,499

No dividend is payable in respect of the year ended 30 June 2009.

8. Details of dividend reinvestment plans in operation are described below:

When paying dividends the Company's DRP provides for a 3% discount to the Volume Weighted Average Price of ordinary shares for the 5 trading days up to and including record date.

The last date for receipt of election notices for participation in the dividend reinvestment plan	14 days prior to record date
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9. Statement of retained earnings

	2009 \$000's	2008 \$000's
Balance at the beginning of year	37,724	66,994
Net profit attributable to members of Contango MicroCap Limited	(50,556)	(15,771)
Total available for appropriation	(12,832)	51,223
Dividends paid	(4,674)	(13,499)
Balance at end of year	<u>(17,506)</u>	<u>37,724</u>

10. Net tangible assets per security

	Current period	Previous period
Net tangible asset backing per ordinary share (after provision for tax and tax benefits)	116.0 cents	169.7 cents

11. There was no control gained or lost over entities during the period.

12. The Company has no associates or joint venture entities.

13. There is no additional significant information relating to the entity's financial performance and financial position that is not included in this Appendix 4E statement.

14. The financial information provided in the Appendix 4E is based on the contents of the annual financial report which has been prepared in accordance with Australian accounting standards.

15. Commentary on the results for the period.

The results for the year ended 30 June 2009 represent the full year of reported operations under Australian equivalents of IFRS. For the year ended 30 June 2008 the loss after tax was \$50,556,329 (2008: After tax profit of \$15,771,196).

The earnings per ordinary share were negative 43.1cps (2008: negative 16.1cps).

Apart from the dividends paid in respect of the 2008 financial year totalling 4cps (4 cents in September 2008) there have been no other distributions made to shareholders.

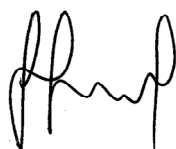
Between 12 November 2008 and 30 June 2009 the Company has bought back 403,433 shares at an average price of \$0.635 per share (Total value: \$256,257).

During the year a total of 671,832 shares were issued under the dividend reinvestment program applicable to the dividend paid on 12 September 2008 at a price of \$1.11 per share.

The investment portfolio of the Company provided a return of -37.8% during the year. The ASX All Ordinaries Accumulation Index provided a return of -22.1% over the same period.

16. Audit of the financial report

The financial report is in the process of being audited and is not expected to be the subject of dispute or qualification.



Glenn Fowles (Company Secretary)

Date: 29 August 2009