

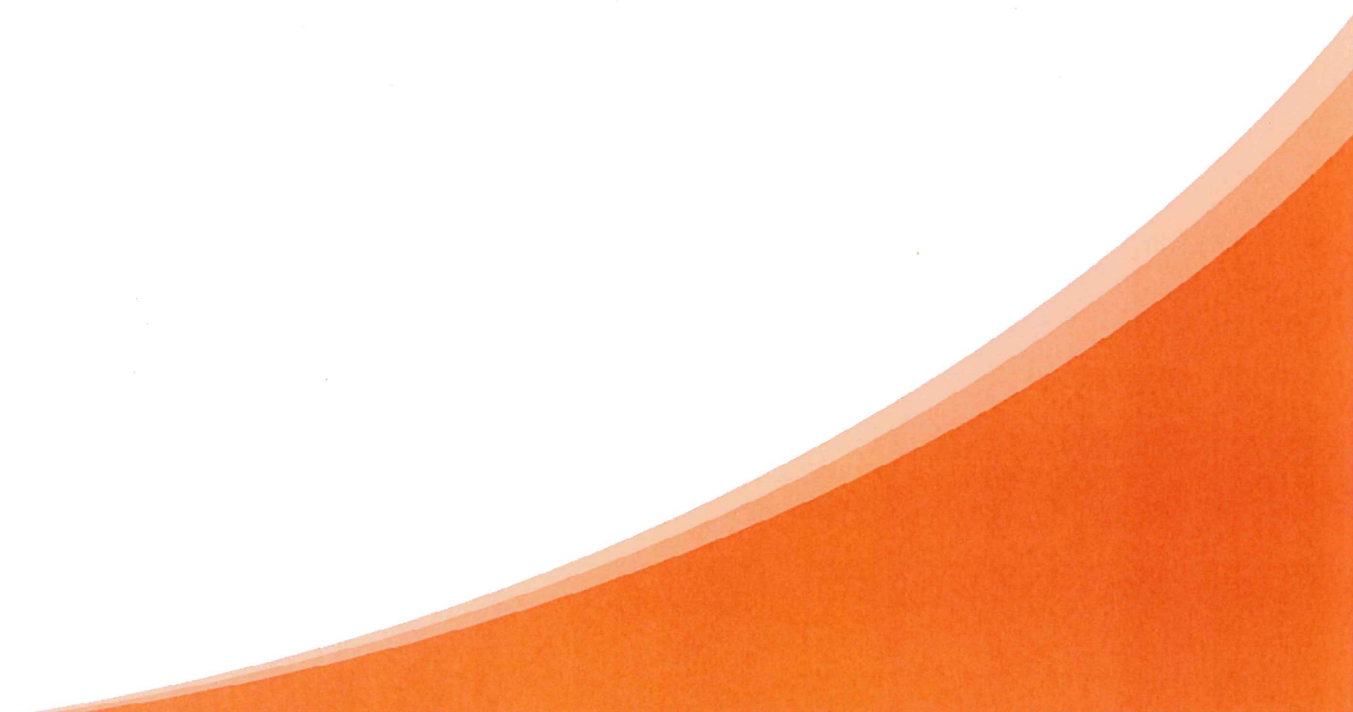


## **Contango Capital Partners Limited**

**ABN 52 124 184 765**

### **Financial report for the half-year ended 31 December 2011**

This half-year financial report is to be read in conjunction  
with the financial report for the year ended 30 June 2011



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## Directors' Report

The directors present their report together with the condensed financial report of the entity consisting of Contango Capital Partners Limited ("the Company" or "CCQ"), for the half-year ended 31 December 2011 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

### Directors

The following persons held office as directors of the Company during the half-year or since the end of the half-year and up to the date of this report:

William J Beerworth (appointed 4 April 2007)  
Gregory A Bundy (appointed 4 April 2007)  
David I Stevens (appointed 28 February 2007)  
Glenn Fowles (appointed 30 December 2010)

### Review of Operations

There have been no significant changes to the operations of the Company since the previous financial period, other than those described below.

The Company continued to invest funds in accordance with the provisions of the Company's Constitution.

The Company's net operating loss for the half-year was \$2,488,294 (2010: \$1,660,603 profit) and is due primarily to a decline in the value of the Company's listed investments

Basic earnings per share amounted to -12.6 cents per share for the half-year (2010: +8.4 cents).

This result represents an investment return of -11.7% for the half-year and has occurred during a period of high volatility in the Australian share market, particularly in the financial services sector where the benchmark index (the S&P/ASX Diversified Financial Accumulation Index) returned -14.7% over the corresponding period.

### Significant Changes in the State of Affairs

#### *Capital cancellation and Dividend payment*

In September 2011, in order to facilitate the payment of the Company's final dividend for the year ended 30 June 2011 of 3 cents per share (fully franked) paid on 12 October 2011, the Company cancelled contributed capital amounting to \$47,877,206 that had been lost (ie shareholder equity not represented by available net assets) in accordance with Section 258F of the *Corporations Act 2001*. This cancellation had no impact on the operating activities of the Company and did not affect the number of shares on issue.

#### *Takeover Offer by Contango MicroCap Limited*

On 20 September 2011, the Company received notification from Contango MicroCap Limited (ASX code "CTN"), that CTN was intending to make an off-market takeover offer for all of the CCQ ordinary shares that CTN did not already own for cash consideration of \$0.90 per CCQ share. At that date, CTN owned 13.4% of CCQ.

CTN's Bidder's Statement was released to the market and distributed to CCQ shareholders on 10 October 2011 and CCQ issued its Target's Statement on 31 October 2011.

Through this period, Messrs Stevens and Fowles, who are directors of both the CTN and CCQ boards, were excluded from any decision making in respect of the bid through the formation of Independent Takeover Committees by each of the respective companies.

In its CCQ's Target's Statement, the Independent Directors, Messrs Beerworth and Bundy, recommended, that in the absence of any superior bid, shareholders should accept the offer by CTN because the bid consideration price of \$0.90 per share fell within the range of the Company's value assessed as "fair and reasonable" by the independent expert – Lonergan Edwards & Associates.

CTN extended the bid which closed on 20 February 2012.

CTN gained a majority stake in CCQ (50.35%) on 16 November 2011 and held 74.8% of CCQ's issued shares at the closing date.

#### ***Other changes***

Apart from the half-year loss referred to under "Review of Operations", there were no other significant changes in the state of affairs of the Company that occurred during the half-year under review.

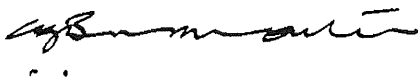
#### **Rounding of Amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



WILLIAM J BEERWORTH  
Chairman

27 February 2012



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## AUDITOR'S INDEPENDENCE DECLARATION

### To the Directors of Contango Capital Partners Limited

In relation to the independent review for the half-year ended 31 December 2011, to the best of my knowledge and belief there have been:

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

B J BRITTEN

Partner

27 February 2012

PITCHER PARTNERS

Melbourne

## Condensed Statement of Comprehensive Income

	Half-year ended	
	31 December 2011	31 December 2010
	\$'000	\$'000
<b>Revenue</b>		
Interest income	42	19
Dividend income	395	509
	<u>437</u>	<u>528</u>
<b>Other income</b>		
Fair value gains/(losses) on financial assets through profit and loss	(2,551)	1,126
Share of profits of associate accounted for using the equity method	184	314
	<u>(2,367)</u>	<u>1,440</u>
<b>Total revenue</b>	<u>(1,930)</u>	<u>1,968</u>
<b>Expenses</b>		
Management fees	82	97
Other expenses	476	210
	<u>558</u>	<u>307</u>
<b>Total expenses</b>	<u>558</u>	<u>307</u>
<b>Profit/(loss) before income tax</b>	<u>(2,488)</u>	<u>1,661</u>
Income tax expense	-	-
<b>Profit/(loss) from continuing operations</b>	<u>(2,488)</u>	<u>1,661</u>
<b>Profit/(loss) for the half-year</b>	<u>(2,488)</u>	<u>1,661</u>
<b>Total comprehensive income for the half-year</b>	<u>(2,488)</u>	<u>1,661</u>
<b>Profit/(loss) attributable to members of Contango Capital Partners Limited</b>	<u>(2,488)</u>	<u>1,661</u>
	Cents	Cents
<b>Earnings per share</b>		
Basic earnings per share	-12.6	8.4
Diluted earnings per share	-12.6	8.4

The accompanying notes form part of these financial statements.

## Condensed Statement of Financial Position

	As at	
	31 December	30 June
	2011	2011
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	2,303	1,062
Trade and other receivables	25	137
Financial assets held at fair value through profit and loss	8,976	12,365
Investment in associate	7,048	7,770
<b>Total assets</b>	<b>18,352</b>	<b>21,334</b>
<b>Liabilities</b>		
Trade and other payables	134	34
<b>Total liabilities</b>	<b>134</b>	<b>34</b>
<b>Net assets</b>	<b>18,218</b>	<b>21,300</b>
<b>Equity</b>		
Contributed equity	20,416	68,293
Accumulated losses	(2,198)	(46,993)
<b>Total equity</b>	<b>18,218</b>	<b>21,300</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Changes in Equity

	Contributed Equity \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>Balance as at 1 July 2010</b>	68,293	(46,590)	21,703
Profit for the half-year	-	1,661	1,661
<b>Total comprehensive income for the half year</b>	-	1,661	1,661
<b>Transactions with owners as in their capacity as owners:</b>			
Dividends paid	-	(792)	(792)
<b>Total transactions with owners as in their capacity as owners:</b>	-	(792)	(792)
<b>Balance as at 31 December 2010</b>	<b>68,293</b>	<b>(45,721)</b>	<b>22,572</b>
<b>Balance as at 1 July 2011</b>	68,293	(46,993)	21,300
Loss for the half-year	-	(2,488)	(2,488)
<b>Total comprehensive income for the half year</b>	-	(2,488)	(2,488)
<b>Transactions with owners as in their capacity as owners:</b>			
Dividends paid	-	(594)	(594)
Reduction of capital under s258F of the Corporations Act 2001	(47,877)	47,877	-
<b>Total transactions with owners as in their capacity as owners:</b>	(47,877)	47,283	(594)
<b>Balance as at 31 December 2011</b>	<b>20,416</b>	<b>(2,198)</b>	<b>18,218</b>

The accompanying notes form part of these financial statements.



## Condensed Statement of Cash Flows

	Half-year ended	
	31 December	31 December
	2011	2010
Notes	\$'000	\$'000
<b><i>Cash flows from operating activities</i></b>		
Payments to suppliers and employees	(458)	(230)
Dividends received	507	636
Interest received	42	19
<b>Net cash inflow provided by operating activities</b>	<b>91</b>	<b>425</b>
<b><i>Cash flows from investing activities</i></b>		
Proceeds from sale of investments	3,149	3,195
Payments for investments	(2,311)	(3,267)
Transactions with associate	906	803
<b>Net cash inflow provided by investing activities</b>	<b>1,744</b>	<b>731</b>
<b><i>Cash flows from financing activities</i></b>		
Dividends paid	(594)	(792)
<b>Net cash outflow used in financing activities</b>	<b>(594)</b>	<b>(792)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,241</b>	<b>364</b>
Cash and cash equivalents at the beginning of the half-year	1,062	590
<b>Cash and cash equivalents at end of the half-year</b>	<b>2,303</b>	<b>954</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### 1 Basis of preparation of the half-year financial report

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Contango Capital Partners Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

#### (a) Basis of preparation

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year 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.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2011 and the corresponding half-year.

#### (b) Rounding amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### 2 Segment information

The Company has one reportable segment which operates solely in the business of investment management within Australia. Consequently, no separate segment reporting disclosures are provided in the Company's financial statements.

### 3 Equity

During the half-year the Company reduced the contributed capital by the amount of \$47,877,206 (2010: nil) that had been lost (ie shareholder equity not represented by available net assets) in accordance with Section 258F of the *Corporations Act 2001*. There were no equity securities cancelled as a result of this reduction and there was no other equity activity during the half-year (2010: nil). As at 31 December 2011, the number of ordinary shares on issue was 19,802,414 (2010: 19,802,414).

On 20 September 2011, the Company received notification from Contango MicroCap Limited (ASX code "CTN"), that CTN was intending to make an off-market takeover offer for all of the CCQ ordinary shares that CTN did not already own for cash consideration of \$0.90 per CCQ share. At that date, CTN owned 13.4% of CCQ. CTN had acquired a majority position (50.35%) by 16 November 2011 and it had a 73.2% interest in CCQ at the end of December 2011. As at the date of this report CTN held 74.8% of CCQ's issued shares.

The takeover offer by CTN closed on 20 February 2012.

#### 4 Dividends

	Half-year ended	
	31 December 2011	31 December 2010
	\$'000	\$'000
Dividends paid during the half-year:		
Ordinary shares – 3 cents per share fully franked (2010: 4 cents)	594	792

#### 5 Significant items

	Half-year ended	
	31 December 2011	31 December 2010
	\$'000	\$'000
(i) Other income		
Gain/(loss) on investments	(2,551)	1,126
Share of profit from investment in associate	184	314
	<u>(2,367)</u>	<u>1,440</u>
(ii) Expenses		
Management fees	82	97
Other expenses	476	210
	<u>558</u>	<u>307</u>
(iii) Fees paid to the Manager		
Contango Asset Management Limited (CAML), the Manager, is an associate of the company for accounting purposes and underlying transactions with CAML are eliminated to the extent of the Company's interest in CAML. The amount for the half-year was \$81,891 (2010: \$96,919)		
Total fees paid to the Manager	164	194
Less: Effect of elimination entry	(82)	(97)
Management fees expensed for accounting purposes	<u>82</u>	<u>97</u>

#### 6 Events occurring after balance date

On 20 January 2012, Contango MicroCap Limited (CTN) announced a final extension of its takeover bid for the company which closed on 20 February 2012 with CTN holding a 74.8% stake in CCQ.

On 9 February 2012, the company announced that it was not declaring an interim dividend for year ended 30 June 2012 and had suspended its dividend policy due to insufficient profitability.

There have been no other events subsequent to the end of the half-year specific to the company of which the Directors are aware which had a material effect on the Company or its financial position.

## **7 Commitments**

### **Investment Management Agreement**

The company has entered into a management agreement with Contango Asset Management Limited the Manager for a period of 10 years from 3 April 2007.

## **8 Contingent liabilities**

The company has no contingent liabilities as at 31 December 2011 (2010: nil).

## Directors' Declaration

The directors declare that the financial statements and notes set out on pages 5 to 10 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the company as at 31 December 2011 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Contango Capital Partners 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.



William J Beerworth  
Chairman  
27 February 2012



**CONTANGO CAPITAL PARTNERS LIMITED  
ABN 52 124 184 765**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
CONTANGO CAPITAL PARTNERS LIMITED**

We have reviewed the accompanying half-year financial report of Contango Capital Partners Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 company's financial position as at 31 December 2011 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 Contango Capital Partners Limited, 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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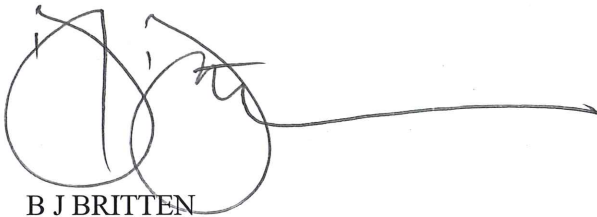
**CONTANGO CAPITAL PARTNERS LIMITED**  
**ABN 52 124 184 765**

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE MEMBERS OF**  
**CONTANGO CAPITAL PARTNERS LIMITED**

*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 Capital Partners Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



B J BRITTEN

Partner

27 February 2012



PITCHER PARTNERS

Melbourne