Contango.
Asset Management

Contango Asset Management Limited
and Controlled Entities
ACN: 080 277 998

Annual Report
2018-2019

Letter from the Chairman

Dear Shareholder,

Welcome to the 2019 Contango Asset Management Limited Annual Report.

FY19 was a significant year for the Company, and it is with great pleasure we deliver our results to you.

In September 2018, the Company was pleased to announce the completion of the Switzer Asset Management Limited (SAM) transaction where it acquired the remaining 53.75% in SAM making it a wholly owned subsidiary of the Group.

Throughout the year, the Company continued to successfully execute its strategy to transition away from product manufacturer to being a marketing and distribution platform. As a result, the Company's focus has moved away from institutional and wholesale mandates, to the distribution of products to retail clients, including via SAM.

The Company's cost structure continued to be a key area of focus and the changes implemented to streamline the operating structure in support of the new business model resulted in material savings across key expense lines.

The Company continued to meet its growth objectives through the development of a suite of products through SAM, for the self-directed and independent financial advisory segments. As part of this strategy we announced a new exchange traded product, the WCM Quality Global Growth Fund, which started trading in September 2018, a new unlisted unit trust, WCM Quality Global Growth and the launch of the WCM International Small Cap Growth Fund.

During the year a significant contributor to the growth in Funds Under Management (FUM) was the successful exercise, and partial underwriting of WCM Global Growth Limited's (WQG) listed options which expired on 24 June 2019.

The important components to success for the Company relate to the marketing and distribution of our retail product set, along with retaining and attracting key personnel. During the year the Company continued to invest in its business development team to help drive its FUM growth.

The restructure and new growth plan has been made possible by the drive and energy of the Company's Chief Executive Officer, Mr Martin Switzer, and his management team. To achieve all of this in such a short period of time is a great achievement. I'm very much looking forward to building on the success the Company has had in FY19 and continuing the growth trajectory into FY20.

I would also like to thank my fellow Directors for their diligent oversight during this period of transition and our loyal shareholders for supporting our vision.

Yours Sincerely,

Roger Amos
Chairman

Roger Amos

Chairman
Contango Asset Management Limited

Managing Directors' Report

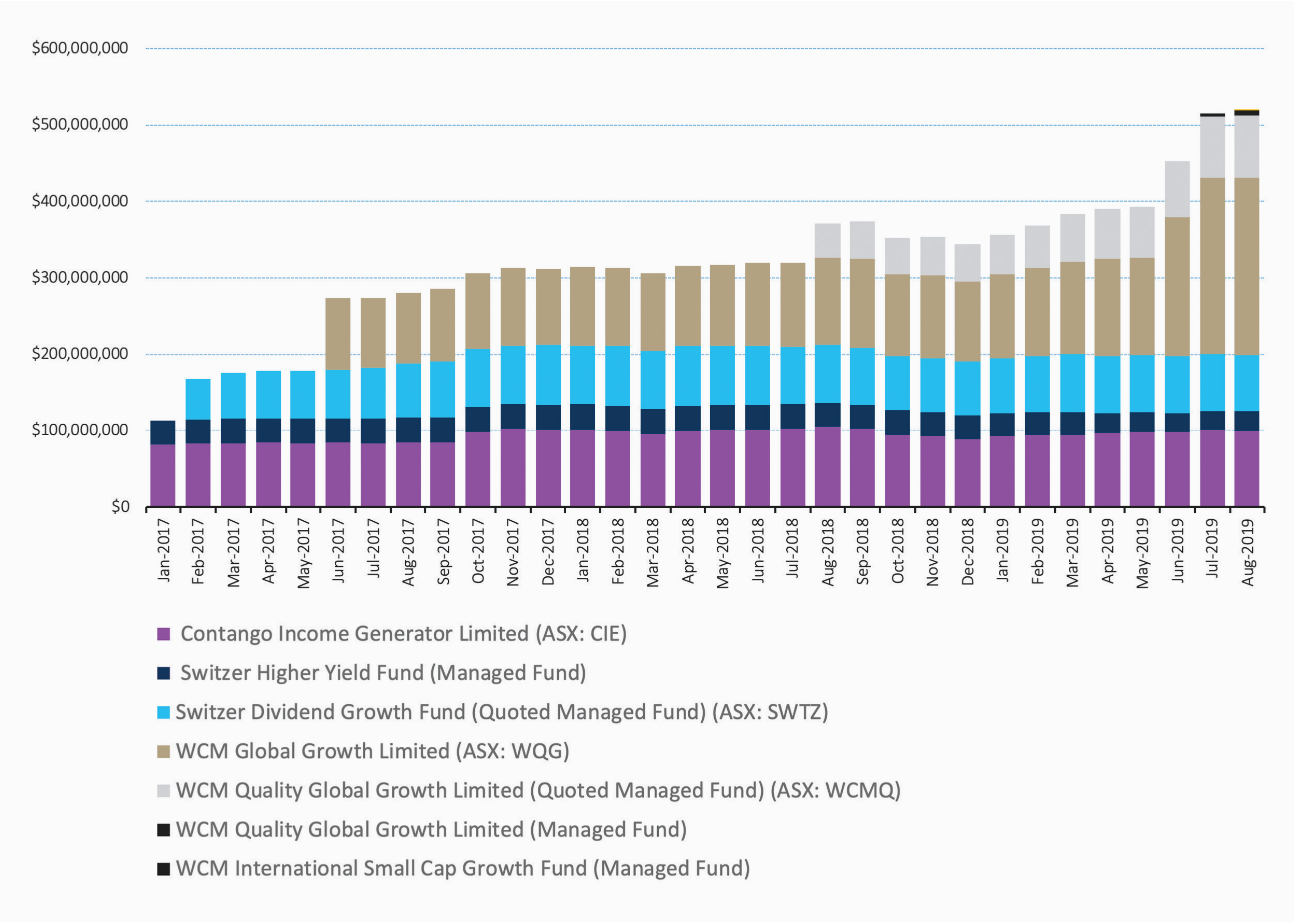
Dear Shareholder,

The 2019 financial year (**FY2019**) was one of transition, progression and growth for Contango Asset Management Limited (**CGA** or the **Company**). The business completed its shift from a product manufacturer to a marketing and distribution platform targeting the self-directed and independent financial advisory channels of the $2 trillion Australian superannuation industry. The successful repositioning has resulted in a new operating model, a significant reduction in costs and a material growth in funds under management (**FUM**).

Growth in Contango's Retail Business

The year saw significant growth in FUM following the launch of the WCM Quality Global Growth exchange traded managed fund and the successful exercise and partial underwriting of the listed options in WCM Global Growth Limited (**WQG**). As at 31 August 2019, Contango's FUM was over 520 million.

Since 1 January 2017, CGA has seen new retail FUM growth of more than $400 million. Growth was initially achieved primarily through the launch of the Switzer Asset Management (**SAM**) joint venture in 2017 and the establishment of an exclusive distribution agreement with global equities fund manager WCM Investment Management (**WCM**).



Acquisition of Switzer Asset Management

One of the key events over reporting period was the acquisition of the remaining 53.75% interest in SAM for an all-scrip consideration. The acquisition was strategically important for CGA as it closely aligned the distribution, marketing, investment expertise, portfolio management and operational experience of both CGA and Switzer Financial Group (**SFG**).

The acquisition and cementing of our relationship with SFG provided a number of advantages to CGA including:

- acquiring a retail licence, enabling the launch of three retail-backed investment funds;
- extending our ability to use the Switzer name, a well-recognised and respected brand in the retail investment market;
- increasing CGA's financial interest in the most rapidly expanding part of its business and SAM's pipeline of new funds; and
- access to a media platform of direct investors.

The acquisition was a key initiative in order to reposition our operating model, accelerate growth in funds under management and achieve our strategic objectives.

WCM Investment Management

Another key focus for the business in FY2019 was to build the leading WCM global equities brand in Australia in the direct and financial advisory markets.

WCM is a top quartile global and international equities specialist with total FUM of over A$57 billion. Based in Laguna Beach, California, WCM's investment process is based on the belief that **corporate culture** is the biggest influence on a company's ability to grow its competitive advantage or 'moat'. This investment process has resulted in WCM's Quality Global Growth strategy outperforming the MSCI World Index by 5.9% per annum over more than a decade.

Since partnering with Contango in June 2017, WCM now has approximately $320m in retail FUM in Australia.

Launch of WCM Exchange Traded Managed Fund

Following the successful IPO of WQG in June 2017, the Company launched the WCM Quality Global Growth Exchanged Traded managed fund (**WCMQ**) through SAM in September 2018. WCMQ now has FUM of approximately $83 million, an increase of more than 85% since its initial listing. The fund has been well received in the direct and independent financial adviser channels and has strengthened our relationship with WCM.

Contango has an exclusive arrangement with WCM to distribute its WCM Quality Global Growth Strategy in Australia via a listed investment company (being WQG), an exchange-traded managed fund (being WCMQ) and the recently launched retail managed fund, WCM Quality Global Growth Managed Fund (**WCMM**).

The evolution of the relationship with WCM is consistent with our strategic direction of aligning with high quality fund managers to help them access the Australian retail market.

WCM Options Exercise and Partial Underwriting

The month of June 2019 was one of the most significant for our business with the successful exercise and partial underwriting of the majority of the listed options in WWQ. The successful issue resulted in additional capital being raised of approximately $96 million, increasing the market capitalisation of the listed investment company to around $230 million. In line with industry best practice, all fees pursuant to the underwriting were paid for by Contango.

We were delighted with the large percentage of WQG shareholders who supported the Company by exercising their options and the high level of interest we received from new investors. We believe that the success of the issue will further enhance WQG's position in the market by:

- significantly expanding its scale and improving the liquidity of its shares, both of which should reduce the present share price discount to net tangible assets per share (**NTA**);
- increasing the breadth and depth of WQG's shareholder base through the introduction of a number of leading financial planning groups and high net worth investors;
- lowering WQG's fixed operating costs per share;
- increasing the relevance of WQG in the market; and
- enhancing the profile of WCM among Australian investors.

The strong participation from WQG option holders, together with support from a broad range of intermediaries and sophisticated investors in the underwriting, demonstrate Contango's growing distribution capability.

Marty Switzer
CEO and Managing Director
Contango Asset Management Limited

Marty Switzer

CEO and Managing Director
Contango Asset Management Limited

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2019

Contango Asset Management Limited
and Controlled Entities
ACN: 080 277 998

Contents

Corporate Governance Statement

The Board and management of Contango Asset Management Limited ('The Company') are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

The Corporate Governance Statement is accurate and up to date as at 26 August 2019 and has been approved by the Board.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement is available for review on the Company's website (www.contango.com.au) and will be lodged together with an Appendix 4G at the same time that the Company's Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (www.contango.com.au).

Directors’ Report

The Directors of Contango Asset Management Limited (the ‘Company’) present the financial report for the Company and its controlled entities (‘the Group’) for the financial year ended 30 June 2019.

1. General Information

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

ROGER AMOS
Non-Executive Chairman

CHARLES AITKEN
Non-Executive Director

MARTIN SWITZER
Executive Director

PATRICIA TOH
Non-Executive Director
(Resigned 12 November 2018)

NERIDA CAMPBELL
Non-Executive Director
(Appointed 17 August 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on Directors

The skills, experience and expertise of each person who is a Director of the Company during the financial year is provided below, together with details of the Company Secretary.

Roger Amos

FCA, FAICD
Non-Executive Chairman

Roger was appointed to the Board of Contango Asset Management Limited in June 2007 and became Chairman six months later. He was a director until May 2012 of Austar United Communications Limited. Roger previously had a long and distinguished career with the international accounting firm KPMG, retiring in June 2006 after 25 years as a partner.

SPECIAL RESPONSIBILITIES:
Chairman

OTHER CURRENT DIRECTORSHIPS:
Roger is an independent director of REA Group Limited, 3P Learning Limited and HT & E Limited.

Charles Aitken

Non-Executive Director

Charles is Chief Executive Officer and Chief Investment Officer of Aitken Investment Management Pty Ltd. He has more than 24 years of equity and futures market experience. He is an expert contributor to the Switzer Super Report, and previously to Alan Kohler's Eureka Report. He appears frequently on Australian and global financial media as an expert on Australian equities and global macroeconomic strategy.

Charles has previously been a Director and head of Sydney Sales Trading for Citigroup (Australia), Executive Director and Partner of Southern Cross Equities Ltd and Executive Director and Board member of ASX listed Bell Financial Group Limited.

SPECIAL RESPONSIBILITIES:
Chair of Remuneration and Nominations Committee

OTHER CURRENT DIRECTORSHIPS:
None

Martin Switzer

B. Econ (Hons)
Chief Executive Officer and Managing Director

Martin is Chief Executive Officer of Contango Asset Management Limited (CAML), the parent entity of the Investment Manager, and has held this position since 27 October 2017. Prior to that he was a director of CAML and held that position since 25 August 2016. He is also a director of Switzer Asset Management Limited (since 30 December 2015) and a director of WCM Global Growth Limited (since 9 February 2017).

Before his appointment as Chief Executive Officer of CAML, Martin was previously the Chief Operating Officer of Switzer Financial Group, a content and financial services business. He has been a host on the Sky News Business channel, as well as a consultant to the Australian Defence Force Financial Services Consumer Centre.

SPECIAL RESPONSIBILITIES:
Chief Executive Officer

OTHER CURRENT DIRECTORSHIPS:
Martin is currently a director of WCM Global Growth Limited and Contango Income Generator Limited

Nerida Campbell

B.Bus, CA, FINSIA, GAICD
Non-Executive Director (Appointed 17 August 2018)

Nerida was appointed to the board on 17 August 2018 following a 25-year career in the financial services industry. Most recently she acted as the Chief Operating Officer of Magellan Financial Group Limited, having also held the roles of Chief Financial Officer and Company Secretary. Prior to this, Nerida was the CFO of UBS AG Australia, and had roles at ABN Amro Australia Limited, Bankers Trust Australia Limited and Ernst and Whinney. She was also a member of the ASX Disciplinary Tribunal Panel.

SPECIAL RESPONSIBILITIES:
Chair of Risk and Compliance Committee

OTHER CURRENT DIRECTORSHIPS:
None

Patricia Toh

B. Com, LLB
Non-Executive Director (Resigned 12 November 2018)

Patricia has had 15 years of investment banking and private equity experience. Patricia has previously held positions with Goldman Sachs, Macquarie Capital and GEMS Private Equity. Most recently Patricia was the Group Head of Strategy at Consolidated Press Holdings. Through this role, she was involved in CPH's portfolio company Boards, general oversight of assets under management, assessing investment opportunities, and establishing the Hong Kong office.

SPECIAL RESPONSIBILITIES:
Former Chair of Risk and Compliance Committee
(resigned 12 November 2018)

OTHER CURRENT DIRECTORSHIPS:
None

Company Secretary

The following persons held the position of Company Secretary during the financial year:

HARI MORFIS
Resigned 22 November 2018

JONATHAN SWAIN
Appointed 22 November 2018 and resigned 13 March 2019

ANTHONY RULE
Appointed 13 March 2019

Anthony Rule

Appointed 13 March 2019

Anthony has over 16 years' experience in the financial services industry. During this time, he has held senior finance roles across both the publicly listed and private sectors including the Commonwealth Bank of Australia and most recently at Hunter Hall International where he held the role of Head of Finance and Operations. Anthony is also Company Secretary of ASX listed entities WCM Global Growth Limited and Contango Income Generator Limited.

Anthony holds a Bachelor of Business & Commerce, is a member of CPA Australia and a fellow of the Governance Institute of Australia.

2. Principal Activities

The principal activity of the Group was the provision of funds management services to retail and wholesale clients.

3. Business model, strategy and outlook

Strategy and Business Model

The Group successfully executed its strategy to transition away from product manufacturer to being a marketing and distribution platform. The Group's focus is on growing its listed investment companies, WCM Global Growth Limited (ASX code: WQG) and Contango Income Generator Limited (ASX code: CIE), and marketing and distributing its unlisted and exchange traded managed funds to retail clients through wholly owned subsidiary Switzer Asset Management Limited (SAM). Under its new business model, the Group aims to achieve sustainable profitability by increasing funds under management and building operational scale.

On 13 September 2018, the Company acquired for the consideration of 7,166,667 of its shares the remaining 53.75% interest in SAM making it a wholly owned subsidiary. The acquisition more closely aligned the distribution, marketing, investment expertise, portfolio management and operational experience of the Group and Switzer Financial Group (SFG). An injection of working capital into SAM supported an acceleration of the Group's retail client growth strategy facilitating the launch of new retail funds such as the WCM Quality Global Growth Fund (WCMQ). The Group has also obtained through the full acquisition of SAM:

- control of a boutique retail licensed investment manager and responsible entity,
- use of the respected Switzer name,
- access to an extensive retail and independent financial adviser (IFA) network, and
- access to a network of over 300,000 direct investors leveraged through a unique multi-media platform.

4. Review of Financial Results and Operations

The Group's total revenue for the year was $7,346,000 (30 June 2018: $13,036,000). The Group's net loss after tax for the year was $5,209,000 (30 June 2018: net profit after tax $3,462,000).

The Group's investment management, services and performance fees for the year ended 30 June 2019 totalled $3.11 million (year ended 30 June 2018: $3.48 million). Total fees were approximately 10% lower than the prior year as fees from institutional mandates terminated during 2018 were replaced with fee revenue from the Group's new and growing retail funds. The Group's revenues in prior year included $9.51 million from the assignment of an investment mandate, while in the current year the acquisition of SAM resulted in a gain on revaluation of $3.79 million.

Cost control continued to be a key focus of management during the year. The changes implemented to streamline the operating structure in support of the new business model resulted in savings of $2.4 million across key expense lines – employee benefits, professional services, operations, and corporate and administrative.

The net assets of the Group have decreased by $608,000 to $10,905,000 as at 30 June 2019 (2018: $11,513,000).

The Group's funds under management (FUM) grew to $455.9 million at 30 June 2019 (30 June 2018: $319.3 million) with solid net fund inflows during the year of $106.1 million.

A significant contributor to the growth in FUM was the successful options exercise, and partial underwriting of the options shortfall, of WCM Global Growth Limited's (WQG) listed options which expired on 24 June 2019. Under the underwriting agreement for the options shortfall, the Group reimbursed WQG for the costs associated with the underwriting of approximately $1.2 million. The options exercise resulted in additional capital being raised of $96 million, increasing the market capitalisation of WQG to $230 million at 31 July 2019.

Further leveraging its strong relationship with WCM, a California based investment manager specialising in global and emerging market equities, the Group established two retail funds during the year:

- WCM Quality Growth Fund (ASX code: WCMQ) an open-ended exchange traded managed fund which launched on 3 September 2018 and with FUM of $73.2 million at 30 June 2019, and
- WCM Quality Global Growth Managed Fund (WCMM) which launched on 17 June 2019.

In June 2019 the Group cancelled its existing employee share plans as these were considered no longer effective as a reward to employees under the new business model. The 1,796,210 fully paid ordinary shares issued under the plans were bought back for nil cash consideration and cancelled. The Group's proposed new variable incentive plan will align short- and long-term incentives earned by employees with the Group's operational targets and the creation of shareholder wealth. Variable incentives are determined at the discretion of the Board on recommendation by the Remuneration and Nomination Committee.

The Group continues to manage its capital with the objective to safeguard the ability to continue as a going concern. At 30 June 2019 the Group has a receivable of $4.4m (discounted) relating to the assignment of an investment mandate to CTN NAOS Asset Management Limited that is payable in annual instalments over the next three years. While the Group is incurring net cash outflows from operations and has historical accumulated losses, the intention is to strengthen its cash position through debt or equity funding sources where needed. There are also regulatory capital requirements of the wholly owned subsidiary, SAM which the Group considers in its overall capital requirements. Liquidity management continues to be an area of focus for the Group to ensure enough cash reserves to support the operational side of the business and facilitate the forecasted growth of the business going forward.

Future results will largely depend on the Group's ability to grow and retain FUM. This will be supported by the Company's continued commitment to invest in the growth of the business in a prudent manner, while continuing its focus on cost control with the objective to continue to make efficient savings where appropriate in the 2020 financial year. As at 31 July 2019, the Group's FUM was $520.7 million, continuing the growth trajectory from the 2019 financial year.

5. Significant changes in state of affairs

Other than stated above in the Operational Review there were no other significant changes in the state of affairs of the Group during the financial year.

6. Events after the reporting date

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affect or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

7. Dividends paid or recommended

No dividends were paid or provided for during the financial year and no dividend is recommended in respect of the year (2018: $nil).

8. Future developments and results

The Group intends to continue to consolidate and grow its position in the funds management sector and expected results of operations in future financial years are likely, in the short term, to reflect the Group's life cycle status as it funds the growth phase of its operations. There are no other likely developments which have not been included in this report.

9. Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

10. Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the number of meetings attended by each director are:

	Directors' Meetings		Audit and Risk Committee		Remuneration and Nomination- Committee	
	Attended	Held	Attended	Held	Attended	Held
Roger Amos	16	16	7	7	3	3
Charles Aitken	13	16	5	7	3	3
Martin Switzer	15	15	5	7	3	3
Patricia Toh[1]	8	8	2	2	1	1
Nerida Campbell[2]	13	13	6	6	3	3

[1] Patricia Toh resigned as Non-Executive Director 12 November 2018

[2] Nerida Campbell appointed as Non-Executive Director 17 August 2018

Held: represents the number of meetings held during the time the Director held office and which the Director was eligible to attend.

11. Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors, the Company secretaries, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, costs and charges, as such disclosure is prohibited under the terms of the contract. To the extent permitted by law and professional regulations, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of their engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made by the Company to Ernst & Young in this respect during or since the financial year ended 30 June 2019.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

12. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all of those proceedings.

13. Non-audit services

Details of the amounts paid or payable to the auditor for non audit services provided during the financial year by the auditor are outlined in Note 30 to the financial statements.

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed in Note 30 did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

14. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 12 of the financial report.

15. Rounding of amounts

The Company has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded off to the nearest thousand dollars (unless otherwise stated).

16. Options

The number of options on issue at year end are 345,000. Details of the options are set out at Note 20(a).

Remuneration Report (Audited)

The Remuneration Report for the year ended 30 June 2019 outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this Report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director of the parent company.

Remuneration policy

The Remuneration and Nomination Committee of the Board of Directors assists the Board to ensure that the Group:

- has a board of directors with the appropriate skills and experience to undertake its duties and responsibilities; and
- adopts appropriate remuneration policies and procedures which are designed to meet the needs of the Group and to enhance individual employee and corporate performance.

Non-executive Directors Remuneration

On appointment to the Board, all non executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. The Remuneration and Nomination Committee sets the framework for non-executive director remuneration; after having sought advice from external advisors in relation to market trends for non-executive director remuneration.

Non-executive directors receive a fixed annual fee inclusive of compulsory superannuation contributions. They do not receive bonuses or incentive payments. The maximum annual aggregate total remuneration for non-executive directors is $350,000 which was approved by shareholders at the annual general meeting held on 29 November 2004.

Executive Remuneration

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on the Group's executive and employee remuneration and incentive policies. The Group aims to reward its executives and employees based on their position and responsibility through a combination of fixed and variable components of remuneration.

- All executives and employees receive a salary package comprising a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and may also be eligible to receive performance incentives.
- Short term incentives may be paid each year to executives and employees as a reward for the achievement of annual performance objectives.
- Performance incentives paid as share based payments in the form of options or rights are intended to align the interests of executives with those of the Group's shareholders.

The Remuneration and Nomination Committee reviews executive salary packages annually by reference to the Group's performance, the individual executive's performance and comparable industry sector remuneration information.

Voting and comments made at the Company's 2018 Annual General Meeting (AGM)

At the 2018 AGM, the Company's Remuneration Report received a 'no' vote of 66.6% on a resolution that the remuneration report be adopted (out of 26.7% of shareholders that voted on the report). This constituted a 'first strike' under the *Corporations Act 2011*. As a result of these votes the Board reviewed the Group's cost base and the remuneration and incentive policies for KMP. The Group has exercised strong cost control during the year, significantly reducing its operational cost base by approximately 25%.

In June 2019, the Group cancelled its existing employee share plans as these were considered no longer effective as a reward to employees under the new business model. The 1,796,210 fully paid ordinary shares issued under the plans were bought back for nil cash consideration and cancelled. The Group's proposed new variable incentive plan will align short- and long-term incentives earned by employees with the Group's operational targets and the creation of shareholder wealth.

The following table of benefits and payment details represents the components of the current year and comparative year remuneration expense for each member of the KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of benefits and payments

		Short-term benefits			Post-employment		Long-term benefits		
Member	Year	Cash Salary & Fees $	Bonus $	Non Monetary $	Superannuation $	Other $	Long Service Leave $	Share based payments $	Total Remuneration $
Directors									
Roger Amos	2019	90,000	–	–	8,550	–	–	–	98,550
	2018	90,000	–	–	8,550	–	–	–	98,550
Charles Aitken	2019	50,000	–	–	4,750	–	–	–	54,750
	2018	50,000	–	–	4,750	–	–	–	54,750
Martin Switzer	2019	440,316	–	–	20,531	–	1,430	–	462,277
	2018	283,300	–	–	14,949	–	412	–	298,661
Patricia Toh[1]	2019	18,315	–	–	1,740	–	–	–	20,055
	2018	50,000	–	–	4,750	–	–	–	54,750
Nerida Campbell[2]	2019	43,727	–	–	4,154	–	–	–	47,881
	2018	–	–	–	–	–	–	–	–
George Boubouras[3]	2019	–	–	–	–	–	–	–	–
	2018	373,986	–	–	20,048	100,000[4]	–	–	494,034
Total	2019	642,358	–	–	39,725	–	1,430	–	683,513
	2018	847,286	–	–	53,047	100,000	412	–	1,000,745

[1] Resigned on 12 November 2018
[2] Appointed on 17 August 2018
[3] Resigned on 27 October 2017
[4] Termination ex-gratia payment

Securities received that are not performance related

No members of the KMP of the Group are entitled to receive securities which are not performance based linked as part of their remuneration package.

Description of shares issued as remuneration

There were no shares issued as remuneration to KMP during the year.

All options that were issued by the Company, entitle the holder to ordinary shares in Contango Asset Management Limited and Controlled Entities once exercised. There were no options held by/issued to KMP/directors during the year or held in prior year.

There were no loans advanced to KMP/directors during the current or prior year.

Key management personnel shareholdings

The number of ordinary shares in the Company held by each key management person of the Group during the financial year is as follows:

	Opening Balance 1 July 2018	Net Acquisitions/ (Disposals)	Other changes	Closing Balance 30 June 2019
Directors				
Roger Amos	107,227	44,000	–	151,227
Charles Aitken	211,319	–	–	211,319
Martin Switzer**	838,469	6,219,668	–	7,058,137
Patricia Toh	100,000	–	(100,000)*	–
Nerida Campbell	–	35,000	–	35,000
	1,257,015	6,298,668	(100,000)	7,455,683

*Patricia Toh resigned as a Director on 12 November 2018 and is no longer a KMP at 30 June 2019.

**6,166,668 shares were acquired by a related party of the director as a result of the Company's acquisition of the remaining 53.75% interest in SAM. A further 53,000 shares were acquired by another related party of the director during the year.

Unitholdings in Contango Funds:

	Opening Balance 1 July 2018	Net Acquisitions/ (Disposals)	Closing Balance 30 June 2019
WCM Global Growth Ltd			
Martin Switzer	5,000	5,000	10,000
WCM Quality Global Growth Fund			
Nerida Campbell	–	5,000	5,000
	5,000	10,000	15,000

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:

Roger Amos
Chairman

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
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Fax: +61 3 8650 7777
ey.com/au

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

As lead auditor for the audit of the financial report of Contango Asset Management Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
26 August 2019

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue			
Investment management fees	2(a)	2,543	2,665
Performance fee	2(a)	28	–
Service fees	2(a)	542	813
Interest income		38	52
Gain on revaluation of SAM in step acquisition	24	3,792	–
Effective interest income on NAML receivable		394	–
Gain on assignment of CTN investment mandate	2(b)	–	9,506
Other income		9	–
Total revenue		7,346	13,036
Expenses			
Employee benefits expense		2,959	4,301
Professional services expense		812	940
Operations expense		763	847
Corporate and administrative expenses	3(a)	2,514	3,340
Share of loss of SAM	8	308	39
Depreciation and amortisation expense	3(b)	13	287
Impairment loss on goodwill	10(a)	3,830	676
Fair value adjustment – subordinated loans to SAM	25(a)	133	–
Finance costs		52	8
Underwriting fees		1,171	–
Total expenses		12,555	10,438
Net (loss)/ profit before income tax		(5,209)	2,598
Income tax credit	4	–	864
Net (loss) / profit after income tax		(5,209)	3,462
Other comprehensive (loss) / profit, net of income tax			
Other comprehensive income		–	–
Total comprehensive (loss) / income attributable to members of the Company		(5,209)	3,462

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the Year Ended 30 June 2019

	Note	**2019 $'000**	2018 $'000
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	19	**(10.95)**	8.8
Diluted earnings per share (cents)	19	**(10.95)**	8.3

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,442	5,416
Trade and other receivables	6	2,273	2,147
Other assets	7	153	221
Total current assets		6,868	7,784
Non-Current assets			
Trade and other receivables	6	2,955	4,221
Investment in SAM	8	–	308
Other financial assets	9	74	604
Goodwill and intangible assets	10	4,806	–
Property, plant and equipment		15	13
Total non-current assets		7,850	5,146
Totals assets		14,718	12,930
LIABILITIES			
Current Liabilities			
Trade and other payables	11	3,077	1,270
Provisions	13	234	147
Total current liabilities		3,311	1,417
Non-Current Liabilities			
Borrowings	12	502	–
Total non-current liabilities		502	–
Total Liabilities		3,813	1,417
NET ASSETS		10,905	11,513
EQUITY			
Issued capital	15	149,839	145,431
Reserves	16	–	135
Accumulated losses	17	(138,934)	(134,053)
Total Equity		10,905	11,513

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

2018	Issued Capital $'000	Share Option Reserve $'000	Accumulated Losses $'000	Total $'000
Equity - Balance at 1 July 2017	140,777	267	(137,515)	3,529
Profit for the year	–	–	3,462	3,462
Total comprehensive income for the year	–	–	3,462	3,462
Transactions with owners in their capacity as owners				
Share-based payments (employee share plans)	–	(132)	–	(132)
Issue of share capital, net of transaction costs	4,654	–	–	4,654
Balance at 30 June 2018	145,431	135	(134,053)	11,513

2019	**Issued Capital $'000**	**Share Option Reserve $'000**	**Accumulated Losses $'000**	**Total $'000**
Equity - Balance at 1 July 2018	145,431	135	(134,053)	11,513
Loss for the year	–	–	(5,209)	(5,209)
Total comprehensive loss for the year	–	–	(5,209)	(5,209)
Transactions with owners in their capacity as owners				
Share-based payments (employee share plans)	–	193	–	193
Transfers between equity	–	(328)	328	–
Issue of share capital, net of transaction costs	4,408	–	–	4,408
Balance at 30 June 2019	149,839	–	(138,934)	10,905

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		4,960	4,665
Payments to suppliers and employees		(6,464)	(9,758)
Interest received		38	52
Finance costs paid		(2)	(18)
Income tax refund		341	–
Net cash outflow from operating activities	31(a)	(1,127)	(5,059)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from assignment of CTN mandate		–	5,860
Purchase of property, plant and equipment		(15)	(8)
Cash acquired on acquisition of SAM		1,004	–
Subordinated loan (to)/from SAM		(836)	(100)
Net cash inflow from investing activities		153	5,752
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of new shares		–	5,000
Payment for transaction costs to issue new shares		–	(346)
Repayment of borrowings	31(c)	–	(750)
Net cash inflow from financing activities		–	3,904
Net increase/(decrease) in cash and cash equivalents held		(974)	4,597
Cash and cash equivalents at beginning of year		5,416	819
Cash and cash equivalents at end of financial year	5	4,442	5,416

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

Note 1 Statement of Significant Accounting Policies

General Information

The consolidated financial statements 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 "Group"). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Contango Asset Management Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 August 2019.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on a going concern basis and under the historical cost convention except for the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The accounting policies have been consistently applied, unless otherwise stated.

New Standards adopted as at 1 July 2018

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became mandatorily effective on 1 July 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations.

The Group's adoption of AASB 15 has not had a material effect on the Group. The Group has changed its revenue accounting policies please refer to Note 1(l).

AASB 9 *Financial Instruments* replaces AASB 139 '*Financial Instruments: Recognition and Measurement*'. The new Standard makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Group's adoption of AASB 9 has not had a material effect on the Group. The Group has changed its financial instruments accounting policies please refer to Note 1(h).

Financial instrument as at 30/6/18	AASB 139 measurement	AASB 9 classification	Carrying amount as at 30/6/18 under AASB 139	Carrying amount as at 1/7/18 under AASB 9
Trade and other receivables	Amortised cost	Amortised cost	$627,000	$627,000
NAML receivable	Amortised cost	Amortised cost	$5,623,000	$5,623,000
Term deposits	Amortised cost	Amortised cost	$345,000	$345,000
Subordinated loans	Amortised cost	Amortised cost	$259,000	$259,000
Trade and other payables	Amortised cost	Amortised cost	$1,153,000	$1,153,000

(a) Current vs non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent company, Contango Asset Management Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(c) 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.

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 measurements 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.

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.

(d) Tax consolidation

Contango Asset Management Limited and its wholly owned subsidiaries are consolidated for tax purposes.

The Company and its wholly owned Australian subsidiaries have formed a tax consolidated group with effect from 1 July 2003. The head entity within the group is Contango Asset Management Limited

The members of the tax-consolidated group are identified in Note 23. Tax expense/credit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(e) Income Tax

The income tax expense (credit) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Property, plant and equipment

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

(g) 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 (2018: 3 years).

(h) Financial Instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions to the instrument.

Financial instruments (except trade and other receivables) are initially recognised at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain any significant financing component or if the practical expedient was applied as specified in AASB 15.63.

All financial assets and financial liabilities of the Group are subsequently measured at amortised cost.

i. Financial assets at amortised cost

All financial assets are subsequently classified and measured at amortised cost when both of the following criteria are met:

- the business model's objective is to hold the financial asset to collect contractual cash flows; and
- the contractual cash flows consist solely of payments of principal and interest.

Trade and other receivables with maturities of less than 12 months are initially recognised at their transaction price less lifetime expected losses and subsequently measured at amortised cost.

ii. Financial liabilities at amortised cost

A financial liability is subsequently measured at amortised cost or fair value through profit and loss. The Group has only financial liabilities at amortised cost using the effective interest rate method.

iii. Impairment of financial assets

Impairment of financial assets is recognised based on the lifetime expected credit loss which is determined when the credit risk on a financial asset has increased significantly since initial recognition. In order to determine whether there has been a significant increase in credit risk since initial recognition, the entity compares the risk of default as at the reporting date with risk of default as at initial recognition using reasonable and supportable data, unless the financial asset is determined to have a low credit risk at the reporting date.

For trade and other receivables, the simplified approach is used, which requires recognition of a loss allowance based on the lifetime expected credit losses. As a practical expedient, the Group uses a provision matrix based on historical information and adjusted for forward looking estimates in order to determine the lifetime expected credit losses.

Accounting policy for comparative period (30 June 2018)

INITIAL RECOGNITION AND MEASUREMENT:

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT:

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or at cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

IMPAIRMENT:

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

DERECOGNITION:

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) 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.

(j) Investment in associate

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 investe 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 associate are accounted for using the equity method.

Under the equity method, the investment in associate 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 associate since the acquisition date. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

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

(k) Impairment of assets

Goodwill and other assets that have an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 '*Impairment of Assets*'. The depreciable amount of intangible assets with a finite life is amortised over its useful life. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

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.

For the purposes of impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

(l) Revenue recognition

Revenue from contracts with customers is recognised so as to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled, in exchange for those goods or services.

Revenue is recognised in accordance with the following five-step process:

1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Investment management fees and service fees represent revenue from contracts with customers. Revenue arising from investment management contracts relates to performance obligations satisfied over time and as such revenue is recognised on progressive basis. An output method is used to recognise revenue from such contracts which involves reference to the amounts invoiced to the customer for the services rendered during the period. This is because management believes that the amounts invoiced directly reflect the value of output transferred to customer. In the case of amounts received in advance for services to be performed these are recognised as contract liabilities and are not reclassified to revenue until the performance obligation is satisfied.

Variable consideration may arise in some fund management contracts from performance fees. Performance fees may be earned where the funds' investment return after management fees exceeds the applicable benchmark. Performance fees are subject to a high-water mark, and a cap for each calculation period. An amount of the performance fees received are payable to the fund's investment manager. Variable consideration is estimated using either the expected value method or most likely amount method, as appropriate to the circumstances and recognised as revenue at the end of each reporting period until the contracts are settled.

Accounting policy applicable to comparative period (30 June 2018)

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.

(m) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated 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.

(n) Employee benefits

(i) Short term employee benefit obligations

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

(ii) Long term employee benefit obligations

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, periods of service and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) 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.

(p) Provisions

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

(q) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(r) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of an arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. There were no finance leases during the year.

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

(s) Share based payments

The Group provides 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 service 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 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.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group:

(i) Impairment of goodwill

Goodwill acquired in a business combination is tested for impairment at least annually and when there is an indication that there may be impairment. For the purposes of impairment testing, goodwill arising from the acquisition of Switzer Asset Management Limited (SAM) has been allocated to the Group's sole cash-generating unit, being its investment management business.

In assessing whether there may be an indication of impairment, the directors have compared the Group's carrying value of the cash generating unit with the recoverable amount, being the cash generating unit's fair value less costs to sell, using a percentage of funds under management ("FUM") approach.

The directors have reduced the carrying amount of goodwill arising from the acquisition of SAM to $4,806,000 and recognised an impairment loss of $3,830,000 (2018: Nil).

(v) Comparative Figures

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

(w) 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.

(x) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below. None of the other standards and interpretations materially impact the Group.

• AASB 16: *Leases* (effective 1 July 2019)

AASB 16 supersedes AASB 117: *Leases*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right to use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciation of right to use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The entity has leases for office space, photocopier and other office equipment. The directors have decided to apply the modified approach upon adoption and an assessment of the impact is summarised below:

Leased item	Impact at transition date 1 July 2019
Office space – Sydney	Lease term ends in less than 12 months so short term exemption can be applied, therefore no impact.
Office equipment	The equipment is low value so the low value exemption can be applied, therefore no impact.
Photocopier	Lease term ends in less than 12 months so short term exemption can be applied, therefore no impact.
Office space – Melbourne	The lease term expired in May 2019, therefore no impact.

Note 2 Revenue

	2019 $'000	2018 $'000
(a) Revenue from customer contracts		
Investment management fees	2,543	2,665
Performance fee	28	–
Service fees	542	813
Total revenue from customer contracts	3,113	3,478
(b) Gain on Assignment of CTN Investment Mandate		
Gain on assignment of CTN Investment mandate	–	9,506

In the prior year, the Group via its subsidiary Contango Funds Management Limited (CFML) entered into an agreement to assign its investment management mandate of Contango Microcap Limited (CTN) to NAOS Asset Management Limited (NAML).

The assignment of the CTN mandate was made for an aggregate consideration of $12.5 million, of which $2 million was paid to CFML upon execution of the contract in October 2017 with a further amount of $5.52 million received to date. The remaining amount receivable from NAML of $4.98 million will be received over a three-year period from 1 July 2019.

As a result of the transaction, the Group recognised a pre-tax gain of $9.506 million in the profit and loss for the year ended 30 June 2018. The net gain is the total consideration of $12.5 million less the carrying value of customer relationships transferred in the sale of $1.98 million, and less a discount of $1.02 million applied to the remaining amount that will be received over a three-year period.

Note 3(a) Corporate and Administrative Expenses

	2019 $'000	2018 $'000
Marketing and distribution expense	402	443
Audit fees	264	249
Director fees	248	273
Rental expense	150	359
Legal expenses	163	103
Accounting, acquisition and regulatory costs	316	542
IT, office and communication expense	107	264
Share-based payment expense (employee share plans)	193	(132)
Loyalty incentive costs	–	487
Loss on disposal of assets	–	155
Other expenses	671	597
Total corporate & administrative expenses	2,514	3,340

Note 3(b) Depreciation and Amortisation

		2019 $'000	2018 $'000
Depreciation – plant and equipment		13	58
Amortisation – customer relationships	10	–	229
Total depreciation and amortisation		13	287

Note 4 Income Tax Expense

	2019 $'000	2018 $'000
(a) The major components of tax expense comprise:		
Current tax	–	–
Derecognition of deferred tax liabilities	–	864
	–	864

The customer relationship intangible asset to which the deferred tax liabilities related were either sold, amortised or fully impaired to the profit or loss. This meant that the associated deferred tax liability was also effectively reversed in the prior year.

	2019 $'000	2018 $'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit/ (Loss) before income tax expense	(5,209)	2,598
Prima facie income tax (expense)/ benefit at the statutory rate of 27.5% (2018: 27.5%)	1,432	(714)
Effect of amounts which are non-deductible/ assessable in calculating taxable income		
– Non-allowable items	–	(346)
– Tax losses not recognised as deferred tax assets	(1,432)	–
– Recoupment of prior year losses not previously brought to account	–	1,924
Income (expense)/benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	–	864

(c) Unrecognised deferred tax asset

The amount of deductable temporary differences and unused tax losses for which no deferred tax asset has been recognised:

	2019 $'000	2018 $'000
Potential tax benefit at 27.5% (2018: 27.5%)	2,867	1,169

Deferred tax assets have not been recognised to the extent that it is not probable that taxable profit will be available against which the losses can be utilised.

Note 5 Cash and Cash Equivalents

	2019 $'000	2018 $'000
Cash at bank	4,442	5,416

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 6 Trade and Other Receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	704	263
Sundry debtors	17	187
Operating lease receivable	–	27
Other receivables	–	118
NAML receivable[1]	1,552	1,552
Total current trade and other receivables	2,273	2,147
Non-Current		
NAML receivable[1]	2,805	4,071
Other receivable	150	150
Total non-current trade and other receivables	2,955	4,221
Total trade and other receivables	5,228	6,388

[1] The NAML receivable relates to the deferred consideration payable by NAML to Contango Financial Management Limited (CFML), a controlled entity of the Group, over a three-year period in accordance with the conditions of the arrangement disclosed in Note 2. The NAML receivable has been measured at amortised cost using the effective interest method.

The ageing of trade receivables as at 30 June 2019 is less than 30 days (2018: less than 30 days). There are no trade receivables which are past due and impaired as at 30 June 2019 (2018: nil).

Note 7 Other Assets

	2019 $'000	2018 $'000
Current		
Prepayments	153	112
Accrued income	–	109
Total Other Assets	153	221

Note 8 Investment Accounted for using the Equity Method

(a) Information about Associates and Joint Ventures

Joint Venture	Principal place of business / Country of Incorporation	Percentage Interest (%) 2019	Percentage Interest (%) 2018
Switzer Asset Management Limited	Australia	100	46.25

On 13 September 2018 the Company's shareholders approved the acquisition of the remaining 53.75% interest in SAM making it a wholly owned subsidiary at year end, prior to acquisition SAM was equity accounted at contributed losses of $308,000 (2018: $39,000) to the Group. Please refer to Note 24 for further details.

(b) Information about Associates and Joint Ventures

	2018 $'000
Summarised Statement of Financial Position of Switzer Asset Management Limited:	
Current assets	866
Non-current assets	67
Current liabilities	(243)
Non-current liabilities	(519)
Equity	171
Group's share of equity	79

	2019 $'000	2018 $'000
Summarised Statement of Comprehensive Income of Switzer Asset Management Limited:		
Revenue	194	881
Administration expenses	(860)	(1,002)
Profit/(loss) before tax	(666)	(121)
Income tax expense	–	36
Profit/(loss) after tax	(666)	(85)
Total comprehensive loss for the period	(666)	(85)
Group's share of profit/(loss) for the period	(308)	(39)

(c) Reconciliation to Carrying Amounts

	2019 $'000	2018 $'000
Opening balance	308	347
Share of losses during the year	(308)	(39)
Closing balance	–	308

Note 9 Other Financial Assets

		2019 $'000	2018 $'000
Non-Current			
Other financial asset[1]		74	345
Loan to SAM	25(a)	–	259
		74	604

[1]Other financial assets are interest bearing deposits supporting bank guarantees for operating leases and are refunded upon termination of the lease contract.

Note 10 Goodwill and Intangible Assets

	2019 $'000	2018 $'000
Goodwill		
At cost	8,636	9,760
Accumulated impairment loss	(3,830)	(9,760)
	4,806	–
Customer Relationships		
At cost	–	1,867
Accumulated impairment loss	–	(1,867)
	–	–
Total Goodwill and Intangible Assets	4,806	–

(a) Movements in carrying amounts of goodwill and intangible assets

	Goodwill $'000	Customer Relationships $'000	Total $'000
Opening value at 1 July 2017	–	2,882	2,882
Disposal of asset	–	(1,977)	(1,977)
Amortisation charge	–	(229)	(229)
Impairment loss	–	(676)	(676)
Closing value at 30 June 2018	–	–	–
Opening value at 1 July 2018	–	–	–
Acquired through business combination/ acquisition of SAM (refer to Note 24)	8,636	–	8,636
Impairment loss	(3,830)	–	(3,830)
Closing value at 30 June 2019	4,806	–	4,806

(b) Impairment

Goodwill acquired in a business combination is tested for impairment at least annually and when there is an indication that there may be impairment. For the purposes of impairment testing, goodwill arising from the acquisition of SAM has been allocated to the Group's sole cash-generating unit, being its investment management business.

In assessing whether there may be an indication of impairment, the directors have compared the Group's carrying value of the cash generating unit with the recoverable amount, being the cash generating unit's fair value less costs to sell, using a percentage of funds under management (FUM) approach of between 2.75% and 3.25%. The directors consider the valuation for SAM provided in the Company's Explanatory Statement dated 14 August 2018 and accompanying Independent Experts Report to be the recoverable amount.

The directors have reduced the carrying amount of goodwill arising from the acquisition of SAM to $4,806,000 and recognised an impairment loss of $3,830,000 on 13 September 2018.

Note 11 Trade and Other Payables

	2019 $'000	2018 $'000
Current		
Trade payables	1,898	447
GST payable	186	43
Accrued expenses	936	758
Other payable	57	22
Total Trade and Other Payables	3,077	1,270

Refer to Note 21 for further information on financial risk management.

Note 12 Borrowings

	2019 $'000	2018 $'000
Non-Current		
Other unsecured loans	502	–
Total current borrowings	502	–

Summary of borrowing arrangements

Borrowings consisted of an unsecured loan repayable at a fixed interest rate of 12% per annum. The fixed interest rate has been re-negotiated and revised down to 8% per annum, effective from August 2019.

Note 13 Provisions

	2019 $'000	2018 $'000
Current		
Annual leave	176	113
Long service leave	58	34
	234	147

Movement in carrying amounts

	Employee Benefits $'000
Opening balance at 1 July 2017	341
Additional provisions	279
Provisions used	(473)
Closing balance at 30 June 2018	147
Opening balance at 1 July 2018	147
Additional provisions	201
Provisions used	(114)
Closing balance at 30 June 2019	214

Note 14 Tax Liabilities

	2019 $'000	2018 $'000
(a) Current tax liability		
Provision for income tax	–	–
(b) Deferred tax liability		
Deferred tax liability on customer relationships consists of:		
Opening balance	–	864
Reduction through impairment and amortisation of intangible	–	(864)
Closing balance at the end of the reporting period	–	–

Note 15 Issued Capital

	2019 $'000	2018 $'000
47,278,818 (2018: 41,908,361) Ordinary Shares	149,839	145,431

Movements in ordinary shares capital

	Number of shares	$'000
Opening balance – 1 July 2018	41,908,361	145,431
Issue of share capital, net of transactions costs	7,166,667	4,408
Cancellation of shares under buy-back	(1,796,210)	–
Closing balance – 30 June 2019	47,278,818	149,839

On 13 September 2018, the Company issued 7,166,667 new fully paid ordinary shares to acquire the remaining 53.75% interest in SAM making it a wholly owned subsidiary. The fair value of the shares on the acquisition date was $0.615 per ordinary share. Refer to Note 24 for additional information.

Employee Share Plans:

Shares issued under the Company's Employee Share Incentive Plan (ESIP) and Employee Loan Share Plan (ELSP) are 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 share option reserve account (refer to the Consolidated Statement of Changes in Equity). The fair value of any shares issued are measured at their 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.

During the year, the Company completed a share buy-back of 633,957 fully paid ordinary shares issued under ESIP and 1,162,253 fully paid ordinary shares issued under ELSP for nil cash consideration pursuant to the respective share buy-back agreements, please refer to Note 20 for further details.

Note 16 Reserves

	2019 $'000	2018 $'000
Share option reserve		
Opening balance	135	267
Recognition of share based payments	193	–
Cancellation of share options under buy-back	(328)	(132)
Closing balance at the end of the reporting period	–	135
Total reserves	–	135

The share option reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 17 Accumulated losses

	2019 $'000	2018 $'000
Opening balance	(134,053)	(137,515)
Net profit/ (loss) attributable to the shareholders	(5,209)	3,462
Transfer from share option reserve for share options cancelled in the year	328	–
Accumulated losses at the end of the reporting period	(138,934)	(134,053)

The Company has made the election to transfer the balance of the share-based reserve to retained earnings as a result of the cancellation of shares and completion of the share buy-back, please refer to Note 20 for further details.

Note 18 Dividends

No dividend has been declared or paid in respect to the financial year ended 30 June 2019 (2018: $nil).

Note 19 Earnings Per Share

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.

	2019 Cents	2018 Cents
Basic earnings (loss) per share		
Total profit/ (loss) per share attributable to the ordinary equity holders of the Company	(10.95)	8.8
Dilutive earnings (loss) per share		
Total profit/ (loss) per share attributable to the ordinary equity holders and potential ordinary equity holders of the Company	(10.95)	8.3

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

	2019 $'000	2018 $'000
(a) Reconciliation of earnings to profit or loss		
Basic earnings per share		
Profit/ (Loss) attributable to the ordinary equity holders of the Company used in calculating basic loss per share	(5,209)	3,462
Diluted earnings per share		
Profit/ (Loss) attributable to the ordinary equity holders of the Company used in calculating diluted loss per share	(5,209)	3,462
(b) Earnings used to calculate overall earnings per share		
Earnings used to calculate overall earnings per share	(5,209)	3,462

	2019 No.	2018 No.
(c) Weighted average number of shares used as the denominator in calculation of earnings per share		
Weighted average number of ordinary shares used in calculating basic earnings per share	47,582,741	39,214,130
Effects of dilution from:		
– Pacific Point Partners Options	–	48,501
– ELSP Options	–	689,914
– ESIP Options	–	1,847,747
Weighted average number of ordinary shares adjusted for the effect of dilution	47,582,741	41,800,292

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Note 20 Share based Payments

(a) Share options to Pacific Point Partners Limited

In September 2016 the Company issued 345,000 options to Pacific Point Partners Limited in partial consideration of it providing a loan to assist the Company in the acquisition of the Contango business. Each option entitles the holder to subscribe for one share. The options have an exercise price of $0.60 each, were granted on 26 September 2016 and are exercisable at any time after the one-year anniversary of the grant date until the fifth-year anniversary of the grant date. The fair value at grant date was estimated using a Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options was estimated on the grant date using the following assumptions:

Exercise price ($)	0.60
Dividend yield (%)	0.00
Expected Volatility (%)	25.00
Risk free interest rate (%)	1.70
Fair value per option ($)	0.15

For the year ended 30 June 2019, these options have vested and are exercisable by Pacific Point Partners Limited.

Movements during the year

	2019		2018	
	Number	**Weighted Average Exercise Price**	Number	Weighted Average Exercise Price
Options outstanding as at 1 July	**345,000**	**$0.60**	345,000	$0.60
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Options outstanding as at 30 June	**345,000**	**$0.60**	345,000	$0.60
Options exercisable as at 30 June	**345,000**		345,000	

(b) Employee Share Plans

The Group established its Employee Loan Share Plan (ELSP) and Employee Share Incentive Plan (ESIP) (jointly Share Plans) in September 2016. 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 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 their dismissal the shares will become 'Leaver Shares' and may be purchased by the Company or the employee pursuant to the put/call option arrangements.

The fair value of options was estimated on the date of grant using the following assumptions:

	ELSP	ESIP
Exercise Price	$0.60	nil
Dividend yield (%)	0.00	0.00
Expected volatility (%)	25.00	25.00
Risk free interest rate (%)	1.70	1.70
Life	6.0, 6.5 and 7.0 years	6.0, 6.5 and 7.0 years
Calculated fair value per share: between	$0.17 and $0.18	$0.60
Model used	Black-Scholes	Black-Scholes

In June 2019 the Board determined that the Share Plans were no longer suitable due to changes in the Company's strategy and key personnel. The Company amended the Share Plans to enable early settlement so that the Share Plans could be cancelled. The amendments made to the Share Plans to enable early settlement have been treated as share and share option cancellations as they do not allow the Share Plans to vest. As such, the remaining expenses under the ELSP of $104,354 and the ESIP of $88,805 were required to be recognised in this reporting period. The Company has completed a share buy-back of 633,957 fully paid ordinary shares issued under ESIP and 1,162,253 fully paid ordinary shares issued under ELSP for nil cash consideration pursuant to the respective share buy-back agreements.

Movements during the year

ELSP	2019 Number	2019 Weighted Average Exercise Price	2018 Number	2018 Weighted Average Exercise Price
Options outstanding as at 1 July	1,162,253	$0.60	5,705,604	$0.60
Granted during the year	–	–	–	–
Cancelled during the year	(1,162,253)	$0.60	(4,543,351)	$0.60
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Options outstanding as at 30 June	–	–	1,162,253	0.60
Options exercisable as at 30 June	–		–	

Movements during the year

ESIP	2019 Number	2019 Weighted Average Exercise Price	2018 Number	2018 Weighted Average Exercise Price
Options outstanding as at 1 July	633,957	–	2,003,301	–
Granted during the year	–	–	–	–
Cancelled during the year	(633,957)	–	(1,369,344)	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Options outstanding as at 30 June	–	–	633,957	–
Options exercisable as at 30 June	–		–	

Note 21 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risk and aging analysis for credit risk.

Risk management is carried out by the Board of Directors.

Market risk

Foreign currency risk

The Group was not subject to any material foreign exchange risk in the 2019 and 2018 financial years.

Price risk

The Group was not subject to any material price risk in the 2019 and 2018 financial years, including equities securities price risk and commodities price risk.

Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents, the majority of which is held in various at call deposits at variable rates and various short term deposits with interest rates fixed for the terms of the deposit. During 2018 and 2019, the Group's cash at bank at variable rates was denominated in Australian dollars. As at the reporting date, the Group had the following variable rate cash at bank:

	2019		2018	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash at bank	0.96	4,442	1.01	5,416
Net exposure to cash flow interest rate risk		4,442		5,416

Sensitivity

The following table illustrates sensitivities to the Group's exposure to changes in interest rates. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $'000	Equity $'000
Year ended 30 June 2019		
+/– 0.05% in interest rates	22	22
Year ended 30 June 2018		
+/– 1.00% in interest rates	55	55

Credit risk

The Group has conducted a credit risk assessment on the NAML receivable (disclosed in Note 6) and have determined that the credit risk is minimal given NAML has been paying instalments in line with the agreement terms and there have been no liquidity issues identified affecting the recoverability of this balance.

The Group was not subject to any material credit risk in the 2019 financial year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves, including the availability of funding through committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the simple nature of the underlying businesses, the Group aims to simplify funding by minimising credit lines and investing surplus funds in very liquid deposits at call or short-term deposits.

Financial liability and financial asset maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period between the reporting date and the contractual maturity date. Cash flows realised from financial assets reflect management's expectations as to the timing of their realisation. Actual timing may differ from that disclosed. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group 2018				
Financial liabilities due for payment				
Trade and other payables (Note 11)	1,270	–	–	1,270
Total expected outflows	1,270	–	–	1,270
Financial assets cash flows realisable				
Cash and cash equivalents	5,416	–	–	5,416
Trade and other receivables (Note 6)	2,147	4,221	–	6,368
Other financial assets (Note 9)	–	–	604	604
Total anticipated inflow on financial instruments	7,563	4,221	604	12,388
Net inflow on financial instruments	6,293	4,221	604	11,118
Group 2019				
Financial liabilities due for payment				
Trade and other payables (Note 11)	3,024	–	–	3,024
Borrowings (Note 12)	–	–	502	502
Total expected outflows	3,024	–	502	3,526
Financial assets cash flows realisable				
Cash and cash equivalents	4,442	–	–	4,442
Trade and other receivables (Note 6)	2,280	2,955	–	5,235
Other financial assets (Note 9)	74	–	–	74
Total anticipated inflow on financial instruments	6,796	2,955	–	9,751
Net inflow / (outflow) on financial instruments	3,772	2,955	(502)	6,225

Fair value

Fair value estimation

The fair values of the Group's financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Consolidated Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted, and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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

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

	2019		2018	
	Net Carrying Value $'000	**Net Fair value $'000**	Net Carrying Value $'000	Net Fair value $'000
Financial assets				
Cash and cash equivalents	4,442	4,442	5,416	5,416
Trade and other receivables	5,235	5,235	6,368	6,368
Other financial assets	74	74	604	604
Total financial assets	9,751	9,751	12,388	12,388
Financial liabilities				
Trade and other payables	3,024	3,024	1,270	1,270
Borrowings	502	502	–	–
Total financial liabilities	3,526	3,526	1,270	1,270

Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As the Group incurs net cash outflows from operations and has large accumulated losses, the primary method used to adjust its capital structure is the issue of new shares. The Group has determined that where possible it will issue ordinary shares, rather than issue hybrid forms of securities, so as to avoid any restrictions on its use of capital or commitment to interest repayments. There are also regulatory capital requirements of the wholly owned subsidiary, Contango Funds Management Limited which the Group considers in managing its overall capital requirements.

Note 22 Parent Entity

Set out below is the supplementary information about the parent entity.

	2019 $'000	2018 $'000
Statement of Financial Position		
Current assets	6,321	3,223
Non current assets	3,247	3,247
Total Assets	9,568	6,470
Current liabilities	1,489	129
Non-current liabilities	–	–
Total Liabilities	1,489	129
Issued capital	149,839	145,431
Accumulated losses	(141,760)	(139,225)
Share option reserve	–	135
Total Equity	8,079	6,341
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss) for the year	(2,864)	(2,588)
Total other comprehensive income	–	–
Total comprehensive income	(2,864)	(2,588)

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2019 (2018: nil).

Contractual commitments

The parent entity did not have any commitments as at 30 June 2019 (2018: nil).

Note 23 Interests in Subsidiaries and Controlled Entities

Composition of the Group

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Company. The proportion of ownership interests held equals the voting rights held by the Company. Each subsidiary's principal place of business is also its country of incorporation.

	Principal place of business / Country of Incorporation	Percentage Owned (%) 2019	Percentage Owned (%) 2018
Subsidiaries:			
CAM SPV Pty Limited	Australia	100	100
2735 CSM Holdings Pty Limited	Australia	100	100
Contango Funds Management Limited	Australia	100	100
Contango International Pty Limited	Australia	100	100
Contango Group Services Pty Limited	Australia	100	100
Switzer Asset Management Pty Limited	Australia	100	46.25

Note 24 Business Combinations

Acquisition of Switzer Asset Management Limited (SAM)

On 13 September 2018 the Company's shareholders approved the acquisition of the remaining 53.75% interest in SAM making it a wholly owned subsidiary. The 53.75% interest was acquired for the consideration of 7,166,667 new fully paid ordinary shares of the Company.

The fair value of the Company's investment in SAM on the acquisition date of 13 September 2018 is determined with reference to the quoted market price of the Company's shares. As the Company's shares were not traded on 13 September 2018, the market price at which shares were traded on 12 September 2018 of $0.615 per share was used.

Prior to the full acquisition of SAM, the Company took its share of SAM's losses in the current period to profit or loss reducing the carrying value of its 46.25% interest in SAM to $nil (30 June 2018: $308,000). Consequently, upon remeasuring that 46.25% equity interest to fair value on full acquisition date, a gain of $3,792,500 was recognised in profit or loss.

The fair value of the Company's total investment in SAM at acquisition date is $9,163,023 which comprises:

- the fair value of the consideration given for the 53.75% interest in SAM of $4,407,500 (7,166,667 ordinary shares at $0.615 per share),
- the fair value of the previously held 46.25% interest in SAM of $3,792,500 ($4,407,500 divided by 53.75% multiplied by 46.25%), and
- the effect of settlement of pre-existing subordinated loans between the Group and SAM which were restated to fair value on acquisition date of $963,023 (refer Note 25).

Details of the business combination are set out below:

Purchase consideration transferred	$'000
Fair value of CGA shares issued	4,408
Fair value of 46.25% interest in SAM	3,792
Effect of settlement of pre-existing subordinated loans	963
Fair value of consideration transferred	**9,163**

Recognised amounts of identifiable net assets:

Assets	
Cash and cash equivalents	1,004
Trade and other receivables	152
Other assets	29
Total Assets	1,185
Liabilities	
Trade and other payables	156
Borrowings	502
Total Liabilities	**658**
Total identifiable net assets at fair value	**527**
Goodwill arising on acquisition of SAM	**8,636**

Goodwill recognised in the business combination transaction is the excess of the fair value of consideration transferred over the fair value of total identifiable net assets. Goodwill represents the future economic benefits attributable to synergies expected to arise for the Group after the Company's full acquisition of SAM. Goodwill is subject to impairment testing as described in Note 10(b).

From the acquisition date of 13 September 2018 to 30 June 2019, SAM contributed revenue of $1,104,326 and a net profit of $160,610 to the Group. If the acquisition of SAM had occurred at the beginning of the year, SAM would have contributed revenue of $1,297,678 and a net loss of $511,444.

Note 25 Related Parties

(i) Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the Group, is Contango Asset Management Limited which is incorporated in Australia and owns 100% of the Controlled Entities.

(ii) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 26: Key Management Personnel Disclosures and the remuneration report in the Directors' Report.

(iii) Subsidiaries and Controlled Entities

Interests in subsidiaries and controlled entities are set out in Note 23.

(a) Related Party Transactions

On 28 August 2018 the Group provided a further $836,188 subordinated loan at a fixed interest rate of 12% per annum to its then associated entity, Switzer Asset Management Limited (SAM). This loan has no fixed term, and is subordinated to all other creditors of SAM.

Prior to 13 September 2018, the date of the Company's full acquisition of SAM, the Group had provided SAM with subordinated loans totalling $1,095,657. The business combination transaction required these subordinated loans to be re-stated to fair value, at amortised cost using the effective interest method, and then to be effectively settled. The fair value of these loans was added to the value of the consideration transferred to acquire SAM (refer to Note 24).

The fair value of the subordinated loans determined for the purpose of the business combination transaction was $963,023 with the change in fair value resulting in a charge of $132,634 to profit or loss.

	$
Balance at 1 July 2018	259,469
Loans advanced	836,188
Total loans advance - pre-acquisition date	1,095,657
Less:	
Fair value adjustment - subordinated loans to SAM	(132,634)
Subordinated loans effectively settled as a result of the business combination – at fair value	(963,023)
Balance at 30 June 2019	–

The effective settlement of the subordinated loans is recognised only on consolidation for the purpose of reporting the business combination.

During the year the Group entered into a marketing and distribution agreement on commercial terms with Switzer Financial Group (SFG) and paid $183,333 for this service during the current year. There are no amounts outstanding at year end.

Note 26 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019 $	2018 $
Short term employee benefits	**642,358**	847,286
Post-employment benefits	**39,725**	53,047
Other long-term benefits	**1,430**	412
Termination benefits	**–**	100,000
Share based payments	**–**	–
	683,513	1,000,745

Note 27 Contingent Liabilities

The Group has no material contingencies at 30 June 2019 (2018: nil).

Note 28 Capital and Leasing Commitments

(a) Finance Leases

There were no finance lease commitments for the year (2018: nil).

(b) Operating Leases

Non cancellable operating leases contracted for but not recognised in the financial statements:

	2019 $'000	2018 $'000
Minimum lease payments under non cancellable operating leases:		
– not later than one year	118	144
– between one year and five years	–	112
– later than five years	–	–
	118	256

Operating leases have been taken out for the rental of premises. Lease payments are increased on an annual basis to reflect market rentals.

Note 29 Segment Information

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

Note 30 Auditors' Remuneration

Amounts paid or payable to:	**2019 $**	2018 $
Auditors of the parent entity		
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	162,938	95,000
	162,938	95,000
Auditors of subsidiary entities		
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	68,750	80,000
– Taxation services	16,500	9,200
– Audit of compliance with Australian Financial Services License requirements	20,250	14,500
	105,500	103,700

The auditor of the Group is Ernst & Young.

Note 31 Cash Flow Information

	2019 $'000	2018 $'000
(a) Reconciliation of result for the year to cash flows from operating activities		
Profit/ (Loss) for the year after income tax	(5,209)	3,462
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
– impairment loss	3,830	676
– depreciation and amortisation	13	287
– employee share option expense	193	(132)
– net (gain)/loss on disposal of property, plant and equipment	–	155
– (gain)/loss on revaluation of investment in associate	(3,792)	39
– (gain) on disposal of intangible asset	–	(9,506)
– fair value adjustment - subordinated loans to SAM	(133)	–
– effective settlement of SAM loan on acquisition	963	–
– effective interest on NAML receivable	(394)	–
– other non-cash movements	(8)	–
– share of loss of SAM	308	–
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	1,023	839
– (increase)/decrease in other assets	68	(152)
– increase/(decrease) in trade and other payables	1,584	381
– increase/(decrease) in income taxes payable	340	–
– increase/(decrease) in deferred tax liability	–	(864)
– increase/(decrease) in provisions	87	(244)
Cash flow from operations	(1,127)	(5,059)
(b) Loan facilities		
Amount unutilised	–	–
Amount utilised	502	–
	502	–

(c) Reconciliation of Liabilities arising from Financing Activities

	1 July 2018 $'000	Cash flows $'000	Foreign exchange movement $'000	Fair value changes $'000	Other $'000	30 June 2019 $'000
Short term borrowings	–	–	–	–	502	502
Total liabilities from financing activities	–	–	–	–	502	502

	1 July 2017 $'000	Cash flows $'000	Foreign exchange movement $'000	Fair value changes $'000	Other $'000	30 June 2019 $'000
Short term borrowings	750	(750)	–	–	–	–
Total liabilities from financing activities	750	(750)	–	–	–	–

Note 32 Events Occurring After the Reporting Date

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affect or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 33 Company Details

The registered office of the Company is:

Contango Asset Management Limited
Level 6
10 Spring Street
Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer and Chief Financial Officer have given the declarations required by Section 295A that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.

Director:

Roger Amos
Chairman

Independent Auditor’s Report

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Contango Asset Management Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Key audit matter	How our audit addressed the key audit matter
Acquisition of Switzer Asset Management Limited and associated annual goodwill impairment testing	
On 13 September 2018 the Group acquired the remaining 53.75% equity interest in Switzer Asset Management Limited (SAML) which generated a significant goodwill asset. As at 30 June 2019, the carrying value of goodwill was $4.8m. As described in Note 10, the Group has performed an annual impairment test to assess the carrying value of goodwill as at 30 June 2019. This is a key audit matter due to the judgements applied in the determination of the fair value of the assets and liabilities and the goodwill on acquisition in accordance with Australian Accounting Standards, and the judgements involved in the impairment testing.	Our audit procedures on the SAML acquisition included the following: ▸ Assessed the methodology and assumptions used to derive the fair value of the assets and liabilities and goodwill acquired relating to the business combination. ▸ Assessed the Group's acquisition accounting treatment for compliance with the requirements of Australian Accounting Standards. ▸ Assessed the adequacy of the Group's financial report disclosures. Our audit procedures on the impairment assessment of goodwill included the following: ▸ Involved our valuation specialists to assess the key assumptions used in the impairment analysis, as well as test the mathematical accuracy of the impairment model. ▸ Evaluated the sensitivity analysis performed by the Group focusing on where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount and therefore indicate impairment charges may be required. ▸ Benchmarked the implied valuations to comparable company valuation multiples. ▸ Assessed the adequacy of the disclosures associated with the goodwill impairment assessment in the financial report.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 10 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Contango Asset Management Limited and its subsidiaries for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
26 August 2019

Additional Information for Listed Public Companies

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 July 2019.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of equity security holders

Analysis of the number of shareholders by size of holding at 31 July 2019 is presented below:

Holding	Number of Holders	Number of Ordinary Shares	Percentage of Shares on Issue %
1 – 1,000	626	111,793	0.24
1,001 – 5,000	131	351,444	0.74
5,001 – 10,000	66	512,292	1.08
10,001 – 100,000	236	8,908,344	18.84
100,001 and over	53	37,394,945	79.10
Total	1,112	47,278,818	100
Number of holders with less than a marketable parcel of ordinary shares	637	123,837	

Twenty largest shareholders

The names of the twenty largest shareholders of the Company as at 31 July 2019 are listed below:

Holder Name	Number of Ordinary Shares	Percentage of Shares on Issue %
National Nominees Limited	9,829,627	20.79
Switzer Financial Group Pty Ltd	6,166,668	13.04
Pacific Point Partners Limited	4,224,393	8.94
HSBC Custody Nominees (Australia) Limited	1,583,138	3.35
Pacific Point Partners Limited	1,388,889	2.94
Mr Robert Darius Fraser	1,250,000	2.64
Tao Te Pty Ltd	999,999	2.12
Mr Victor John Plummer	708,923	1.50
Wilson Asset Management (International) Pty Ltd	610,336	1.29
TC Corporate P/L	600,000	1.27
Mrs Tracy Fraser	579,444	1.23
Mr Peter William Switzer & Mrs Maureen Elizabeth Switzer & Mr Martin Francis Switzer	576,817	1.22
Mr Victor John Plummer	555,556	1.18
Harvey Blackney Superannuation Pty Ltd	541,000	1.14
Robert Nairn Pty Ltd	500,000	1.06
Sagrada Familia Holdings Pty Ltd	483,333	1.02
Willyama Asset Management Pty Ltd	354,813	0.75
Mr Shawn Rex Burns	333,333	0.71
Keiser Investments Pty Ltd	333,333	0.71
Calama Holdings Pty Ltd	332,531	0.70
Mr Richard Phillip Amland + Mrs Kristy Lea Amland	314,308	0.66
Total shares held by the twenty largest shareholders	**32,266,441**	**68.25**
Total ordinary shares on issue	**47,278,818**	

Unissued equity securities

Options issued.

Securities exchange

The Company is listed on the Australian Securities Exchange (ASX code: CGA).

Contango.
Asset Management

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