



Results for announcement to the market

Financial Results	% movement	31 December 2020 \$'000	31 December 2019 \$'000
Revenue from ordinary activities	104%	8,572	4,196
Profit/(loss) from ordinary activities after tax attributable to members	138%	5,376	2,258
Net profit/(loss) for the period attributable to members	138%	5,376	2,258

Dividends	Amount per Ordinary Security	Franked amount per Security
2020 interim dividend*	\$0.0050	\$0.0050
2020 interim dividend	\$0.0075	\$0.0075

Record date for determining entitlements to the 2020 interim dividend	20 January 2021
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Net Tangible Asset Backing	31 December 2020	31 December 2019
Net tangible asset backing per ordinary security	\$1.10	\$0.98

Other explanatory notes

* **Dividend** – the company declared a 0.5 cent (\$0.005) 100% franked dividend on 13 January 2021 for the quarterly period ended 31 December 2020

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.

Katana Capital Limited

ABN 56 116 054 301

Financial statements for the half-year ended 31 December 2020

Katana Capital Limited

ABN 56 116 054 301

Financial statements for the half-year ended 31 December 2020

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Directors' report

Your directors present their report with respect to results of Katana Capital Limited (the "Company" or "Katana Capital") and its controlled entities (the "Group") for the half-year ended 31 December 2020 and the state of affairs for the Company at that date.

DIRECTORS

The following persons were directors of Katana Capital Limited during the whole of the half-year and up to the date of this report:

Dalton Leslie Gooding
 Peter Wallace
 Giuliano Sala Tenna

OPERATING AND FINANCIAL REVIEW

The profit before tax for the half-year was \$7,594,250 (2019: \$3,092,263) and profit after tax for the half-year was \$5,375,406 (2019: \$2,258,230).

EARNINGS PER SHARE

The basic and diluted profit per share is 14.22 cents (2019: 5.50 cents).

DIVIDENDS

During the half-year the Company announced dividends payable for the June 2020 quarter of 0.50 cents per ordinary share (2019: 0.50 cents per ordinary share) and for the September 2020 quarter 0.50 cents per ordinary share (2019: 0.50 cents per ordinary share). The total dividends paid to shareholders were \$378,739 (2019: \$411,121). These dividends were declared and announced to the Australian Stock Exchange (ASX). The following is the summary of the announcements made and the total dividend paid:

Half year ended 31 December 2020:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
7 July 2020	7 August 2020	0.50 cents	\$191,167
20 October 2020	20 November 2020	0.50 cents	\$187,572
			\$378,739

Half year ended 31 December 2019:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
17 July 2019	19 August 2019	0.50 cents	\$207,726
11 November 2019	15 November 2019	0.50 cents	\$203,395
			\$411,121

The Company has also announced a dividend payable for the December 2020 quarter of 0.50 cents per ordinary share (2019: 0.75 cents per ordinary share). The dividend was declared and announced to the ASX on 13 January 2020 and was paid out on 12 February 2021.

PRINCIPAL ACTIVITY

The principal activity of the Group is that of an Investment Company with an "all opportunities" investment strategy.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the half-year under review.

Directors' report (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the directors, it is unlikely that there will be any significant changes in the state of affairs of the consolidated entity for the half-year ahead. The company remains committed to a quarterly dividend policy subject to the generation of profits.

ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated 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.

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from the Company's auditors Ernst & Young as presented on page 14 of this half-year report.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



Dalton Gooding
Chairman
25 February 2021

Katana Capital Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2020

		Half-year ended	
	Note	31 December 2020 \$'000	31 December 2019 \$'000
Revenue			
Dividends and distribution income		365	464
Interest		2	14
Investment income	3	8,205	3,718
Total net investment income		8,572	4,196
Expenses			
Management fees		(202)	(269)
Performance fees		(323)	(543)
Legal and professional		(87)	(56)
Directors' fees and expenses		(141)	(123)
Administration		(89)	(113)
Investment transaction cost		(135)	-
Total Expenses		(977)	(1,104)
Profit before income tax expense		7,595	3,092
Income tax expenses		(2,219)	(834)
Net profit for the half-year attributable to shareholders of the Company		5,376	2,258
Other comprehensive income, net of tax		-	-
Total comprehensive income for the half-year attributable to shareholders of the Company		5,376	2,258
Basic and diluted earnings per share (cents per share)		14.22	5.50

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Katana Capital Limited
Consolidated statement of financial position
As at 31 December 2020

	Note	As at 31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	8,859	8,483
Receivables	5	171	294
Financial assets at fair value through profit or loss	6	34,205	30,600
Prepaid Insurance		68	26
Total current assets		43,303	39,403
Total assets		43,303	39,403
Liabilities			
Current liabilities			
Provision for income tax		1,101	-
Payables	8	454	2,464
Total current liabilities		1,555	2,464
Non-current liabilities			
Deferred tax liabilities	7	1,222	104
Total non-current liabilities		1,222	104
Total liabilities		2,777	2,568
Net assets		40,526	36,835
Equity			
Issued Capital	9	38,329	39,635
Accumulated losses	10 (b)	(2,860)	(4,829)
Reserves	10 (a)	5,057	2,029
Total equity		40,526	36,835

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

Katana Capital Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

	Note	Issued Capital	Profits Reserves	Accumulated Losses	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019		42,341	2,735	(6,400)	38,676
Loss for the half-year		-	-	2,258	2,258
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	2,258	2,258
Buy-back of shares	9	(1,832)	-	-	(1,832)
Dividends provided for or paid		-	(411)	-	(411)
Tax effect on the capital raising cost		-	-	-	-
Balance at 31 December 2019		40,509	2,324	(4,142)	38,691
Balance at 1 July 2020		39,635	2,029	(4,829)	36,835
Profit for the half-year		-	3,407	1,969	5,376
Other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		-	3,407	1,969	5,376
Buy-back of shares		(1,306)	-	-	(1,306)
Dividends provided for or paid		-	(379)	-	(379)
Tax effect on the capital raising cost		-	-	-	-
Balance at 31 December 2020		38,329	5,057	(2,860)	40,526

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

Katana Capital Limited
Consolidated statement of cash flow
For the half-year ended 31 December 2020

		Half-year ended	
	Note	31 December 2020	31 December 2019
		\$'000	\$'000
Cash flows from operating activities			
Proceeds on sale of financial assets		39,364	56,778
Payments for purchases of financial assets		(36,523)	(56,983)
Payments to suppliers and employees		(1,202)	(536)
Interest received		2	14
Dividends and distributions received		397	437
Other revenue		23	-
Net cash inflow/(outflow) from operating activities		2,061	(290)
Cash flows from financing activities			
Proceeds from issue of new shares		-	-
Dividends paid		(379)	(411)
Payments for shares bought back		(1,306)	(1,764)
Net cash outflow from financing activities		(1,685)	(2,175)
Net increase/(decrease) in cash and cash equivalents		376	(2,465)
Cash and cash equivalents at the beginning of the half-year		8,483	9,268
Cash and cash equivalents at end of the half-year	4	8,859	6,803
Non cash activities - Dividend reinvestment		-	-

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

1 Corporate information

The financial report of Katana Capital Limited (the "Company") and its subsidiaries (the "Group" or the "Consolidated Entity") for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors of Katana Capital Limited on 25 February 2021.

Katana Capital Limited was incorporated on 19 September 2005. In July 2006 it incorporated a wholly owned subsidiary - Kapital Investments (WA) Pty Ltd.

Katana Capital Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities are described in the Directors' report. The Company and its subsidiary are for-profit entities.

2 Summary of significant accounting policies

(a) Basis of preparation

The general purpose condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by Katana Capital Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Adoption of new and revised accounting standards and interpretations

The Group adopted all the new standards and interpretations that were effective 1 July 2020 and they did not have any material impact to the financial statements. The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Investment income

	Half-year ended	
	31 December 2020	31 December 2019
	\$'000	\$'000
Realised gains on investments held for trading	3,534	2,424
Unrealised gains on investments held for trading	4,671	1,134
Other income	-	160
Total income	8,205	3,718

4 Current assets - Cash and cash equivalents

	As at	
	31 December 2020	30 June 2020
	\$'000	\$'000
Cash at banks	8,859	8,483

5 Current assets - Receivables

	As at 31 December 2020	30 June 2020
	\$'000	\$'000
Other receivables	171	108
Unsettled trades receivable	-	186
Total	171	294

There are no receivables past due or impaired.

Due to the short-term nature of these receivables, their carrying value approximates their fair value.

6 Current assets – Financial assets at fair value through profit or loss

	As at 31 December 2020	30 June 2020
	\$'000	\$'000
Investment in listed equities	30,105	27,116
Investments in certificates of deposit	612	707
Investment in listed unit trusts	3,488	2,777
Total financial assets at fair value through profit or loss	34,205	30,600

Held for trading investments consist primarily of investments in ordinary shares and therefore have no fixed maturity date or coupon rate.

7 Non-current assets - Deferred tax assets

	As at 31 December 2020	30 June 2019
	\$'000	\$'000
Investments and unsettled shares	-	544
Provisions	138	194
Tax Losses	-	173
Other	4	2
Total Deferred Tax Assets	142	913
<i>Set-off of deferred tax liabilities pursuant to set-off provisions</i>		
Investments and unsettled shares	(1,338)	(999)
Dividends Receivable	(8)	(18)
Other	(18)	-
Total deferred tax liabilities	(1,364)	(1,017)
Net deferred tax liabilities	(1,222)	(104)

8 Current liabilities - payables

	As at 31 December 2020	30 June 2020
	\$'000	\$'000
Unsettled trades payable	-	1,813
Management fees payable	114	98
Performance fee payable	323	517
Other payables	17	36
	454	2,464

Due to the short-term nature of these payables, their carrying value approximates their fair value.

9 Issued capital

	As at 31 December 2020		As at 30 June 2020
	No. of shares	\$'000	No. of shares
			\$'000
Issued and paid up capital - Ordinary shares	36,749,193	38,329	38,275,174
			39,635

(a) Movements in ordinary share capital:

Date	Details	No. of shares	\$'000
1 July 2019	Opening balance	41,739,670	42,341
	Shares bought back from shareholders, net of Dividend Re-investment Plan	(2,201,221)	(1,832)
31 December 2019	Closing balance	39,538,449	40,509
1 July 2020	Opening balance	38,275,174	39,635
	Shares bought back from shareholders, net of Dividend Re-investment Plan	(1,525,981)	(1,306)
31 December 2020	Closing balance	36,749,193	38,329

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the period from 1 July 2020 to 31 December 2020, 1,525,981 shares were bought back on market and were subsequently cancelled. The shares were acquired at an average price of \$0.86 with the price ranging from \$0.79 to \$0.94 per share.

9 Issued capital (Continued)

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. The Company defines its capital as the total funds under management, being \$43,303,630 at 31 December 2020 (30 June 2020: \$39,402,541), including equities and cash reserves. The Company does not have any additional externally imposed capital requirements however has as a goal the ability to continue to grow assets under management and maintain a sustainable dividend return to shareholders. To assist with meeting its internal guidelines, Katana Asset Management Ltd holds regular Investment Committee meetings to assess the equity portfolio.

10 Reserves and Accumulated losses

(a) Profit reserve

	31 December 2020	As at 30 June 2020
	\$'000	\$'000
Profit reserve	5,057	2,029

The profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividend payments. Movement in profit reserve were as follows:

	31 December 2020	As at 31 December 2019
	\$'000	\$'000
Opening balance	2,029	2,735
Transfer from retained earnings	3,407	-
Dividends paid	(379)	(411)
Balance at the end of the year	5,057	2,324

(b) Accumulated losses

	31 December 2020	As at 30 June 2020
	\$'000	\$'000
Accumulated losses	(2,860)	(4,829)

Movements in the retained earnings/(accumulated losses) were as follows:

	31 December 2020	As at 31 December 2019
	\$'000	\$'000
Balance at the beginning of the year	(4,829)	(6,400)
Profit/(Loss) for the half-year ended to the members of the company	5,376	2,258
Transfer to profits reserve	(3,407)	-
Balance at the end of the period	(2,860)	(4,142)

11 Related party transactions

(a) Directors

The names of persons who were Directors of Katana Capital Limited at any time during the half-year and of this report are as follows: Mr Dalton Gooding, Mr Giuliano Sala Tenna and Mr Peter Wallace.

(b) Related party transactions

All related party transactions are made at arm's length on normal commercial terms and conditions.

Outstanding balances at half-year end are unsecured and settlement occurs in cash.

Transactions between the Parent Company and related parties noted above during the year are outlined below:

Dalton Gooding is a partner of Gooding Partners Chartered Accounting firm and as part of providing taxation advisory services, Gooding Partners received \$21,848 (2019: \$15,950) for tax services provided.

12 Financial Risk Management

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- (a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 - valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3 - valuation technique for which the lowest level input that is significant to the fair value movement that is not observable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020.

	31 December 2020			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investment in listed equities	30,105	-	-	30,105
Investments in certificates of deposit	612	-	-	612
Investment in unit trusts	3,488	-	-	3,488
Total financial assets	34,205	-	-	34,205
	30 June 2020			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Investment in listed equities	27,116	-	-	27,116
Investments in certificates of deposit	707	-	-	707
Investment in listed unit trusts	2,777	-	-	2,777
Total financial assets	30,600	-	-	30,600

12 Financial Risk Management (continued)

(a) Fair value measurements (continued)

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In determining the fair value of the securities the company holds in unlisted investments, the company refers to the Net Tangible Assets of that investment, recent trading in units of the investment and all other market factors associated with the unlisted investment.

Financial assets at fair value through profit or loss are dependent on the change of input variables used to determine fair value, namely changes in market prices of equity securities. The majority of the investments are invested in shares of companies listed on the Australian Stock Exchange which are valued based on market observable information.

There were no transfers between level 1 and level 2 during the period.

13 Segment reporting

For management purposes, the Group is organised into one main operating segment, which invests in equity securities, debt instruments, and related derivatives. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group operates from one geographic location, being Australia, from where its investing activities are managed.

The Group does not derive revenue of more than 10% from any one of its investments held.

14 Events occurring after reporting date

Other than the events below, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operations of the company or the results of those operations, or the state of affairs of the company in subsequent financial years.

On 13 January 2020, the Company announced a 0.50 cent per share dividend and was paid on 12 February 2021.

15 Commitments and contingencies

There are no outstanding contingent liabilities or commitments as at 31 December 2020 (30 June 2020: Nil)

Directors' declaration

In accordance with a resolution of the directors of Katana Capital Limited, I state that:

- (a) The financial statements and notes of the consolidated entity set out on pages 3 to 12 are in accordance with the *Corporations Act 2001*, including
 - (i) Giving a true and fair view of the financial position as at 31 December 2020 and of its performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with *Australian Accounting Standards* (including the Australian Accounting Interpretations) and the *Corporations Regulations 2011*;
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2011 for the half-year ended 31 December 2020.

On behalf of the Board
Katana Capital Limited



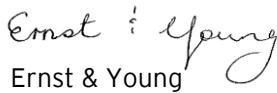
Dalton Gooding
Chairman
25 February 2021

Auditor's independence declaration to the directors of Katana Capital Limited

As lead auditor for the review of the half-year financial report of Katana Capital Limited for the half-year ended 31 December 2020, 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 review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Katana Capital Limited and the entities it controlled during the financial period.



Ernst & Young



Fiona Drummond
Partner

25 February 2021

Independent auditor's review report to the members of Katana Capital Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Katana Capital Limited, (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cashflows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

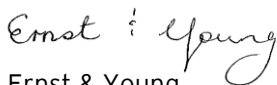
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Fiona Drummond
Partner
Perth

25 February 2021