



Results for announcement to the market

Financial Results	% movement	31 December 2017 \$'000	31 December 2016 \$'000
Revenue from ordinary activities	7.3%	490	457
Profit from ordinary activities after tax attributable to members	284%	4,076	1,060
Net profit for the period attributable to members	284%	4,076	1,060

Dividends	Amount per Ordinary Security	Franked amount per Security
2018 interim dividend*	\$0.005	\$0.003
2017 interim dividend	\$0.005	\$0.0025

Record date for determining entitlements to the 2018 interim dividend	24 January 2018
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Net Tangible Asset Backing	31 December 2017	31 December 2016
Net tangible asset backing per ordinary security	\$0.93	\$0.86

Other explanatory notes

* **Dividend** – the company declared a 0.5 cent (\$0.005) 60% franked dividend on 17 January 2018 for the quarterly period ended 31 December 2017

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 2017

Katana Capital Limited

ABN 56 116 054 301

Financial statements for the half-year ended 31 December 2017

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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 2017 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 \$ 5,683,614 (2016: \$1,438,889) and profit after tax for the half-year was \$ 4,075,753 (2016: \$1,060,118).

EARNINGS PER SHARE

The basic and diluted profit per share is 9.22 cents (2016: 2.38 cents).

DIVIDENDS

During the half-year the Company announced dividends payable for the June 2017 quarter of 0.5 cents per ordinary share (2016: 1.5 cents per ordinary share) and for the September 2017 quarter 0.5 cents per ordinary share (2016: 0.5 cents per ordinary share). The total dividends paid to shareholders were \$442,070 (2016: \$893,387). These dividends were declared and announced to the Australian Stock Exchange (ASX). The following is the summary of the announcement made and the total dividend paid:

Half year ended 31 December 2017:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
10 August 2017	11 September 2017	0.5 cents	\$221,403
23 October 2017	23 November 2017	0.5 cents	\$220,667
			\$442,070

Half year ended 31 December 2016:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
9 August 2016	9 September 2016	1.5 cents	\$670,105
18 October 2016	18 November 2016	0.5 cents	\$223,282
			\$893,387

The Company also announced a dividend payable for the December 2017 quarter of 0.5 cents per ordinary share (2016: 0.5 cents per ordinary share). The dividend was declared and announced to the ASX on 17 January 2018 and paid out on 16 February 2018.

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.

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from the Company's auditors Ernst & Young as presented on page 15 of this half-year report.

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



Dalton Gooding
Chairman
27 February 2018

Katana Capital Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2017

		Consolidated Half-year ended	
		31 December 2017	31 December 2016
	Notes	\$	\$
Revenue			
Dividend		400,394	356,330
Distribution income		47,117	36,234
Investment income	3	6,605,614	1,638,834
Interest		<u>42,658</u>	<u>64,375</u>
Total net investment income		<u>7,095,783</u>	<u>2,095,773</u>
Expenses			
Fund manager's fees		(209,179)	(195,170)
Performance fee		(652,088)	19,130
Legal and professional		(41,099)	(46,370)
Directors' fees and expenses		(85,625)	(123,987)
Administration		<u>(424,178)</u>	<u>(310,487)</u>
Total expenses		<u>(1,412,169)</u>	<u>(656,884)</u>
Profit before income tax		5,683,614	1,438,889
Income tax expense		<u>(1,607,861)</u>	<u>(378,771)</u>
Profit after income tax		<u>4,075,753</u>	<u>1,060,118</u>
Net profit for the half-year attributable to members of Katana Capital Limited		<u>4,075,753</u>	<u>1,060,118</u>
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the members of Katana Capital Limited		<u>4,075,753</u>	<u>1,060,118</u>
		Cents	Cents
Earnings per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		9.22	2.38

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 2017

		Consolidated	
		At	
		31 December	30 June
		2017	2017
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	11,749,482	8,246,072
Trade and other receivables	5	23,306	2,563,796
Investments - held for trading	6	30,214,296	26,753,593
Other assets		<u>136,915</u>	<u>6,304</u>
Total current assets		<u>42,123,999</u>	<u>37,569,765</u>
Non-current assets			
Deferred tax assets		<u>-</u>	<u>1,312,163</u>
Total assets		<u>42,123,999</u>	<u>38,881,928</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	857,619	1,270,022
Dividends payable		3,316	3,317
Income tax payable		<u>755</u>	<u>1,596</u>
Total current liabilities		<u>861,690</u>	<u>1,274,935</u>
Non-current liabilities			
Deferred tax liability		<u>294,943</u>	<u>-</u>
Total liabilities		<u>1,156,633</u>	<u>1,274,935</u>
Net assets		<u>40,967,366</u>	<u>37,606,993</u>
EQUITY			
Issued capital	8	43,961,178	44,234,488
Option premium reserve	9 (a)	101,100	101,100
Profit reserve	9 (b)	5,602,398	1,968,715
(Accumulated losses)	9 (c)	<u>(8,697,310)</u>	<u>(8,697,310)</u>
Total equity		<u>40,967,366</u>	<u>37,606,993</u>

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 2017

Consolidated	Notes	Issued capital \$	Option premium reserve \$	Profit reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016		44,504,730	101,100	920,226	(7,245,412)	38,280,644
Profit for the half-year		-	-	-	1,060,118	1,060,118
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	1,060,118	1,060,118
Buy-back of shares	8	(387,213)	-	-	-	(387,213)
Dividend reinvestment plan	8	340,102	-	-	-	340,102
Transfer from retained earnings to profit reserve	8	-	-	1,542,453	(1,542,453)	-
Dividends provided for or paid		-	-	(893,387)	-	(893,387)
Balance at 31 December 2016		44,457,619	101,100	1,569,292	(7,727,747)	38,400,264
Balance at 1 July 2017		44,234,488	101,100	1,968,715	(8,697,310)	37,606,993
Profit for the half-year		-	-	-	4,075,753	4,075,753
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the half-year		-	-	-	4,075,753	4,075,753
Buy-back of shares	8	(273,310)	-	-	-	(273,310)
Dividends provided for or paid		-	-	(442,070)	-	(442,070)
Transfer from retained earnings to profit reserve		-	-	4,075,753	(4,075,753)	-
Balance at 31 December 2017		43,961,178	101,100	5,602,398	(8,697,310)	40,967,366

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 2017

		Consolidated	
		Half-year ended	
		31 December	31 December
		2017	2016
	Notes	\$	\$
Cash flows from operating activities			
Proceeds on sale of financial assets		53,925,877	38,958,880
Payments for purchases of financial assets		(49,335,130)	(42,171,153)
Payments to suppliers and employees		(902,057)	(958,215)
Interest received		42,658	64,374
Dividends/distributions received		476,842	429,768
Other revenue		11,355	388
Tax paid		<u>(755)</u>	<u>(115,584)</u>
Net inflow/(outflow) from operating activities		<u>4,218,790</u>	<u>(3,791,542)</u>
Cash flows from financing activities			
Dividends paid		(442,070)	(553,285)
Payments for shares bought back		<u>(273,310)</u>	<u>(387,213)</u>
Net outflow from financing activities		<u>(715,380)</u>	<u>(940,498)</u>
Net increase in cash and cash equivalents		3,503,410	(4,732,040)
Cash and cash equivalents at the beginning of the half-year		<u>8,246,072</u>	<u>12,197,366</u>
Cash and cash equivalents at end of the half-year	4	<u>11,749,482</u>	<u>7,465,326</u>

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 2017 was authorised for issue in accordance with a resolution of the directors of Katana Capital Limited on 27 February 2018.

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 2017 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 2017 and considered together with any public announcements made by Katana Capital Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Changes in accounting policy

The accounting policies and methods of computation are consistent with those of the most recent annual financial report, except for the adoption of new standards and interpretations as of 1 July 2017, noted below.

Reference	Title
AASB 2016-1	<p><i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses</i></p> <p>This Standard makes amendments to AASB 112 <i>Income Taxes</i> to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.</p>
AASB 2016-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <p>The amendments to AASB 107 <i>Statement of Cash Flows</i> are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).</p>
AASB 2017-2	<p><i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 cycle</i></p> <p>This Standard clarifies the scope of AASB 12 <i>Disclosure of Interests in Other Entities</i> by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p>

The adoption of new standards and interpretations has not resulted in a material change to the financial performance or position of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3 Investment income

	Consolidated Half-year ended	
	31 December 2017	31 December 2016
	\$	\$
Realised gains on investments held for trading	3,293,152	119,583
Unrealised gains on investments held for trading	3,301,107	1,518,863
Other	11,355	388
	<u>6,605,614</u>	<u>1,638,834</u>

4 Current assets - Cash and cash equivalents

	Consolidated At	
	31 December 2017	30 June 2017
	\$	\$
Cash at bank	<u>11,749,482</u>	<u>8,246,072</u>

5 Current assets - Trade and other receivables

	Consolidated At	
	31 December 2017	30 June 2017
	\$	\$
Unsettled trades - listed equities	-	2,511,263
Interest receivable	15	9
Dividend receivable	-	48,328
Distribution receivable	23,291	4,196
	<u>23,306</u>	<u>2,563,796</u>

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 - Investments held for trading

	Consolidated At	
	31 December 2017	30 June 2017
	\$	\$
Equity securities	26,842,930	24,400,440
Australian listed trusts	2,971,366	1,953,153
Unlisted unit trusts	400,000	400,000
	<u>30,214,296</u>	<u>26,753,593</u>

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

7 Current liabilities - Trade and other payables

	Consolidated At	
	31 December 2017	30 June 2017
	\$	\$
Unsettled trades - listed equities	-	1,053,969
Management fee - Katana Asset Management Ltd	132,079	118,018
Trade creditors	18,500	40,800
Performance fee payable	652,088	-
Custody fees payable	46,794	57,534
Other payables	8,158	(299)
	<u>857,619</u>	<u>1,270,022</u>

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

8 Issued capital

	Consolidated At		Consolidated At	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares fully paid	<u>44,039,197</u>	<u>44,312,362</u>	<u>43,961,178</u>	<u>44,234,488</u>

(a) Movements in ordinary share capital:

Date	Details	Number of shares	\$
1 July 2016	Opening balance	44,683,578	44,504,730
	Buy-back of shares	(519,270)	(387,213)
	Dividend reinvestment plan	454,274	340,102
31 December 2016	Balance	<u>44,618,582</u>	<u>44,457,619</u>
1 July 2017	Opening balance	44,312,362	44,234,488
	Buy-back of shares	(273,165)	(273,310)
	Dividend reinvestment plan	-	-
31 December 2017	Balance	<u>44,039,197</u>	<u>43,961,178</u>

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

During the period from 1 July 2017 to 31 December 2017, 273,165 shares were bought back on market and were subsequently cancelled. The shares were acquired at an average price of \$0.75 with the price ranging from \$0.70 to \$0.80 per share.

8 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 \$42,123,999 at 31 December 2017 (30 June 2017: \$38,881,928), 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.

9 Reserves and Accumulated losses

	Consolidated At	
	31 December 2017 \$	30 June 2017 \$
(a) Reserves		
Option premium reserve	<u>101,100</u>	101,100
	<u>101,100</u>	101,100

The option premium reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration.

(b) Profit reserve

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:

	Consolidated At	
	31 December 2017 \$	30 June 2017 \$
Opening balance	1,968,715	920,226
Transferred from retained earnings (see 9(c))	4,075,753	2,387,174
Dividends paid	<u>(442,070)</u>	<u>(1,338,685)</u>
	<u>5,602,398</u>	1,968,715

(c) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated At	
	31 December 2017 \$	30 June 2017 \$
Opening balance	(8,697,310)	(7,245,412)
Net profit after tax attributable to members of the Company	4,075,753	935,276
Transfer to profit reserves	<u>(4,075,753)</u>	<u>(2,387,174)</u>
Closing balance	<u>(8,697,310)</u>	(8,697,310)

10 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 \$16,500 (2016: \$34,976) for tax services provided.

11 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 and 30 June 2017.

Group - as at 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets held at fair value through profit or loss:				
- Equity securities	26,842,929	-	-	26,842,929
- Listed unit trusts	2,971,367	-	-	2,971,367
- Unlisted unit trusts	-	400,000	-	400,000
Total assets	29,814,296	400,000	-	30,214,296
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Liabilities				
Financial liabilities held at fair value through profit or loss:				
- Options	-	-	-	-
Total liabilities	-	-	-	-

11 Financial risk management (continued)

(a) Fair value measurements (continued)

Group - as at 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets held at fair value through profit and loss				
- Equity securities	24,400,440	-	-	24,400,440
- Listed unit trusts	1,953,153	-	-	1,953,153
- Unlisted unit trusts	-	400,000	-	400,000
Total assets	26,353,593	400,000	-	26,753,593
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Liabilities				
Financial liabilities held at fair value through profit or loss:				
- Options	-	-	-	-
Total liabilities	-	-	-	-

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 year.

12 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.

13 Events occurring after reporting date

Other than the 60% franked 0.5 cents dividend per share declared on 17 January 2018 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.

14 Commitments and contingencies

There are no outstanding contingent liabilities or commitments as at 31 December 2017 (30 June 2017: 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 13 are in accordance with the *Corporations Act 2001*, including
 - (i) Giving a true and fair view of the financial position as at 31 December 2017 and of its performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- (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.

On behalf of the Board
Katana Capital Limited



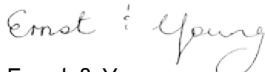
Dalton Gooding
Chairman
27 February 2018

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

As lead auditor for the review of Katana Capital Limited for the half-year ended 31 December 2017, 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
27 February 2018

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 subsidiary (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 2017 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.

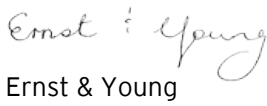
Auditor's responsibility

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 2017 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
27 February 2018