



Results for announcement to the market

Financial Results	% movement	31 December 2014 \$'000	31 December 2013 \$'000
Revenue from ordinary activities	(1%)	537	544
Profit/(loss) from ordinary activities after tax attributable to members	NA	(673)	4,923
Net profit/(loss) for the period attributable to members	NA	(673)	4,923

Dividends	Amount per Ordinary Security	Franked amount per security
2015 interim dividend*	\$0.015	Nil
2014 interim dividend	\$0.0125	Nil

Record date for determining entitlements to the 2015 interim dividends	4 February 2015
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Net Tangible Asset Backing	31 December 2014	31 December 2013
Net tangible asset backing per ordinary security	\$0.94	\$1.00

Other explanatory notes

* **Dividend** – the company declared a one cent (\$0.015) franked dividend on 28 January 2015 for the quarterly period ended 31 December 2014

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 2014

Katana Capital Limited

ABN 56 116 054 301

Financial statements For the half-year ended 31 December 2014

Contents

	Page
Directors' report	1
Financial statements	
Consolidated statement of comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flow	6
Notes to the consolidated financial statements	7
Directors' declaration	15
Auditor's Independence Declaration to the Directors of Katana Capital Limited	16
Independent review report to members of Katana Capital Limited	17

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 2014 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 loss before tax for the half-year was \$1,120,441 (2013: \$4,942,160 profit) and loss after tax for the half-year was \$673,194 (2013: \$4,922,614 profit).

EARNINGS PER SHARE

The basic and diluted profit/(loss) per share is (1.63) cents (2013: 14.07 cents).

DIVIDENDS

During the half-year the Company announced a dividends payable for the June 2014 quarter of 1.5 cents per ordinary share (2013: 1.0 cent per ordinary share) and for the September 2014 quarter 1.5 cents per ordinary share (2013: 1.25 cent per ordinary share). The total dividends paid to shareholders were \$1,194,708 (2013: \$787,950). 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 2014:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
24 July 2014	1 September 2014	1.5 cents	\$509,216
17 October 2014	17 November 2014	1.5 cents	\$685,492
			\$1,194,708

Half year ended 31 December 2013:

Date of ASX announcement	Date of Payment	Dividend Declared	Dividend Amount
30 July 2013	30 August 2013	1.0 cent	\$352,672
14 October 2013	15 November 2013	1.25 cents	\$435,278
			\$787,950

The Company also announced a dividend payable for the December 2014 quarter of 1.5 cents per ordinary share (2013: 1.25 cents per ordinary share). The dividend was declared and announced to the ASX on 28 January 2015 and paid out on 23 February 2015. The total dividends paid to shareholders were \$1,194,708 (2013: \$787,950).

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

An astounding 90%+ of the industrialised world now boast interest rates at or near zero percent. As the Chinese curse is purported to read: 'may you live in interesting times'. Well curse or no curse, these are certainly interesting times

The reality is that much of the play book has yet to be written. No prior period has witnessed the combined impact of interest rates and quantitative easing of the scale and extent to that which currently pervades our markets. There are no analogues. There are times of 'partial' similarity such as the currency wars that occurred during the period intervening the great wars. But no period has evidenced the combined and coordinated central bank machinations of this time.

So the question beckons: what does the future hold for our own market? Let's start with the long term. Ultimately one must pay the piper. We are currently witnessing PER expansion and yield contraction based predominantly on the fact that the main alternative – ie cash – is less attractive. Equities look smarter only because cash looks dumber. Investors are being forced to move up the risk scale to obtain a 'sustainable' return. Therefore in the fullness of time, once the cash rate is well and truly into its upward cycle, equities as an asset class will experience a period of protracted under-performance. And as the old adage reads 'the markets take the stairs up but the elevator down'.

The good news – in our view I should emphasise – is that in Australia we are only part way through the initial transition from cash into equities and the bias in interest rates remains to the downside at the present time. Furthermore with 'currency wars' in full swing, we are seeing interest rates being used in a manner that has not been employed for more than 80 years. The recent move by the Reserve Bank of Australia (RBA) to reduce rates by 25 basis points to a record low 2.25% is a clear attempt to protect the AUD. Finally, with inflation below most central bank targets and in some instances bordering on deflation, there is a concerted effort to reflate prices through ultra-cheap money. Nowhere was this more evident than in Sweden, where the world's oldest central bank recently moved to a negative interest rate setting in an attempt to coerce savers into buying assets.

In terms of sectors, the team at Katana continue to look favourably upon the macro tailwinds driving financial services in this country. We also continue to look at strong business models and management teams and are actively adding a number of higher growth opportunities. Finally, being multi-disciplined but with an pre-disposition towards value, we are trolling the 'ugly ducklings' in search of value. In this regard we are running our quantitative screens over oil producers, retailers and of course the resources sector more widely (but not mining services at this time).

AUDITOR'S INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from the Company's auditors Ernst & Young as presented on page 16 of this half-year report.

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



Dalton Gooding
Chairman
26 February 2015
Perth, Western Australia

Katana Capital Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2014

		Consolidated for the half-year ended	
		31 December 2014	31 December 2013
		\$	\$
	Notes		
Revenue			
Dividend income		357,515	429,220
Distribution income		76,471	19,662
Interest income		<u>103,441</u>	<u>95,134</u>
		<u>537,427</u>	<u>544,016</u>
Investment income/(loss)	3	<u>(986,170)</u>	<u>5,442,251</u>
Expenses			
Fund manager's fees		(196,003)	(223,278)
Legal and professional		(64,133)	(27,000)
Directors' fees and expenses		(85,625)	(88,625)
Administration		(325,907)	(286,171)
Performance fees		-	(419,033)
Total expenses		<u>(671,668)</u>	<u>(1,044,107)</u>
Profit/(loss before income tax)		(1,120,411)	4,942,160
Income tax benefit/(expense)		<u>447,217</u>	<u>(19,546)</u>
Profit/(loss) after income tax		<u>(673,194)</u>	<u>4,922,614</u>
Net profit/(loss) for the half-year attributable to members of Katana Capital Limited		<u>(673,194)</u>	<u>4,922,614</u>
Other comprehensive income, net of tax		-	-
Total comprehensive profit/(loss) for the half-year attributable to the members of Katana Capital Limited		<u>(673,194)</u>	<u>4,922,614</u>
		Cents	Cents
Earnings/(loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share		(1.63)	14.07

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 2014

		Consolidated At	
		31 December	30 June
		2014	2014
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	4	11,651,628	5,647,123
Trade and other receivables	5	188,461	1,671,190
Investments - held for trading	6	30,870,887	29,043,356
Other assets		105,452	34,675
Current tax asset		145,682	-
Total current assets		42,962,110	36,396,344
Non-current assets			
Deferred tax assets		160,989	-
Total assets		43,123,099	36,396,344
LIABILITIES			
Current liabilities			
Financial liabilities held at fair value through profit or loss - exchange traded options		-	35,123
Trade and other payables	7	167,818	1,806,623
Dividends payable		3,317	3,317
Income tax payable		-	66,505
Total current liabilities		171,135	1,911,568
Non-current liabilities			
Deferred tax liabilities		-	286,228
Total liabilities		171,135	2,197,796
Net assets		42,951,964	34,198,548
EQUITY			
Issued capital	8	45,229,026	34,607,708
Option premium reserve	9(a)	101,100	101,100
Accumulated losses	9(b)	(2,378,162)	(510,260)
Total equity		42,951,964	34,198,548

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 2014

Consolidated		Issued capital	Option premium reserve	Accumulated losses	Total
	Notes	\$	\$	\$	\$
Balance at 1 July 2013		35,609,199	101,100	(4,685,832)	31,024,467
Profit for the half-year		-	-	4,922,614	4,922,614
Other comprehensive income		-	-	-	-
Total comprehensive income for the half-year		-	-	4,922,614	4,922,614
Buy-back of shares		(772,103)	-	-	(772,103)
Dividends provided for or paid		-	-	(787,950)	(787,950)
Balance at 31 December 2013		34,837,096	101,100	(551,168)	34,387,028
 Balance at 1 July 2014		 34,607,708	 101,100	 (510,260)	 34,198,548
Loss for the half-year		-	-	(673,194)	(673,194)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the half-year		-	-	(673,194)	(673,194)
Buy-back of shares	8	(101,445)	-	-	(101,445)
Proceeds from contributions by shareholders	8	10,965,093	-	-	10,722,763
Transaction costs for issued share capital	8	(242,330)	-	-	(242,330)
Dividends provided for or paid	9(b)	-	-	(1,194,708)	(1,194,708)
Balance at 31 December 2014		45,229,026	101,100	(2,378,162)	42,951,964

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 2014

	Consolidated for the half-year ended	
	31 December 2014	31 December 2013
Notes	\$	\$
Cash flows from operating activities		
Proceeds on sale of financial assets	51,008,278	49,543,591
Payments for purchases of financial assets	(53,274,514)	(46,524,023)
Payments to suppliers and employees	(1,535,381)	(633,719)
Interest received	103,346	114,732
Dividends/distributions received	543,342	520,962
Other revenue	4,951	4,675
Tax received/(paid)	(272,127)	2,408
Net inflow/(outflow) from operating activities	<u>(3,422,105)</u>	<u>3,028,626</u>
Cash flows from financing activities		
Dividends paid	(1,194,708)	(787,950)
Payments for shares bought back	(101,445)	(772,103)
Proceeds from contributions by shareholders	10,722,763	-
Net inflow/(outflow) from financing activities	<u>9,426,610</u>	<u>(1,560,053)</u>
Net increase in cash and cash equivalents	6,004,505	1,468,573
Cash and cash equivalents at the beginning of the half-year	<u>5,647,123</u>	<u>4,552,320</u>
Cash and cash equivalents at end of the half-year	4 <u>11,651,628</u>	<u>6,020,893</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 2014 was authorised for issue in accordance with a resolution of the directors Katana Capital Limited on 27 February 2015.

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 principle 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 2014 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 2014 and considered together with any public announcements made by Katana Capital Limited during the half-year ended 31 December 2014 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.

All accounting standards and interpretations that are applicable from 1 July 2014 have been adopted including:

- *AASB 2014-1 Part A – Amendments to Australian Accounting Standards - Annual Improvements 2010-2012 and 2011-2013 Cycle*

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.

2 Summary of significant accounting policies (continued)

(b) Changes in accounting policy (continued)

- AASB 116 and AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:

- AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.
- AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.

These amendments are effective for annual periods beginning on or after 1 July 2014. The adoption of these amendments had no material impact on the financial position or performance 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/(loss)

	Consolidated	
	Half-year ended	
	31 December 2014	31 December 2013
	\$	\$
Realised gains/(losses) on investments held for trading	1,396,317	(618,062)
Unrealised gains/(losses) on investments held for trading	(2,387,543)	6,055,638
Other revenue	5,056	4,675
	<u>(986,170)</u>	<u>5,442,251</u>

4 Current assets - Cash and cash equivalents

	Consolidated	
	At	
	31 December 2014	30 June 2014
	\$	\$
Cash at bank	6,609,864	1,147,121
Fixed term deposits	5,041,764	4,500,002
	<u>11,651,628</u>	<u>5,647,123</u>

5 Current assets - Trade and other receivables

	Consolidated	
	At	
	31 December 2014	30 June 2014
	\$	\$
Unsettled trades - listed equities	163,879	1,518,730
Interest receivable	102	7
Dividends receivable	-	129,653
Distributions receivable	24,480	22,800
	<u>188,461</u>	<u>1,671,190</u>

There are no receivables past due or impaired.

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

6 Current assets - Investments held for trading

	Consolidated	
	At	
	31 December	30 June
	2014	2014
	\$	\$
Equity securities - classified as held at fair value through profit or loss	26,751,253	24,551,209
Australian listed trusts	3,093,067	3,484,148
Australian unlisted trusts	1,026,567	1,007,999
	<u>30,870,887</u>	<u>29,043,356</u>

Held for trading investments consist 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	30 June
	2014	2014
	\$	\$
Unsettled trades - listed equities	14,949	801,015
Management fee - Katana Asset Management Ltd	95,113	113,872
Trade creditors	25,980	46,434
Performance fee payable	13,073	807,655
PAYG tax instalments	7,196	14,250
Custody fees payable	11,507	23,397
	<u>167,818</u>	<u>1,806,623</u>

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

8 Issued capital

	Consolidated		Consolidated	
	At		At	
	31 December	30 June	31 December	30 June
	2014	2014	2014	2014
	Shares	Shares	\$	\$
Ordinary shares fully paid	<u>45,682,827</u>	<u>34,002,419</u>	<u>45,229,026</u>	<u>34,607,708</u>

(a) Movements in ordinary share capital:

Date	Details	Number of shares	\$
1 July 2013	Opening balance	35,194,896	35,609,199
	Buy-back of shares	(1,192,477)	(1,001,491)
30 June 2014	Balance	<u>34,002,419</u>	<u>34,607,708</u>
1 July 2014	Opening balance	34,002,419	34,607,708
	Proceeds from contributions by shareholders	11,790,421	10,965,093
	Buy-back of shares	(110,013)	(101,445)
	Decrease due to transaction costs for issued share capital	-	(242,330)
31 December 2014	Balance	<u>45,682,827</u>	<u>45,229,026</u>

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

During the period from 1 July 2014 to 31 December 2014, 110,013 shares were bought back on market and were subsequently cancelled. The shares were acquired at an average price of \$0.92 with the price ranging from \$0.90 to \$0.945 per share.

(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 \$43,123,099 at 31 December 2014 (30 June 2014: \$36,396,344), 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	30 June
	2014	2014
	\$	\$
(a) Reserves		
Option premium reserve	<u>101,100</u>	101,100
	<u>101,100</u>	<u>101,100</u>

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) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	At	
	31 December	30 June
	2014	2014
	\$	\$
Balance 1 July	(510,260)	(4,685,832)
Net (loss)/profit after tax attributable to members of the Company	(673,194)	5,904,101
Dividends	<u>(1,194,708)</u>	<u>(1,728,529)</u>
Balance	<u>(2,378,162)</u>	<u>(510,260)</u>

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

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 \$8,609 (2013: \$nil) for tax services provided.

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.

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 2014.

Group - as at 31 December 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets held at fair value through profit or loss:				
- Equity securities	26,750,953	-	300	26,751,253
- Listed Unit Trust	3,093,067	-	-	3,093,067
- Unlisted Unit Trust	-	1,026,567	-	1,026,567
Total assets	29,844,020	1,026,567	300	30,870,887
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Liabilities				
Financial liabilities held at fair value through profit or loss:				
- Options	-	-	-	-
Total liabilities	-	-	-	-
 Group - as at 30 June 2014	 Level 1 \$	 Level 2 \$	 Level 3 \$	 Total \$
Assets				
Financial assets held at fair value through profit and loss				
- Equity securities	24,551,209	-	-	24,551,209
- Listed Unit Trust	3,484,148	-	-	3,484,148
- Unlisted Unit Trust	-	1,007,999	-	1,007,999
Total assets	28,035,357	1,007,999	-	29,043,356
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Liabilities				
Financial liabilities held at fair value through profit or loss:				
- Options	35,123	-	-	35,123
Total liabilities	35,123	-	-	35,123

11 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 year.

The only movement in the level 3 equity securities since 30 June 2014 was \$300.

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 unfranked 1.5 cents dividend per share declared on 28 January 2015, the Directors are not aware of any matter or circumstance that has significantly or may significantly affect the operation 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

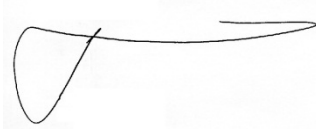
There are no outstanding contingent liabilities or commitments as at 31 December 2014 (30 June 2014: Nil).

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 14 are in accordance with the *Corporations Act 2001*, including
 - (i) Giving a true and fair view of the financial position as at 31 December 2014 and of its performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with Accounting Standard AASB134 *Interim Financial Reporting* 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.

On behalf of the Board
Katana Capital Limited



Dalton Gooding
Chairman
26 February 2015
Chairman

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

In relation to our review of the consolidated financial report of Katana Capital Limited and its controlled entities for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Peter McIver
Partner
26 February 2015

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Katana Capital Limited, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Katana Capital Limited and the entities it controlled during the half-year, 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.

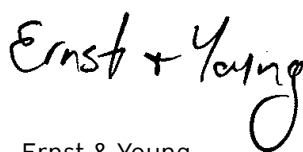
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Katana Capital Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its 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*.



Ernst & Young



Peter McIver
Partner
Perth
26 February 2015