2015 ANNUAL REPORT

KATANA
CAPITAL LTD

Corporate Directory

Katana Capital Limited
ABN 56 116 054 301

Board of Directors

Mr Dalton Gooding
Chairman, Non-Executive Director

Mr Peter Wallace
Non-Executive Director

Mr Giuliano Sala Tenna
Non-Executive Director

Mr Gabriel Chiappini
Company Secretary

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6001

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Share Registry

Computershare Investor
Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Registered Office

Level 9, The Quadrant Building
1 William Street
Perth WA 6000

Stock Exchange

ASX Limited
Exchange Plaza, 2 The Esplanade
Perth WA 6000

ASX Code: KAT

Katana Capital combines its listed investment company structure with the proven ability of its Manager *("KATANA ASSET MANAGEMENT LTD")* to provide investors with access to comprehensive investment techniques aimed at providing capital and income returns.

The Company and the Manager share similar investment philosophies. The role of the Company is to assess and monitor the Manager and liaise with the Manager with respect to its Mandate as detailed in the Management Agreement.

Our investment philosophy

As an 'All Opportunities' fund, the underlying goal of the Manager is to assess the risk adjusted return of every potential opportunity identified by the Manager. The Manager's approach includes selectively and modestly taking higher-risk positions, provided that the potential return exceeds the additional risk – preferably in terms of both value and time.

Whilst the Manager intends to combine the best principles of value investing, fundamental and technical analysis, it does not wish to be constrained by the constructs of any one approach. The key to the long-term success of the Company is seen as the capacity of the Manager to integrate the best principles of each discipline with the extensive and varied experiences of the Manager.

This is achieved by encouraging flexibility and adaptability, but within the confines of an overall framework that controls risk.

INVESTMENT REPORT

Katana Asset Management Ltd ('The Manager') has completed a report on the performance of Katana Capital Limited's portfolio for the 12 months to 30 June 2015.

FY15 financial year review

The All Ordinaries Index was broadly flat over the course of FY15, starting at 5,382 points as at 1 July 2014 and ending at 5,451.2 points, representing a gain of 1.29%. The index 'range traded' between approximately 5,200 points and 5,800 points over this period. After significantly outperforming its benchmark in FY14 with a 26.79% return verses the All Ords Index of 12.7% and a track record of outperformance in eight of the past nine years, the Manager unfortunately under-performed its benchmark in FY15, generating a negative gross investment return (before fees and taxes) of -2.28%. A summary of returns delivered by the Manager compared to the All Ords Index is shown in the table below.

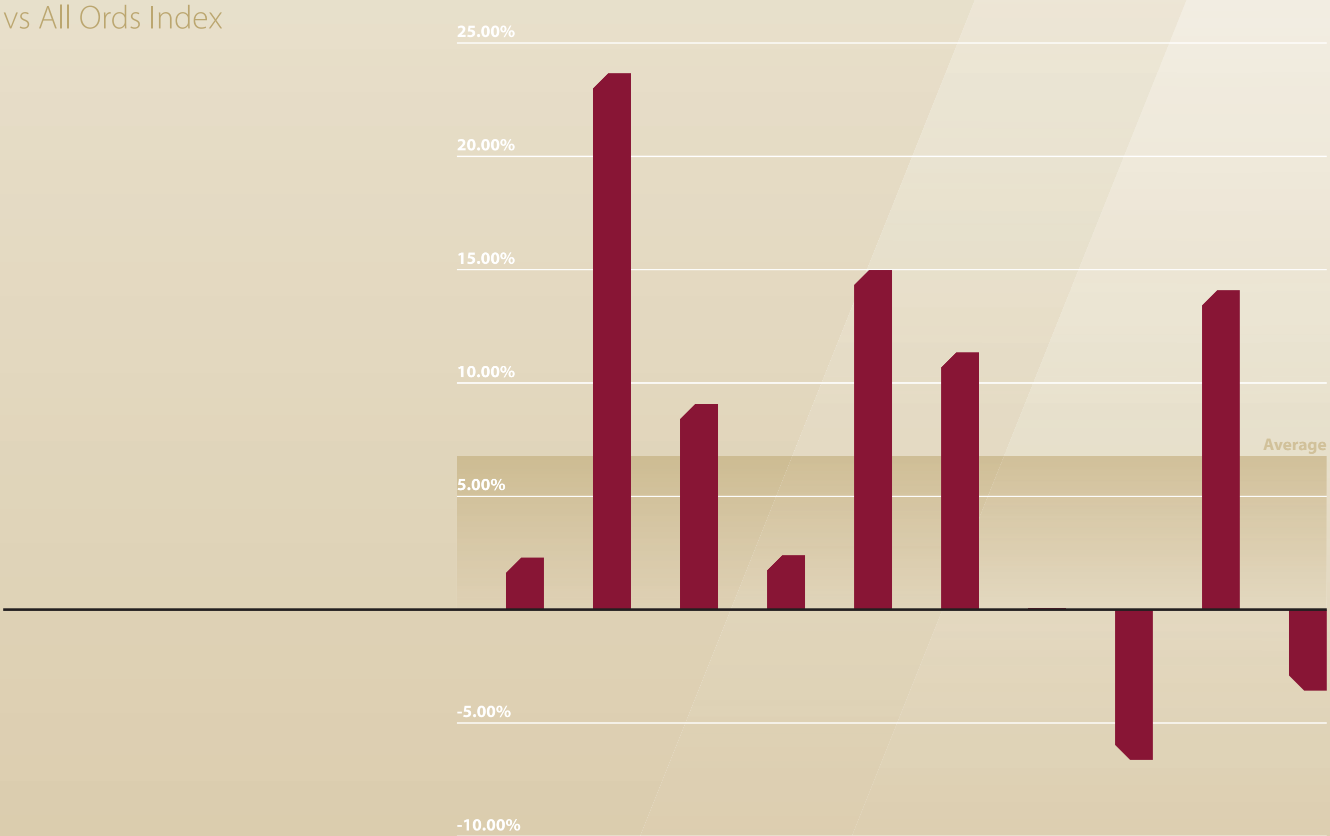
The Manager continued to hold between 50-60 individual stock positions as well as a reasonable level of cash over FY15. The Manager remains committed to maintaining a diversified portfolio, which it believes, provides a better risk adjusted outcome compared to achieving that same level of return via a concentrated portfolio.

The bar chart below illustrates the Manager's track record of relative performance in each of the past ten years together with its average level of out-performance over this period.

Katana Gross Investment Return

YEAR ENDING 30 JUNE		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Investment Return	%	9.20	49.03	-6.41	-23.57	24.54	19.10	-11.19	8.84	26.79	-2.28
All Ords Index	%	6.90	25.36	-15.49	-25.97	9.55	7.75	-11.25	15.47	12.70	1.29
Relative performance	**%**	**2.30**	**23.67**	**9.08**	**2.40**	**14.99**	**11.35**	**0.06**	**-6.63**	**14.09**	**-3.57**

Katana Outperformance vs All Ords Index



The Top 10 holdings of the Fund as at 30 June 2015 are shown below. There is a strong emphasis on and bias towards quality large and emerging industrial and diversified financial services companies. Several of these companies have international operations and virtually all have strong balance sheets and produce robust cash flows.

Outlook

Seven years on from the Global Financial Crisis (GFC) and we remain in a low global growth environment despite having the lowest interest rates in our lifetimes. We expect improvements in future growth to continue to be more gradual than in past recoveries.

This is due to a combination of factors including debt deleveraging; ongoing structural changes in economies; and a general lack of demand growth in many countries, partly attributable to ageing populations. However, the global economy is improving and will benefit from extremely loose monetary policies as well as lower oil prices, which will reduce corporate input costs and increase net incomes. In addition, growth, particularly in the US and UK, is recovering and we expect both countries to begin to normalise interest rates over the next six months.

There is a continuing gradual recovery in the euro area, supported by very accommodative monetary policy and despite imposed austerity measures. Unemployment is gradually declining and as inflation remains well below the European Central Bank's (ECB) target, monetary stimulus will continue for some while yet. Growth in China has moderated as it rebalances its economy away from fixed asset investment and towards consumer demand. The Chinese authorities are seeking to engineer a 'soft landing' by increasing a range of liquidity measures.

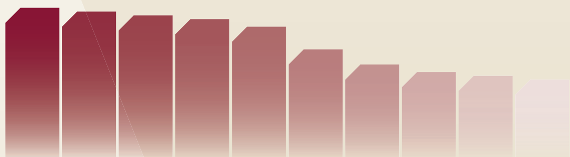
Australia continues to grow at a sub-trend pace as it transitions away from the past mining investment boom and towards growth in other, non-mining sectors. Interest rates are now at historically low levels, supporting strong growth in housing and to a lesser extent, consumption. The lower Australian dollar is assisting key export industries to become more internationally competitive. This includes tourism and education, which is now Australia's fourth largest export. Financial, business and healthcare services are also showing robust growth. In the medium term, Australia remains well positioned for growth as China and other Asian economies continue to develop their economies. This region contains some 40% of the world's population and will continue to demand Australian products and services ranging from LNG to insurance. Demand for Australian agricultural products are being driven by the emerging Asian middle class and already, seven of the top 10 sources of Australian inbound tourism are from Asia.

Strategy

The Manager believes that the stock market will move higher and provide modest total shareholder returns in FY16, boosted by the lower Australian dollar, low interest rates and a gradual improvement in global economic growth. Despite this, there will be periods of volatility, particularly as interest rates normalise in the US and as expectations regarding the local and global economic outlook fluctuate.

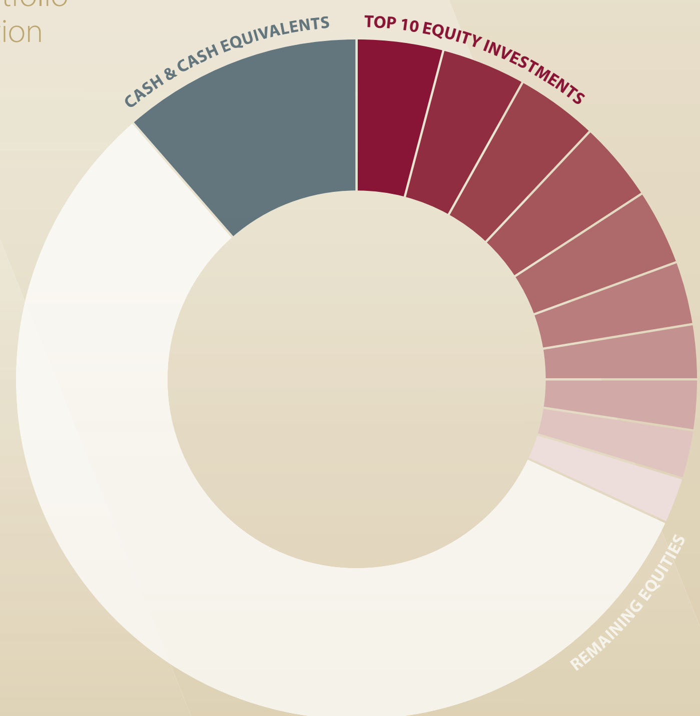
The Manager has positioned the portfolio to benefit from the low and depreciating Australian dollar by selectively increasing its exposure to companies with international operations. It has also increased its holdings in domestic companies that offer solid and sustainable dividend yields as these should perform well in the low Australian interest rate environment. The Manager believes that dividends will form a greater part of total shareholder returns in this low growth environment. The portfolio also contains some high quality mid-cap companies that should deliver high levels of profitable growth and ultimately outperform the broader market.

Top 10 Equity investments



ASX Code		MPL	NAB	CWN	TLS	STO	HGG	AMP	BTT	TRG	GCS
Percentage of Portfolio Valuation as at 30/6/15	%	4.1	4.0	3.9	3.8	3.6	3.0	2.6	2.4	2.3	2.2

Percentage of portfolio valuation



INVESTMENT REPORT

The portfolio remains very underweight in resource and associated stocks. The Manager expects the share market to experience periods of volatility and will use any weak periods to add to holdings. This may result in it holding higher cash balances from time to time as it will only invest valuable shareholder funds when it considers the risk/return equation to be favourable.

Corporate

Katana Capital Ltd issued a total of 11.8m new shares, raising $10.95m (before transaction costs of $0.2m) in FY15. Of this amount, 8.4m shares were issued in a placement to professional and sophisticated investors at 93 cents per share. The placement raised $7.8m and was over-subscribed. The balance of $3.15m was completed via a 1-for-8 non renounceable pro-rata rights issue at the same price.

The company bought back 780,780 shares in FY15 at an average price of 88 cents per share. In addition to providing liquidity to existing shareholders, the buyback increased the underlying net asset backing for all existing and remaining shareholders.

In November, shareholders received one free bonus option for every ordinary share held. The options are exercisable at $1.00 each and have an expiry date of 1 March 2016.

Katana paid four quarterly dividends totalling six cents ($0.06) during FY15 of which three cents ($0.03) were fully franked. This represented an increase of 20% over FY14.

In order to reduce the overall cost of running Katana Capital Ltd and provide a better conversion from gross investment returns to net shareholder returns, the Manager voluntarily reduced the management and performance fees by approximately 20%. (This was reported to the ASX on 26 September 2014). This will directly benefit all shareholders. In addition the Manager has further reduced some transaction costs and is working with the Board to review all costs in order to maximise the conversion of gross returns to net returns.

On behalf of all of the staff at Katana Asset Management, we take this opportunity to once again thank Katana Capital's valued shareholders for your support and belief throughout FY15 and beyond.

Brad Shallard **Romano Sala Tenna**

INVESTMENT MANAGERS
KATANA ASSET MANAGEMENT LIMITED

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 year ended 30 June 2015 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 financial year and up to the date of this report:

Information on Directors

Dalton Gooding

BBus, FCA.

(Non-Executive Chairman)

Mr Gooding was appointed to the Board on 11 November 2005. Mr Gooding, formerly a long-standing partner at Ernst & Young, is a Fellow of the Institute of Chartered Accountants in Australia. He is currently the senior partner of Gooding Partners and advises to a wide range of businesses with particular emphasis relating to taxation and accounting issues, due diligence, feasibilities and general business advice. Mr Gooding also has a number of other directorships of companies in many different segments of business. During the past four years Mr Gooding has also served as a director of the following other listed companies:

- SIPA Resources Limited - appointed 1 May 2003
- Avita Medical Limited - appointed 14 November 2002, resigned 30 June 2014
- Brierty Limited - appointed 26 October 2007
- TFS Corporation Limited - appointed 16 October 2014

Peter Wallace

SF Fin, FAICD, AFAIM.

(Non-Executive Director)

Mr Wallace was appointed to the Board on 19 September 2005. Mr Wallace has had 45 years in the Banking and Finance industry with experience gained in all aspects of debt and equity raising. Past Executive positions held include COO of a major Regional Bank as well as Chief Credit Officer and other General Management roles. Most recently as Head of Corporate Advisory for Bell Potter Securities Ltd, Mr Wallace directed the capital raisings for several large Public companies as well as providing a variety of Corporate Advisory services to a wide range of companies, both private and publicly owned.
During the past four years Mr Wallace has also served as a director of the following other listed companies:

- Neptune Marine Services Limited - appointed 8 July 2011
- Goldfields Money Ltd - appointed 7 August 2014

Giuliano Sala Tenna

BCom, FFIN, GAICD.

(Non-Executive Director)

Mr Sala Tenna was appointed to the Board on 19 September 2005.

Mr Sala Tenna currently works with one of Australia's leading full service stockbroking firms in Corporate Advisory and Institutional Sales.

Prior to this Mr Sala Tenna was the Head of Institutional Sales with one of Australia's leading hedge fund managers with over $5.5 billion in funds under management.

Mr Sala Tenna has worked in the Finance Industry for over 17 years in various fields including credit, financial advising, business development, corporate advisory and equity sell side / buy side.

Mr Sala Tenna has completed a Bachelor of Commerce degree at Curtin University of Technology with a double major in Economics and Finance graduating with Distinction, the Graduate Diploma in Financial Planning at the Financial Services Institute of Australasia, the Company Directors Course at the Australian Institute of Company Directors and is an ASX Derivatives Accredited Adviser.

Mr Sala Tenna is a Member of the Golden Key National Honour Society, a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.

Company Secretary

Gabriel Chiappini

B.Bus, GAICD, CA

Mr Chiappini is a member of the Australian Institute of Company Directors and Institute of Chartered Accountants and has been the Company Secretary since 14 November 2005. Mr Chiappini has worked in Chief Financial Officer and Company Secretarial roles in both local and international environments and also holds the position of Company Secretary with several ASX listed and unlisted companies. Mr Chiappini has experience in diverse and varied industry sectors including Investment Banking (UK), Property Development & Investment (UK), Oil & Gas (Australia), Telecommunications (Australia) and Biotechnology (Australia).

DIRECTORS' REPORT

Directors' Meetings

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	DIRECTORS' MEETINGS		AUDIT & COMPLIANCE COMMITTEE MEETINGS	
	A	**B**	**A**	**B**
Dalton Gooding	4	4	2	2
Peter Wallace	3	4	2	2
Giuliano Sala Tenna	4	4	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Committee membership

As at the date of this report the Company had an Audit and Compliance Committee.

Members acting on the Audit and Compliance Committee of the Board at the date of this report are:

- Peter Wallace (Chairman of Committee)
- Dalton Gooding
- Giuliano Sala Tenna

Directors' interest in Shares and Options

As at the date of this report, the interest of the directors in the shares and options of the Company are:

	No. of shares 30 June 2015	No. of options 30 June 2015
Dalton Gooding	157,219	149,744
Peter Wallace	300,000	300,000
Giuliano Sala Tenna	112,500	112,500

Earnings Per Share

	30 June 2015 Cents	30 June 2014 Cents
Basic and diluted earnings per share		
Basic earnings from continuing operations attributable to the ordinary equity holders of the company	**(2.7)**	17.07

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share was 43,623,418 (2014: 34,592,393). At 30 June 2015, the Company had 45,706,657 options on issue exercisable at $1.00 each expiring 1 March 2016. These options are not considered to be dilutive as the weighted average price of the Company's shares did not exceed the $1.00 exercise price.

Dividends

The following dividends have been paid by the Company or declared by the directors since the commencement of the financial year ended 30 June 2015:

		30 June 2015 $	30 June 2014 $
Dividend paid during 1st Quarter of the year	Total Paid	**509,216**	352,672
	Cents per share	**1.5 cent**	1 cent
Dividend paid during 2nd Quarter of the year	Total Paid	**685,492**	435,278
	Cents per share	**1.5 cents**	1.25 cents
Dividend paid during 3rd Quarter of the year	Total Paid	**685,005**	427,917
	Cents per share	**1.5 cents**	1.25 cents
Dividend paid during 4th Quarter of the year	Total Paid	**689,167**	512,662
	Cents per share	**1.5 cents**	1.5 cents
		2,568,880	1,728,529

Corporate Information

The Company was incorporated on 19 September 2005. During the 30 June 2007 financial year it incorporated a wholly owned subsidiary Kapital Investments (WA) Pty Ltd. Katana Capital Limited is incorporated and domiciled in Australia. The registered office is located at Level 9, The Quadrant Building, Perth, WA 6000, Australia.

Principal activity

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

Employees

As at 30 June 2015, the Group did not have any full time employees (2014: Nil).

Operating and Financial Review

Company overview

Katana Capital was incorporated in September 2005 as a listed investment company providing shareholders with access to the investment services of Katana Asset Management Ltd ("Fund Manager"). The Fund Manager employs a benchmark unaware long only Australian Equities investment philosophy with active use of cash holdings as a defensive mechanism within the portfolio to deploy into market weakness. The portfolio does not incorporate gearing or short selling of securities.

The All Ordinaries Index was broadly flat over the course of FY15, starting at 5,382 points as at 1 July 2014 and ending at 5,451.2 points, representing a gain of 1.29%. The index 'range traded' between approximately 5,200 points and 5,800 points over this period. After significantly outperforming its benchmark in FY14 with a 26.79% return versus the All Ords Index of 12.7% and a track record of outperformance in eight of the past nine years, the Manager unfortunately under-performed its benchmark in FY15, generating a negative gross investment return (before fees and taxes) of -2.28%. The loss after tax for the year was $1,157,799 (2014: $5,904,101 profit after tax).

Investments for future performance

Katana Capital's Fund Manager notes that the Australian equity market has now seen valuations return to more normalised historical levels and therefore we are entering a more challenging time for equity investing. In saying that, the Fund Manager continues to find some pockets of value including in a number of mid and small-cap companies. In addition to this, the Fund Manager has reviewed and invested in a number of successful IPOs more recently with several more on the radar for immediate further work.

Cash from operations

Net cash outflows from operations were ($10,184,260) (2014: inflows $3,824,823) during the year which reflects the Group's investment from the Australian equities market.

Net cash flows for the financial year ending 30 June 2016 are expected to remain neutral and will be subject to the Group taking advantage of opportunities within the Australian equities market and the general performance of the market.

Liquidity and funding

Following the completion of the issue of 8,400,000 shares at $0.93 together with 1-for-8 rights issue, the Company foresees no need to raise additional equity and will use its remaining cash reserves to invest into the Australian equities market along with continuing dividend payments and share buybacks.

Risk management

The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Group's application of that system.

Implementation of the risk management system and day to day management of risk is the responsibility of the Fund Manager. The Fund Manager is primarily responsible for all matters associated with risk management associated with the Equity Markets and Investment of the Group's funds and has formalised an Investment Committee that meets on a regular basis to review the Group's investments.

DIRECTORS' REPORT

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 year.

Significant Changes After Balance 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 3 August 2015 the Company declared a fully franked 1.5 cent per share dividend.

At the time of writing this report, the Directors note that following 30 June 2015, there has been a correction in the All Ordinaries with the index down from 5,451 points at 30 June 2015 to 5,076 points at 25 September 2015, representing a decrease of 6.9%%. As this is the only Securities Exchange the Company invests in, changes in the value of the Company's investments are reflected in the Company's Net Tangible Asset Backing per share which is reported to the Australian Securities Exchange (ASX) monthly and is available via the ASX website. From 30 June 2015 to 31 August 2015, the Company's Net Tangible Asset Backing per share has decreased by 3.21%. The further impact for the month of September will be determined and reflected in the Company's Net Tangible Asset Backing per share in 30 September 2015 monthly report to ASX.

Likely Developments and Expected Results

Seven years on from the Global Financial Crisis (GFC) and we remain in a low global growth environment despite having the lowest interest rates in our lifetimes. We expect improvements in future growth to continue to be more gradual than in past recoveries. This is due to a combination of factors including debt deleveraging; ongoing structural changes in economies; and a general lack of demand growth in many countries, partly attributable to ageing populations. However, the global economy is improving and will benefit from extremely loose monetary policies as well as lower oil prices, which will reduce corporate input costs and increase net incomes. In addition, growth, particularly in the US and UK, is recovering and we expect both countries to begin to normalise interest rates over the next six months.

There is a continuing gradual recovery in the euro area, supported by very accommodative monetary policy and despite imposed austerity measures. Unemployment is gradually declining and as inflation remains well below the European Central Bank's (ECB) target, monetary stimulus will continue for some while yet. Growth in China has moderated as it rebalances its economy away from fixed asset investment and towards consumer demand. The Chinese authorities are seeking to engineer a 'soft landing' by increasing a range of liquidity measures.

Australia continues to grow at a sub-trend pace as it transitions away from the past mining investment boom and towards growth in other, non-mining sectors. Interest rates are now at historically low levels, supporting strong growth in housing and to a lesser extent, consumption. The lower Australian dollar is assisting key export industries to become more internationally competitive. This includes tourism and education, which is now Australia's fourth largest export. Financial, business and healthcare services are also showing robust growth. In the medium term, Australia remains well positioned for growth as China and other Asian economies continue to develop their economies. This region contains some 40% of the world's population and will continue to demand Australian products and services ranging from LNG to insurance. Demand for Australian agricultural products are being driven by the emerging Asian middle class and already, seven of the top 10 sources of Australian inbound tourism are from Asia.

Environmental Regulation and Performance

The principal activities of the Group are not subject to any significant environmental regulations.

Share Options

Unissued shares

There were 45,706,657 options outstanding as at 30 June 2015.

Shares issued on the exercise of Options

There were no options exercised during the financial year to acquire fully paid ordinary shares in the Group.

Options granted as remuneration

There were no options granted as remuneration.

Remuneration Report (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and 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 Company (whether executive or otherwise).

This report outlines the remuneration arrangements in place for directors of Katana Capital. Katana Capital, at this stage of its development does not employ executive directors and does not have a Managing Director or a Chief Executive Officer. The Company has outsourced the management of the investment portfolio to the Fund Manager, Katana Asset Management Ltd. Katana Asset Management Ltd reports directly to the Board and is invited to attend all Board meetings to present its investment strategy and to discuss and review the financial performance of the Group.

(a) Details of Key Management Personnel

The following persons were directors of Katana Capital Limited during the financial year:

(i) Chairman - non executive

Dalton Gooding

(ii) Non executive directors

Peter Wallace
Giuliano Sala Tenna

(b) Key management services – Katana Asset Management Ltd

In addition to the Directors noted above, Katana Asset Management Ltd, the Fund Manager for the Group provides the Group with key management services. The directors of Katana Asset Management Ltd are Brad Shallard, Romano Sala Tenna and Michelle Butler.

Officer

The company secretary is an officer of the Company but is not considered to be a key management person as he does not have the authority and responsibility for planning, directing or controlling the activities of the Group and is not involved in the decision making process, with his main duties being aligned to his compliance function.

Remuneration philosophy

The performance of the Group depends upon the quality of its directors. To prosper, the Group must attract, motivate and retain skilled non-executive directors.

As a result of the independence and separation of Non Executive Directors' role of providing guidance and overview, the remuneration policy of the directors is not directly linked to company performance. Katana Asset Management Ltd's performance fees and management fees are linked directly to the performance of the Company.

The Company does not have a remuneration committee. The Board of Directors act as the Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the Company. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis, by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board.

DIRECTORS' REPORT

Remuneration Report (Audited) - *CONTINUED*

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

(i) Non executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. At present the aggregate remuneration totals $200,000 per year in respect of fees payable to non-executive directors. This amount was approved by shareholders at the annual general meeting held on the 10 November 2005.

The amount of aggregate remuneration, including the issue of options sought to be approved by shareholders and the manner in which it is apportioned amongst directors, is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The Board considers that the majority of the Group's performance lies with the Fund Manager.

Each director receives a fee for being a director of the Group and includes attendance at Board and Committee meetings. Any additional services provided are charged at a daily rate agreed in advance by the Chairman.

The remuneration of non-executive directors for the year ended 30 June 2015 is detailed on page 12 of this report.

(ii) Senior manager and executive director remuneration

As previously noted the Company at present does not employ any executive directors or senior management. If the Company chooses in the future to employ executive directors the Company will review the remuneration packages.

Employment contracts

As noted above the Group does not currently employ any executive directors or senior management, it does however have an agreement in place with Katana Asset Management Ltd to provide the Group with investment management services.

(iii) Compensation of Katana Asset Management Ltd

No amount is paid by the Group directly to the directors of Katana Asset Management Ltd. Consequently, no compensation is paid by the Group to the Directors of Katana Asset Management Ltd as Key Management Personnel.

Compensation is paid to the Fund Manager in the form of fees and the significant terms of the agreement and the amount of compensation is disclosed below.

The Company has entered into the Management Agreement with the Fund Manager with respect to the management of the Portfolio. The main provisions of the Management Agreement are summarised below.

The Management Agreement is for an initial period of 10 years from its commencement date (Initial Term) unless earlier terminated in accordance with its terms. The commencement date (Commencement Date) is the date on which the company listed on the Australian Stock Exchange - 23 December 2005.

Remuneration Report (Audited) - *CONTINUED*

(iii) Compensation of Katana Asset Management Ltd - *CONTINUED*

The Management Agreement will renew for a further period of 10 years on expiry of the Initial Term if the following conditions are satisfied:

1. the Shareholders of the Company approve such renewal by ordinary resolution
2. the Fund Manager is not in breach of the Management Agreement; and
3. the Fund Manager has not in the reasonable opinion of the Board materially breached the Management Agreement during the Initial Term.

The Fund Manager may terminate the Management Agreement at any time by providing a written notice at least three months prior to termination, if:

1. at any time during the term:
   (a) the Company fails to make payment of the remuneration in accordance with the Management Agreement and the failure continues for 21 days from the delivery of a written notice by the Fund Manager to the Company requesting payment;
   (b) the Company enters into liquidation (except voluntary liquidation for the purpose of reconstruction);
   (c) the Company is guilty of any gross default, breach, non observance or non performance of any of the terms and conditions contained in the Management Agreement; or
   (d) a receiver or receiver and manager is appointed to the whole or part of the undertakings of the Company; and
2. such notice is given not less than two years after the commencement of the Initial Term.

The Company may immediately terminate the Management Agreement if:

(a) the Fund Manager or any of its directors or servants are found guilty of grave misconduct in relation to the affairs of the Company;

(b) the Fund Manager's AFSL is suspended or cancelled at any time for any reason;

(c) the Fund Manager commits a fundamental default or breach of its obligations under the Management Agreement or is in breach of any conditions of its AFSL and such default or breach is not remedied within 30 days after the Company has notified the Fund Manager in writing to remedy that default or breach;

(d) the Fund Manager enters into liquidation (except voluntary liquidation for the purpose of reconstruction);

(e) a receiver or receiver and manager is appointed to the whole or part of the undertaking of the Fund Manager;

(f) a change in control of the Fund Manager occurs without the Fund Manager obtaining at least 30 days prior written consent from the Company;

(g) the Fund Manager is guilty of any gross default, breach, non observance or non performance of any of the terms and conditions contained in the Management Agreement;

(h) the Fund Manager fails to remedy a breach of the Management Agreement within the time period reasonably specified in a notice from the Company requiring it to do so;

(i) the Fund Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the investment strategy applicable to the Company at the time the relevant investment is made; or

(j) the Fund Manager is not lawfully able to continue to provide services to the Company pursuant to the terms of the Management Agreement.

The Company may, by written notice to the Fund Manager at any time within six months after the end of any five year period during the term, terminate the Management Agreement if Shareholders pass an ordinary resolution to terminate and the average Portfolio return for the five 12 month periods comprising the relevant five year period is less than the average percentage increase in the ASX All Ordinaries Index for those five 12 month periods.

The Board on a regular basis reviews the Management Agreement and Mandate to ensure compliance with the terms of the agreement.

DIRECTORS' REPORT

Remuneration Report (Audited) - *CONTINUED*

Management and performance fees

Total management and performance fees paid and accrued by the Group to Katana Asset Management Ltd for the year ended 30 June 2015 was $457,651 (30 June 2014: $1,253,613) as follows:

(i) Management fee

The Fund Manager receives a monthly management fee equal to 0.08333% (2014: 0.104167%) of the Portfolio value calculated at the end of each month. The fee for 2015 was $457,651 (2014: $445,958). The directors and shareholders of Katana Asset Management Ltd are also shareholders in Katana Capital Limited. During the period the fund manager agreed to reduce the management fee from 1.25% to 1.0% per annum.

(ii) Performance fee

Performance fee to be paid in respect of each performance calculation period of 15.0% (2014: 18.5%) of the amount by which the Fund Manager outperforms the ASX All Ordinaries during the calculation period (calculated annually for the 12 month period ending 30 June). The Fund Manager qualified to receive a performance fee of $nil for the financial year ended 30 June 2015 (2014: $807,655). During the year the fund manager agreed to reduce the performance fee from 18.5% to 15.0% per annum.

Company performance

The profit/(loss) after tax for the group from 2011 is as follows:

	2015	2014	2013	2012	2011
Profit/(loss) after tax expense	**($1,157,799)**	$5,904,101	$1,780,914	$(5,209,056)	$3,940,477
Earnings/(Loss) per share - cents	**(2.7)**	17.07	4.82	(13.26)	9.78
Share Price 30 June	**$0.82**	$0.95	$0.78	$0.60	$0.84

Remuneration of directors and key management personnel of the Group

2015	**Short-term employee benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**		
Name	Salary and fees $	Other(i) $	Cash STI $	Super-annuation $	Termination benefits $	Options $	Total $	Percentage of remuneration which is performance based %
Non-executive directors								
Dalton Gooding	70,000	-	-	6,650	-	-	76,650	-
Peter Wallace	40,000	-	-	3,800	-	-	43,800	-
Giuliano Sala Tenna	40,000	-	-	3,800	-	-	43,800	-
Total non-executive directors & KMP	**150,000**	**-**	**-**	**14,250**	**-**	**-**	**164,250**	**-**

(i) insurance premiums have not been included in other remuneration.

2014	**Short-term employee benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**		
Name	Salary and fees $	Other(i) $	Cash STI $	Super-annuation $	Termination benefits $	Options $	Total $	Percentage of remuneration which is performance based %
Non-executive directors								
Dalton Leslie Gooding	70,000	-	-	6,475	-	-	76,475	-
Peter Wallace	40,000	-	-	3,701	-	-	43,701	-
Giuliano Sala Tenna	40,000	-	-	3,701	-	-	43,701	-
Total non-executive directors & KMP	**150,000**	**-**	**-**	**13,877**	**-**	**-**	**163,877**	**-**

(i) insurance premiums have not been included in other remuneration.

Remuneration Report (Audited) - *CONTINUED*

Equity instrument disclosures relating to key management personnel

(i) Option holdings

The following options were granted and held by the directors or key management personnel during the financial year:

- Mr Dalton Gooding 149,744 (2014: Nil)
- Mr Peter Wallace 300,000 (2014: Nil)
- Mr Giuliano Sala Tenna 112,500 (2014: Nil).

These options have been granted in 14 November 2014 to all existing shareholders on a ratio of one option for every one ordinary share held on the record date at $nil consideration. These options are exercisable until its expiry on 1 March 2016.

(ii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Katana Capital Limited and other key management personnel of the Group, including their personally related parties, are set out below.

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable that those the Group would have adopted if dealing at arm's length.

2015

Name	Balance at the start of the year	Received during the year in the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Katana Capital Limited				
Ordinary shares				
Dalton Gooding	131,102	-	26,117	157,219
Peter Wallace	300,000	-	-	300,000
Giuliano Sala Tenna	100,000	-	12,500	112,500

Other transactions and balances with key management personnel

Dalton Gooding is a partner of Gooding Partners Chartered Accounting firm and as part of providing taxation advisory services, Gooding partners received $21,035 (2014: $33,352) for tax services provided.

END OF REMUNERATION REPORT (AUDITED)

DIRECTORS' REPORT

Indemnification of Directors and Officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of the Company and the Group against legal costs incurred in defending proceedings for conduct other than (a) a wilful breach of duty and (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

During the year the Company paid for Directors' & Officers' insurance in the normal course of business, this amount has not been included in Directors and Executives remuneration.

Indemnification of Auditors

To the extent permitted by law, the Company agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor Independence

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

Non-audit Services

Ernst & Young did not receive any amounts for the provision of non-audit services.

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

Dalton Gooding
Chairman

Perth, Western Australia

29 September 2015

Ernst & Young
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Perth WA 6000 Australia
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Auditor's independence declaration to the Directors of Katana Capital Limited

In relation to our audit of the financial report of Katana Capital Limited for the financial year ended 30 June 2015, 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

G H Meyerowitz
Partner
29 September 2015

Financial statements

30 June 2015

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	Notes	CONSOLIDATED FOR THE YEAR ENDED 30 June 2015 $	30 June 2014 $
Revenue			
Dividends		**850,535**	804,281
Interest		**189,207**	188,704
Distributions income		**111,250**	77,414
Investment (loss)/income	3	**(1,694,090)**	7,236,354
Total net investment (loss)/ income		**(543,098)**	8,306,753
Expenses			
Fund manager's fees	13 (b)	**(457,651)**	(445,958)
Legal and professional		**(100,726)**	(89,852)
Directors' fees and expenses		**(171,250)**	(163,877)
Administration		**(670,820)**	(542,577)
Performance fees	13 (b)	**-**	(807,655)
Total expenses		**(1,400,447)**	(2,049,919)
Profit/(loss) before income tax		**(1,943,545)**	6,256,834
Income tax benefit/(expense)	4 (a)	**785,746**	(352,733)
Profit/(loss) after income tax		**(1,157,799)**	5,904,101
Net profit/(loss) for the year attributable to members of Katana Capital Limited		**(1,157,799)**	5,904,101
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the year attributable to the members of Katana Capital Limited		**(1,157,799)**	5,904,101
		Cents	Cents
Earnings/(loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share	18 (a)	**(2.7)**	17.07

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	CONSOLIDATED AT 30 June 2015 $	30 June 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**3,204,027**	5,647,123
Trade and other receivables	6	**136,205**	1,671,190
Investments - held for trading	7	**37,776,106**	29,043,356
Other assets		**22,364**	34,675
Total current assets		**41,138,702**	36,396,344
Non-current assets			
Deferred tax assets	8	**782,220**	-
Total assets		**41,920,922**	36,396,344
LIABILITIES			
Current Liabilities			
Financial liabilities held at fair value through profit or loss		**-**	35,123
Trade and other payables	9	**1,065,173**	1,806,623
Dividends payable		**3,317**	3,317
Income tax payable		**70,515**	66,505
Total current liabilities		**1,139,005**	1,911,568
Non-current liabilities			
Deferred tax liabilities	10	**-**	286,228
Total liabilities		**1,139,005**	2,197,796
Net assets		**40,781,917**	34,198,548
EQUITY			
Issued capital	11	**44,917,756**	34,607,708
Option premium reserve	12(a)	**101,100**	101,100
Profit reserve	12(b)	**821,538**	-
(Accumulated losses)/ retained earnings	12(b)	**(5,058,477)**	(510,260)
Total equity		**40,781,917**	34,198,548

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

CONSOLIDATED

	Notes	Issued capital $	Option premium reserve $	Profit reserve $	(Accumulated losses)/ Retained earnings $	Total $
Balance at 1 July 2013		**35,609,199**	**101,100**	**-**	**(4,685,832)**	**31,024,467**
Profit for the year		-	-	-	5,904,101	5,904,101
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**-**	**5,904,101**	**5,904,101**
Buy-back of shares	11	(1,001,491)	-	-	-	(1,001,491)
Dividends provided for or paid	21	-	-	-	(1,728,529)	(1,728,529)
Balance at 30 June 2014		**34,607,708**	**101,100**	**-**	**(510,260)**	**34,198,548**
Balance at 1 July 2014		**34,607,708**	**101,100**	**-**	**(510,260)**	**34,198,548**
Loss for the year		-	-	-	(1,157,799)	(1,157,799)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**-**	**(1,157,799)**	**(1,157,799)**
Transfer from retained earnings to profit reserve		-	-	1,510,705	(1,510,705)	-
Buy-back of shares	11	(719,827)	-	-	-	(719,827)
Dividend reinvestment plan	11	298,382	-	-	-	298,382
Proceeds from contributions by shareholders	11	10,965,093	-	-	-	10,965,093
Transaction costs for issued share capital	11	(233,600)	-	-	-	(233,600)
Dividends provided for or paid	21	-	-	(689,167)	(1,879,713)	(2,568,880)
Balance at 30 June 2015		**44,917,756**	**101,100**	**821,538**	**(5,058,477)**	**40,781,917**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	CONSOLIDATED **30 June 2015 $**	 30 June 2014 $
Cash flows from operating activities			
Proceeds on sale of financial assets		**117,112,209**	97,846,071
Payments for purchases of financial assets		**(126,473,130)**	(93,790,651)
Payments to suppliers and employees		**(2,101,582)**	(1,238,145)
Interest received		**189,214**	208,295
Dividends received		**1,041,463**	787,023
Other revenue		**7,340**	9,303
Tax received		**40,226**	2,927
Net inflow/(outflow) from operating activities	15	**(10,184,260)**	3,824,823
Cash flows from financing activities			
Dividends paid		**(2,568,880)**	(1,728,529)
Payments for shares bought back		**(421,448)**	(1,001,491)
Proceeds from contributions by shareholders		**10,965,092**	-
Transaction costs for issued share capital		**(233,600)**	-
Net cash inflow/(outflow) from financing activities		**7,741,164**	(2,730,020)
Net increase/(decrease) in cash and cash equivalents		**(2,443,096)**	1,094,803
Cash and cash equivalents at the beginning of the financial year		**5,647,123**	4,552,320
Cash and cash equivalents at end of year	5	**3,204,027**	5,647,123

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 year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 29 September 2015.

The Company 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 Securities 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 financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments, which have been measured at fair value.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report comprises the financial statements of Katana Capital Limited and its subsidiaries.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Changes in accounting policy and disclosures

The Group has adopted all the new and amended Australian Accounting Standards and AASB interpretations effective as at 1 July 2014. The nature and impact of each new standard and amendment is described below:

REFERENCE	TITLE
AASB 2012-3	***Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*** AASB 2012-3 adds application guidance to AASB 132 ***Financial Instruments: Presentation*** to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2013-3	***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*** AASB 2013-3 amends the disclosure requirements in AASB 136 ***Impairment of Assets***. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.
AASB 2013-4	***Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]*** AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
AASB 2013-5	***Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]*** These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 ***Business Combinations*** when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Changes in accounting policy and disclosures - CONTINUED

REFERENCE	TITLE
AASB 2013-7	*Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders [AASB 1038]* AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source of consolidation requirements applicable to life insurance entities.
AASB 1031	*Materiality* The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework* (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014.
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: 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 segment assets to the entity's total assets. > AASB 116 & 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 *Related Party Disclosures* for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	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.
Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Changes in accounting policy and disclosures - CONTINUED

REFERENCE	TITLE
Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • clarify that AASB 1053 relates only to general purpose financial statements; • make AASB 1053 consistent with the availability of the AASB 108 ***Accounting Policies, Changes in Accounting Estimates and Errors*** option in AASB 1 ***First-time Adoption of Australian Accounting Standards***; • clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and • specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

The adoption of these new and amended standards had no material impact on the Group's financial statements, except for the adoption of the revised AASB 124. In accordance with the revised AASB 124, the remuneration paid to Katana Asset Management Ltd for key management services to the entity has been separately disclosed as a related party transaction, see note 14, and removed from the aggregate Key Management Personnel compensation disclosure in note 13. The adoption of the revised standard had no impact on profit or loss or accumulated losses brought forward at the beginning of the comparative period. Comparative information has been restated.

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2015. The nature of each new standard and amendment is described below:

REFERENCE	TITLE	SUMMARY	APPLICATION DATE FOR KATANA CAPITAL
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. ***Financial assets*** a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 July 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Accounting standards and interpretations issued but not yet effective - *CONTINUED*

REFERENCE	TITLE	SUMMARY	APPLICATION DATE FOR KATANA CAPITAL
AASB 9 *- CONTINUED*	*Financial Instruments* *- CONTINUED*	***Financial liabilities*** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: > The change attributable to changes in credit risk are presented in other comprehensive income (OCI) > The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. **Impairment** The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. **Hedge accounting** Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.	

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Accounting standards and interpretations issued but not yet effective - CONTINUED

REFERENCE	TITLE	SUMMARY	APPLICATION DATE FOR KATANA CAPITAL
AASB 15	Revenue from Contracts with Customers	***AASB 15 Revenue from Contracts with Customers*** replaces the existing revenue recognition standards AASB 111 ***Construction Contracts***, AASB 118 ***Revenue*** and related Interpretations (Interpretation 13 ***Customer Loyalty Programmes***, Interpretation 15 ***Agreements for the Construction of Real Estate***, Interpretation 18 ***Transfers of Assets from Customers***, Interpretation 131 ***Revenue–Barter Transactions Involving Advertising Services*** and Interpretation 1042 ***Subscriber Acquisition Costs in the Telecommunications Industry***). AASB 15 incorporates the requirements of IFRS 15 ***Revenue from Contracts with Customers*** issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 July 2017
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 ***Consolidated Financial Statements*** and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Accounting standards and interpretations issued but not yet effective - *CONTINUED*

REFERENCE	TITLE	SUMMARY	APPLICATION DATE FOR KATANA CAPITAL
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 ***Non-current Assets Held for Sale and Discontinued Operations***: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 ***Financial Instruments: Disclosures:*** • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 ***Disclosure–Offsetting Financial Assets and Financial Liabilities*** is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 ***Interim Financial Reporting*** when its inclusion would be required by the requirements of AASB 134. AASB 119 ***Employee Benefits:*** • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 ***Interim Financial Reporting:*** • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 ***Presentation of Financial Statements*** arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 ***Materiality***	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 ***Disclosure of Interests in Other Entities*** and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015

2 Summary of significant accounting policies - *CONTINUED*

(b) Statement of compliance - *CONTINUED*

Accounting standards and interpretations issued but not yet effective - *CONTINUED*

REFERENCE	TITLE	SUMMARY	APPLICATION DATE FOR KATANA CAPITAL
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities.	1 July 2016

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective. New standards or amendments will be adopted when they become effective.

The Group is in the process of determining the impact of the adoption of these standards and amendments on its financial statements.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies - *CONTINUED*

(d) Investments and other financial assets

Financial assets are classified as either financial assets held for trading (financial assets at fair value through profit or loss), loans and receivables, held to maturity investments or available for sale investments, as appropriate.

When financial assets are initially recognised they are recorded at fair value, plus in the case of investments not held for trading, directly attributable transaction costs. The Fund Manager determines the classification of its financial assets on initial recognition.

(i) Financial assets held for trading

After initial recognition investments which are classified as held for trading are measured at fair value, gains and losses on these investments are recognised in the statement of comprehensive income. For financial assets that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

For financial assets where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the financial assets. The fair value of options is determined using an appropriate option pricing model.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition. For financial assets carried at amortised cost, gains and losses are recognised in the statement of comprehensive income when the financial assets are derecognised or impaired, as well as through the amortisation process.

(iii) Derecognition of financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party lender under a "pass through" arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(i) Interest income

Interest income is recognised on an accruals basis using the effective interest method, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial instrument. Interest on cash on deposit is recognised in accordance with the terms and conditions that apply to the deposit.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

2 Summary of significant accounting policies - *CONTINUED*

(f) Income tax

The income tax expense or revenue for the year is tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences between the carrying amount and tax losses to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flow, cash and cash equivalents includes deposits held at call with banks or financial institutions.

(h) Trade and other receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Receivables are recognised and carried at the original invoice amount and interest accrues (using the effective interest rate method, which is the rate that discounts estimated future cash receipts through the effective life of the financial instrument) to the net carrying amount of the financial asset. Amounts are generally received within 30 days of being recorded as receivables.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables include outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(j) Interest-bearing loans and 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 the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(k) Goods and Services Tax (GST)

Incomes, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST, to the extent that GST is recoverable from the Australian Tax Office (ATO). Where GST is not recoverable it is recognised as part of the cost of the asset or as part of the expense item as applicable.

Reduced input tax credits (RITC) recoverable by the Company from the ATO are recognised as receivables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies - *CONTINUED*

(l) Earnings per share

Basic earnings per share (EPS) is calculated as net profit attributable to shareholders divided by the weighted average number of shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(m) Derivative financial instruments

The Group may use derivative financial instruments such as exchange traded options to manage its risks associated with share price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year.

Exchange traded options

From time to time, the Group writes and then trades Exchange Traded Options ('ETO's'), the Company's policy for managing its risk for ETO's is to ensure it only writes ETO's against shares that it physically holds. ETO's are governed by the Australian Stock Exchange ("ASX") and are traded on the ASX.

ETO's are recognised as liabilities at fair value. Any gains or losses arising from changes in the fair value of ETO's, are taken directly to net profit or loss for the year.

(n) Contributed equity

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

(o) Pension benefits

Defined contribution plan

Contributions to superannuation funds are charged to the statement of comprehensive income when incurred.

(p) Share based payments

Equity settled transactions

The Company can provide benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

There are currently no formal plans in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than (if applicable):

- Non-vesting conditions that do not determine whether the Group or Company receives the services that entitle the employees to receive payment in equity or cash, and
- Conditions that are linked to the price of the shares of Katana Capital Limited (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or 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).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(a) The grant date fair value of the award.

(b) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.

(c) The expired portion of the vesting period.

2 Summary of significant accounting policies - *CONTINUED*

(p) Share based payments - *CONTINUED*

Equity settled transactions - CONTINUED

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding entry to equity. Equity-settled awards granted by Katana Capital Limited to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Katana Capital Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Shares in the Group reacquired on-market are classified and disclosed as reserved shares and deducted from equity.

(q) Parent entity financial information

The financial information for the parent entity, Katana Capital Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(s) Significant accounting judgements, estimates and assumptions

The determination of fair value of unlisted securities requires the application of a discounted cashflow valuation model. A discounted cashflow model requires that certain judgements and assumptions are made, including an estimate for the discount rate applied and an estimation of future uncertain cashflows.

3 Investment income

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Realised gains on investments held for trading	**2,697,922**	253,991
Unrealised (losses)/gains on investments held for trading	**(4,399,843)**	6,973,060
Other	**7,831**	9,303
	(1,694,090)	7,236,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Income tax expense

(a) Income tax benefit

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Current tax expense	**282,702**	66,505
Deferred tax (benefit)/expense	**(1,068,448)**	286,228
	(785,746)	352,733
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets (Note 8)	**321,655**	152,148
Decrease/(increase) in deferred tax liabilities (Note 10)	**746,793**	(438,376)
	1,068,448	(286,228)

(b) Reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Profit from continuing operations before income tax expense	**(1,943,545)**	6,256,834
Tax at the Australian tax rate of 30% (2014 - 30%)	**(583,063)**	1,877,050
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Franking credits	**86,677**	83,352
Franking rebate	**(288,924)**	(277,839)
Non Assessable Income	**(436)**	(1,858)
Tax losses recouped - previously not recognised	**-**	(1,328,719)
Adjustment in respect of prior year income tax expense	**-**	747
Income Tax (benefit)/expense	**(785,746)**	352,733

5 Current assets - Cash and cash equivalents

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Cash at bank	**3,204,027**	1,147,121
Short term bank bills	**-**	4,500,002
	3,204,027	5,647,123

6 Current assets - Trade and other current receivables

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Unsettled trades - listed equities	**63,425**	1,518,730
Interest receivable	**5**	7
Dividend receivable	**72,775**	129,653
Distribution receivable	**-**	22,800
	136,205	1,671,190

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.

7 Current assets - Investments held for trading

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Equity securities - classified as held at fair value through profit or loss	**33,812,802**	24,551,209
Convertible notes	**-**	-
Australian listed trusts	**2,923,029**	3,484,148
Australian unlisted trusts	**1,040,275**	1,007,999
	37,776,106	29,043,356

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

For fair value measurements refer to Note 16(h).

8 Non-current assets - Deferred tax assets

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
The balance comprises temporary differences attributable to:		
Other		
Investments	**973,703**	430,562
Provisions	**61,555**	297,408
Other	**15,707**	1,340
Total deferred tax assets	**1,050,965**	729,310
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 10)	**(268,745)**	(729,310)
Net deferred tax assets	**782,220**	-

The deferred tax asset is recognised as an asset at this time due to the Company's view that utilising the tax asset is considered probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Current liabilities - Trade and other payables

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Unsettled trades - listed equities	**776,316**	801,015
Management fee - Katana Asset Management Ltd	**135,135**	113,872
Trade creditors	**31,148**	46,434
Performance fee payable	**13,073**	807,655
PAYG tax instalments	**-**	14,250
Custody fees payable	**23,397**	23,397
Redemptions payable	**86,104**	-
	1,065,173	1,806,623

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

10 Non-current liabilities - Deferred tax liabilities

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
The balance comprises temporary differences attributable to:		
Deferred tax liabilities		
Investments	**232,895**	976,640
Dividends receivable	**21,832**	38,896
Other	**14,018**	2
Total Deferred tax liabilities	**268,745**	1,015,538
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 8)	**(268,745)**	(729,310)
Net deferred tax liabilities	**-**	286,228

11 Issued capital

	CONSOLIDATED ENTITY AT		CONSOLIDATED ENTITY AT	
	30 June 2015 Shares	30 June 2014 Shares	**30 June 2015 $**	30 June 2014 $
Ordinary shares fully paid	**45,342,549**	34,002,419	**44,917,756**	34,607,708

(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**	34,002,419	34,607,708
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	(780,780)	(719,827)
	Dividend reinvestment plan	330,489	298,382
	Decrease due to transaction costs for issued share capital	-	(233,600)
30 June 2015	**Balance**	45,342,549	44,917,756

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

During the period from 1 July 2014 to 30 June 2015, 780,780 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 $0.84 to $0.94 per share.

The Company has a dividend reinvestment plan (DRP) for its dividend distribution, which shareholders have the discretion to join or exit. The DRP shares are managed via an on-market buyback of shares that are then re-distributed to shareholders. During the year as part of the DRP the Company issued 330,489 new shares to meet the DRP shortfall for buyback shares acquired on-market.

Katana Capital issued 45,706,657 options to existing shareholders on 14 November 2014. The options were provided to existing shareholders on a ratio of one option for every one ordinary share held on the record date for $nil consideration payable. The options have an exercise price of $1.00 and expire on 1 March 2016.

(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 $41,920,922 at 30 June 2015 (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 Limited holds regular Investment Committee meetings to assess the equity portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Reserves and accumulated losses

(a) Reserves

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Option premium reserve	**101,100**	101,100
	101,100	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	
	30 June 2015 $	30 June 2014 $
Opening balance	**-**	-
Transferred from retained earnings *(i)*	**1,510,705**	-
Dividends paid	**(689,167)**	-
	821,538	-

(i) The amount transferred to profit reserve is the profit for the period 1 January 2015 to 28 February 2015 in accordance with a resolution of the Board of Directors dated 16 April 2015.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	CONSOLIDATED AT	
	30 June 2015 $	30 June 2014 $
Opening balance	**(510,260)**	(4,685,832)
Net (loss)/profit after tax attributable to members of the Company	**(1,157,799)**	5,904,101
Profit reserves	**(1,510,705)**	-
Dividends	**(1,879,713)**	(1,728,529)
Closing balance	**(5,058,477)**	(510,260)

13 Key management personnel disclosures

(a) Key management personnel compensation

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Short-term employee benefits	**-**	-
- Director fees	**150,000**	150,000
Post-employment benefits	**14,250**	13,877
	164,250	163,877

14 Related party transactions

(a) Directors

The names of persons who were Directors of the Katana Capital Limited at any time during the financial 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 period end are unsecured and settlement occurs in cash.

Related parties during the year are outlined below:

Director related:

Dalton Gooding is a partner of Gooding Partners Chartered Accounting firm and as part of providing taxation advisory services, Gooding Partners received $21,035 (2014: $33,352) for tax services provided.

Other Key management services - Katana Asset Management Ltd:

Katana Asset Management Ltd, the Fund Manager for the Group, provides the Group with Key Management Services. The directors of Katana Asset Management Ltd are Brad Shallard and Romano Sala Tenna.

Katana Capital paid management fees of $457,651 to the Fund Manager for management services provided during the year (2014: $445,958). There was no performance fees paid to the Fund Manager during the period (2014: $807,655). The Fund Manager and its directors have the following shareholdings:

2015

Name	Balance at the start of the year	Other changes during the year[1]	Balance at the end of the year
Brad Shallard	**2,968,498**	**643,824**	**3,612,322**
Romano Sala Tenna	**3,284,070**	**773,704**	**4,057,774**

2014

Name	Balance at the start of the year	Other changes during the year[1]	Balance at the end of the year
Brad Shallard	2,602,717	365,781	2,968,498
Romano Sala Tenna	2,828,378	455,692	3,284,070

1 Acquired through on market transactions during the year.

Wholly owned group transactions

There are no transactions with companies within the wholly owned group.

15 Reconciliation of profit/(loss) after income tax to cash inflow from operating activities

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
(Loss)/profit for the year	**(1,157,799)**	5,904,101
(Increase)/decrease in financial assets held for trading	**(8,734,365)**	(3,033,185)
Decrease/(Increase) in trade and other receivables	**1,295,548**	(883,437)
(Increase)/decrease in deferred tax assets	**(782,220)**	286,228
(Decrease)/Increase in trade and other payables	**(489,566)**	1,451,044
Increase in financial liabilities held at fair value through profit or loss	**33,508**	33,567
(Decrease)/increase in current tax liabilities	**(349,366)**	66,505
Net cash (outflow)/inflow from operating activities	**(10,184,260)**	3,824,823

16 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on ensuring compliance with the Company's Investment Mandate and seeks to maximise the returns derived for the level of risk to which the Company is exposed.

The Group uses derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the Investment Manager under policies approved by the Board of Directors (the "Board").

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 interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

(a) Mandate

The Fund Manager must manage the Portfolio in accordance with guidelines for management set out in the Mandate, which may be amended by written agreement between the Company and the Fund Manager from time to time. The mandate provides that the Portfolio will be managed with the following investment objectives:

- to achieve a pre tax and pre expense return which outperforms the ASX All Ordinaries Index; and
- the preservation of capital invested. The Mandate permits the Fund Manager to undertake investments in:

(i) listed securities;

(ii) rights to subscribe for or convert to listed securities (whether or not such rights are tradable on a securities exchange);

(iii) any securities which the Fund Manager reasonably expects will be quoted on the ASX within a 24 month period from the date of investment;

(iv) listed securities for the purpose of short selling;

(v) warrants or options to purchase any investment and warrants or options to sell any investment;

(vi) discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;

(vii) deposits with any bank or corporation declared to be an authorised dealer in the short term money market;

(viii) debentures, unsecured notes, loan stock, bonds, promissory notes, certificates of deposit, interest bearing accounts, certificates of indebtedness issued by any bank or by the Commonwealth of Australia, any State or Territory of Australia, any Australian government authority, or a corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;

(ix) units or other interest in cash management trusts;

(x) underwriting or sub-underwriting of securities as and where permitted by relevant laws and regulations and the Fund Manager's AFSL; and

(xi) any other investment, or investment of a particular kind, approved by the Company in writing as and where permitted by the Fund Manager's AFSL.

The Mandate specifies the following risk control features:

The Portfolio may comprise securities in up to 80 companies from time to time.

- no investment may represent more than 10% of the issued securities of a company at the time of investment.
- total cumulative gearing on the Portfolio may not exceed 50% of the total value of the net tangible assets of the Group after tax.
- the Fund Manager will adhere to the parameters on a pre-stock basis as set out in the table below unless the prior approval of the Board is received to do otherwise.

(b) Portfolio composition and management

The aim of the Fund Manager is to build for the Group a portfolio of 20 to 60 companies, with an emphasis towards holding a larger number of smaller positions. Under the current Mandate, the Company's Portfolio may vary from between 0 to 80 securities, depending upon investment opportunities and prevailing market conditions. The Fund Manager may construct a Portfolio comprising of any combination of cash, investment and debt, subject to gearing limits in the Mandate. Under the Mandate, total cumulative gearing on the Portfolio may not exceed 50% of the total value of the net tangible assets of the Group after tax.

The capacity to short sell securities, as well as employ debt, allows the Fund Manager the flexibility to implement an absolute return strategy. It should also be noted that, despite the focus on emerging and green chip companies, in periods of overly negative market of stock sentiment, the best investment opportunities on a risk return basis are often found in the ASX S&P Index top 20 and ASX S&P Index top 100 stocks by market capitalisation. Often the larger stocks rebound first, hence providing not just safer returns, but quicker returns.

16 Financial risk management - *CONTINUED*

(b) Portfolio composition and management - *CONTINUED*

Under the current Mandate, the following parameters will apply to individual investments unless the prior approval of the Directors is received to do otherwise:

SIZE OF COMPANY	MINIMUM INVESTMENT PER SECURITY	INDICATIVE BENCHMARK INVESTMENT PER SECURITY	MAXIMUM INVESTMENT PER SECURITY
		AS A PERCENTAGE OF TOTAL PORTFOLIO	
ASX S&P Top 20	1%	5%	12.5%
ASX S&P Top 100/Cash Hybrids	1%	3%	10%
ASX S&P Top 500	No Minimum	2%	7.5%
Outside of ASX S&P Top 500/Other Instruments	No Minimum	1%	5%

(c) Asset allocation

The Fund Manager's allocation of the Portfolio will be weighted in accordance with various macro-economic factors. These factors will invariably impact the medium and long term Performance of the Group. These factors include:

- global economy;
- Australian economy and positioning within the economic cycle;
- sectors within the Australian market;
- phase of the interest rate cycle; and
- state of the property market (e.g. comparative investment merit).

The Fund Manager may form views on the factors outlined above, may re-weight the Portfolio accordingly.

(d) Market risk

Market risk is the risk that changes in foreign exchange rates, interest rates and prices will affect the Company income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price Risk

The Company is exposed to equity securities, convertible notes and derivative securities price risk. This arises from investments held by the Company for which prices in the future are uncertain. The paragraph below sets out how this component of price risk is managed and measured.

Investments are classified in the statement of financial position as held for trading. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The Investment Manager mitigates price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The table on page 40 summarises the impact of an increase/decrease in the Australian Securities Exchange All Ordinaries Index on the Company's net assets attributable to shareholders at 30 June 2015. The analysis is based on the assumptions that the index increased/decreased by 10% (2014: 10%) with all other variables held constant and that the fair value of the Company's portfolio of equity securities and derivatives moved according to the historical correlation with the index. The impact mainly arises from the possible change in the fair value of listed equities, unlisted unit trusts and equity derivatives with combined value of $37,776,106 (2014: $29,008,233) that represented the maximum exposure as at reporting date.

(ii) Foreign exchange risk

The Company does not hold any monetary and non-monetary assets denominated in currencies other than the Australian dollar.

(iii) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Compliance with the Company's policy is reported to the Board on a monthly basis. The Company may also enter into derivative financial instruments to mitigate the risk of future interest rate changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Financial risk management - *CONTINUED*

(d) Market risk - *CONTINUED*

(iii) Interest rate risk - CONTINUED

The table below summarises the Company's exposure to financial assets/liabilities at the balance sheet date.

	WEIGHTED AVERAGE INTEREST	YEAR ENDED CONSOLIDATED	
	Rate (% p.a.)	**30 June 2015**	30 June 2014
Financial Assets			
Cash and short term deposits - floating	**1.88%**	**3,204,027**	5,647,123

The table below summarises the impact of an increase/decrease of interest rates on the Company's operating profit and net assets attributable to shareholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 50 basis points (2014: +/- 50 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest securities.

(e) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and other comprehensive income to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	PRICE RISK			
	-10%	**+10%**	**-10%**	**+10%**
	IMPACT ON OPERATING PROFIT		IMPACT ON OTHER COMPREHENSIVE INCOME	
30 June 2015	**(3,777,611)**	**3,777,611**	**-**	**-**
30 June 2014	(2,900,823)	2,900,823	-	-

	INTEREST RATE RISK			
	-50bps	**+50bps**	**-50bps**	**+50bps**
	IMPACT ON OPERATING PROFIT		IMPACT ON OTHER COMPREHENSIVE INCOME	
30 June 2015	**(16,020)**	**16,020**	**-**	**-**
30 June 2014	(28,236)	28,236	-	-

(f) Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

As at 30 June 2015 the Company does not hold any debt securities (30 June 2014: Nil).

The Company does trade in Exchange Traded Options ("ETO's"). The Investment Manager has established limits such that, at any time, such that options are not traded without holding the physical security in the portfolio and contracts are with counterparties included in the Board's Approved Counterparties list. As at 30 June 2015 the Company held no Exchange Traded Options (30 June 2014: 4 ETO's).

Compliance with the Company's policy is reported to the Board on a monthly basis.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The majority of cash assets are held with one bank.

16 Financial risk management - *CONTINUED*

(g) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in the market interest rates.

To control liquidity and cash flow interest rate risk, the Company invests in financial instruments which under normal market conditions are readily convertible to cash. In addition the Company invests within the Mandate guidelines to ensure that there is no concentration of risk.

The Company held no derivatives (ETO's) as at 30 June 2015 (30 June 2014: $35,123 liability).

Financial liabilities of the Company comprise trade and other payables and dividends payable. Trade and other payables have no contractual maturities but are typically settled within 30 days.

(h) 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 30 June 2015.

Group - as at 30 June 2015	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets held at fair value through profit and loss				
- Equity securities	**33,312,802**	**-**	**500,000**	**33,812,802**
- Listed Unit Trust	**2,923,029**	**-**	**-**	**2,923,029**
- Unlisted Unit Trust	**-**	**1,040,275**	**-**	**1,040,275**
Total Assets	**36,235,771**	**1,040,275**	**500,000**	**37,776,106**
Liabilities				
Financial liabilities held at fair value through profit and 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
Liabilities				
Financial liabilities held at fair value through profit and loss				
- Options	35,123	-	-	35,123
Total Liabilities	35,123	-	-	35,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Financial risk management - *CONTINUED*

(h) 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 the unlisted investments, the company referred to the Net Tangible Assets of the investee, recent trading in units of the investee 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 following table presents the changes in level 3 instruments for the year ended 30 June 2015:

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Opening balance	**-**	-
Purchases	**500,000**	-
Sales	**-**	-
Gains/(losses) recognised in profit or loss	**-**	-
Closing balance	**500,000**	-

The level 3 financial instrument above relates to an unlisted investment that was purchased on 19 June 2015. The input to the valuation includes the adjusted net assets as at 30 June 2015 of the investee, the purchase price, and the indicative initial public offering (IPO) price per share sourced directly from the investee on its plan for IPO in FY16. An increase or decrease of 10% on the valuation would result in an increase/(decrease) in fair value by $50,000 (2014: $nil).

17 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.

18 Earnings per share

(a) Basic earnings per share:

	CONSOLIDATED YEAR ENDED	
	30 June 2015 Cents	30 June 2014 Cents
Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company	**(2.7)**	17.07

(b) Reconciliation of earnings used in calculating earnings per share

	CONSOLIDATED YEAR ENDED	
	30 June 2015 $	30 June 2014 $
Basic earnings/(loss) per share		
(Loss)/profit from continuing operations	**(1,157,799)**	5,904,101
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(1,157,799)**	5,904,101

(c) Weighted average number of shares used as the denominator

	CONSOLIDATED YEAR ENDED	
	30 June 2015 Number	30 June 2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**43,623,418**	34,592,393
Adjustments for calculation of diluted earnings per share:		
Options	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**43,623,418**	34,592,393

Basic earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders 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.

There were 45,706,657 options on issue as at 30 June 2015 (30 June 2014: Nil) that are not considered dilutive.

19 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 3 August 2015 the Company declared a fully franked 1.5 cent per share dividend.

At the time of writing this report, the Directors note and following 30 June 2015, that there has been a correction in the All Ordinaries with the index down from 5,451 points at 30 June 2015 to 5,076 points at 25 September 2015, representing a decrease of 6.9%. As this is the only Securities Exchange the Company invests in, changes in the value of the Company's investments are reflected in the Company's Net Tangible Asset Backing per share which is reported to the Australian Securities Exchange (ASX) monthly and is available via the ASX website. From 30 June 2015 to 31 August 2015, the Company's Net Tangible Asset Backing per share has decreased by 3.21%.The further impact for the month of September will be determined and reflected in the Company's Net Tangible Asset Backing per share in 30 September 2015 monthly report to ASX.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Remuneration of auditors

	CONSOLIDATED YEAR ENDED 30 June 2015 $	CONSOLIDATED YEAR ENDED 30 June 2014 $
(a) Audit services		
Ernst & Young Australia		
Audit and review of financial reports	**56,500**	54,000
Total remuneration for audit and other assurance services	**56,500**	54,000
(b) Non-audit services		
Other services	**-**	-
Total remuneration for other assurance services	**-**	-

21 Dividends

		PARENT ENTITY YEAR ENDED 30 June 2015 $	PARENT ENTITY YEAR ENDED 30 June 2014 $
Dividend paid during 1st Quarter of the year	Total Paid	**509,216**	352,672
	Cents per share	**1.5 cents**	1 cent
Dividend paid during 2nd Quarter of the year	Total Paid	**685,492**	435,278
	Cents per share	**1.5 cents**	1.25 cents
Dividend paid during 3rd Quarter of the year	Total Paid	**685,005**	427,917
	Cents per share	**1.5 cents**	1.25 cents
Dividend paid during 4th Quarter of the year	Total Paid	**689,167**	512,662
	Cents per share	**1.5 cents**	1.5 cents
Total dividends paid and payable		**2,568,880**	1,728,529

	CONSOLIDATED YEAR ENDED 30 June 2015 $	CONSOLIDATED YEAR ENDED 30 June 2014 $
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	**357,740**	93,360

The above amounts represent the balance of the franking account as at the reporting date, adjusted for:

(a) franking credits that will arise from the payment of the amount of the current tax liability;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

22 Parent entity financial information

	PARENT ENTITY AS AT 2015 $	2014 $
Balance sheet		
Current assets	**41,138,598**	36,396,344
Non-current assets	**-**	-
Total assets	**41,138,598**	36,396,344
Current liabilities	**1,264,879**	1,911,568
Non-current liabilities	**-**	286,228
Total liabilities	**1,264,879**	2,197,796
Shareholders' equity		
Contributed equity	**44,917,756**	34,607,708
Option premium reserve	**101,100**	101,100
Profit reserve	**821,538**	-
Accumulated loss	**(5,146,680)**	(510,260)
	40,693,714	34,198,548
Profit or loss for the year	**(1,246,002)**	5,904,101
Total comprehensive income	**(1,246,002)**	5,904,101

Investment in controlled entity at cost

The investment in the controlled entity is for 100% of the issued capital of Kapital Investments (WA) Pty Ltd.

Tax consolidation legislation

Katana Capital Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2007.

*(i) **Members of the tax consolidated Group and the tax sharing arrangement.***

Katana Capital Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated Group from 1 July 2007. Katana Capital Limited is the head entity of the tax consolidated Group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote (see Note 4).

(ii) Tax effect accounting by members of the tax consolidated Group

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences are recognised in the separate financial statements of the members of the tax consolidated Group using the Group allocation method. Current tax liabilities and assets and deferred tax assets arising from the unused tax losses and tax credits of the members of the tax consolidated Group are recognised by Katana Capital Limited, the head entity of the tax consolidated Group.

Members of the tax consolidated Group have entered into a tax funding agreement. Amounts are recognised as payable to or receivable by the Company and each member of the consolidated Group in relation to tax contribution amounts paid or payable between the parent entity and other members of the tax consolidated Group in accordance with this agreement. Where the tax contribution amount recognised by each member of the tax consolidated Group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the distribution is recognised as a contribution from (or distribution to) equity participants.

23 Commitments and contingencies

There are no outstanding contingent liabilities or commitments as at 30 June 2015 (30 June 2014: Nil).

DIRECTORS' DECLARATION

30 JUNE 2015

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 17 to 45 are in accordance with the *Corporations Act 2001*, including

  (i) Giving a true and fair view of the financial position as at 30 June 2015 and of its performance for the 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) the financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2(b).

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) 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 financial year ended 30 June 2015.

On behalf of the Board

Katana Capital Limited

Dalton Gooding
Chairman

29 September 2015

Perth, Western Australia

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

Report on the financial report

We have audited the accompanying financial report of Katana Capital Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit 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.

INDEPENDENT AUDIT REPORT TO MEMBERS OF KATANA CAPITAL LIMITED

Opinion

In our opinion:

1. the financial report of Katana Capital Limited is in accordance with the *Corporations Act 2001*, including:
   a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date
   b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*
2. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Katana Capital Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
29 September 2015

CORPORATE GOVERNANCE

Katana Capital Limited (Katana) is committed to continuously improving and achieving high standards of corporate governance. The Board assesses its governance framework and practice believing good corporate governance is closely related to performance and serves in the best interests of shareholders and stakeholders.

Katana 's corporate governance statement has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') and is included in the company's Annual Report pursuant to ASX Listing Rule 4.10.3. The Corporate Governance Report is available at www.katanacapital.com.au. The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

A description of the Company's main corporate governance practices and its 'if not, why not' report on compliance with the guidelines is set out below. Where the Company's practices depart from a recommendation, the Board has disclosed the departure along with reasons for adoption of its own practices.

	ASX Principles and Recommendations (1)	If not, why not (2)
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 1.4	✓	
Recommendation 1.5	✓	
Recommendation 1.6		✓
Recommendation 1.7		✓
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4	✓	
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 4.1	✓	
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 6.2	✓	
Recommendation 6.3	✓	
Recommendation 6.4	✓	
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 7.4	✓	
Recommendation 8.1	✓	
Recommendation 8.2	✓	
Recommendation 8.3	✓	

(1) Indicates where the Company has followed the Principles and Recommendations.

(2) Indicates where the company has provided an "if not, why not" disclosure.

CORPORATE GOVERNANCE

Principle 1: Lay solid foundations for management and oversight

The Board has a Corporate Governance Statement which outlines the role and duties of the Board.

The Company considers that the primary responsibility of the Board is to oversee the Company's business activities and management for the benefit of the shareholders by:

(a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to the points noted below:

(b) ensuring the Company is properly managed by:

i. setting and communicating clear objectives;

ii. appointing and removing the Managing Director of the Company;

iii. ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer and the Company secretary;

iv. input into and final approval of management's development of corporate strategy and performance objectives;

v. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;

vi. monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

(c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;

(d) approval of the annual budget;

(e) monitoring the financial performance of the Company;

(f) approving and monitoring financial and other reporting;

(g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;

(h) liaising with the Company's external auditors either directly or via the Audit Committee as appropriate; and

(i) monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

Katana does not employ a Chief Executive Officer or Managing Director, but instead has a Fund Manager that is responsible for the Investment Risk Management and management of the equity Portfolio. The Fund Manager is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the Fund Manager must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Matters which are not covered by the delegations require Board approval.

The Corporate Governance Statement is available on the Company's website in the Corporate Governance section.

The Remuneration Committee annually assesses and evaluates the performance of the Board and the Managing Director.

Katana undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. Security holders will be provided with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director in the relevant notice of meeting. Katana enters in to written agreements with its Directors and Senior Executives which set out the terms of their appointment.

Performance measures are established by the Board and outcomes of the review are reported to the Board.

Each Director has access to the Company Secretary for advice and support in effectively discharging their roles. The Company Secretary is accountable directly to the board. Additionally, each Board member may seek external professional advice at the expense of the Company in respect of their roles with the approval of the Chairman.

The Company does not have a documented procedure for the evaluating the performance of the Board, its committees, directors or senior executives.

An evaluation of the performance of the Board, its directors and senior executives is undertaken informally each year. The Chairman of the Board is the driver of this process. This year the Chairman conducted interviews with each director and senior executives.

The evaluation of the performance of the Board's various committees is undertaken on an exception basis. This is also an informal process which is driven by the Chairman of the Board.

Principle 2: Structure the board to add value

The Katana Board comprises Three Directors:

Mr Dalton Gooding	Non-Executive Chairman	Independent	11 November 2005
Mr Peter Wallace	Non-Executive Director	Independent	19 September 2005
Mr Giuliano Sala Tenna	Non-Executive Director	Independent	19 September 2005

The Company is in compliance with Recommendation 2.4, the Board consists of a majority of independent Directors where an independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Best Practice Recommendations.

The Board does not have a Nomination Committee. The duties of such committee have been considered and adopted by the full Board.

The Company does not have a documented procedure for the selection and appointment of directors. The Board informally reviews the skill set of and market expectations for its directors on a regular basis and considers these factors when appointing / re-electing directors. The Board invites persons with relevant industry experience and financial experience to assist it in its appointment of directors.

Each new member of the Board participates in an induction program which encompasses: the duties, roles, and responsibilities of each Director; the operations of the Board and its Committees; and outlines the Company's culture and values as well as the strategic, financial, operational, and risk issues within the Company.

A biography profiling each Directors' skill, experience, and expertise is set out in the Directors' Report along with their respective term of office.

Principle 3: Act ethically and responsibly

Katana has implemented a suite of policies including a Code of Business Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour. The principals of the policies include:

- Respect the law and act in accordance with it;
- Respect confidentiality and not misuse company information, assets or resources;
- Avoid real or perceived conflicts of interest;
- Act in the best interest of stakeholders; and
- Perform their duties in ways that minimise environmental impacts and maximise workplace safety.

Directors and employees are expected to comply with all Company policies and to act professionally with integrity, honesty and responsibility at all times. Katana encourages the reporting of instances which may involve a breach (or suspected breach) of the Code of Conduct.

Principle 4: Safeguard integrity in financial reporting

The Board has established an Audit and Risk Management Committee to facilitate the verification and the safeguarding of the integrity of the Company's financial reporting, internal control structure, risk management procedures, and the internal and external audit function.

The Audit and Risk Committee comprises a majority of independent Directors. The full board are members of the Audit and Risk Management Committee. The Committee's charter is published on the Company's website. The Audit and Risk Committee is chaired by Mr Peter Walalce, an independent director, who is not the chair of the board.

The committee meets at least twice per annum and meetings are co-ordinated to coincide with the release of the Company's interim and full year financial reports and audits. The Committee has access to external auditors and a high degree of financial literacy is prevalent amongst the committee members. The details, qualifications, and experience of each committee member and the attendance of committee members at Audit and Risk Management Committee meetings are contained in the Directors' Report.

The Managing Director and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Audit and Risk Management Committee Charter is available on the Company's website in the 'Investors' section.

Katana ensures that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

CORPORATE GOVERNANCE

Principle 5: Make timely and balanced disclosures

The Company's continuous disclosure policy has been adopted to ensure compliance with obligations under the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Stock Exchange Limited and to ensure that all Katana shareholders have access to material information about the Company and its prospects.

The disclosure obligations include:

- All employees, Company officers and Directors must comply with the ASX Listing Rules and Corporations Law provisions relating to a timely disclosure of price sensitive information to the ASX. The Company does this by releasing written announcements to the ASX.

The Fund Manager together with the board are accountable for the establishment, communication and maintenance of this policy and ensuring that material information is disclosed to the ASX.

The Continuous Disclosure Policy can be found on the company's website.

Principle 6: Respect the rights of security holders

The Company places considerable importance on effective communications with shareholders and other stakeholders. Katana's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company. The strategy provides for the use of systems that ensure a regular and timely release of information about the company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- Half Yearly Report
- Monthly Net Tangible Asset Backing ASX disclosure;
- Presentations at the Annual General Meeting;
- Annual Report
- Promote effective communication with shareholders; and
- Encourage shareholder participation at AGMs.

The Company's Information Disclosure Policy is available on the Company's website in the Investor Centre section.

Principle 7: Recognise and manage risk

The Company is committed to the identification; monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. The Fund Manager is charged with implementing appropriate risk management systems within the Company and in particular with the investment process.

The Board monitors and receives advice on areas from the Fund Manager on operational and financial risk, and considers strategies for appropriate risk management arrangements. The Fund Manager has an Investment Committee that meets on a regular basis to analyse, monitor and review the investment portfolio.

Specific areas of risk identified initially and which will be regularly considered at Board meetings include financial performance, performance of portfolio, compliance within regulatory framework, markets, statutory compliance and continuous disclosure obligations. The Fund Manager has its own Investment Committee that regularly reviews the Company's portfolio and reviews the performance of individual stocks. The Investment Committee also makes recommendations on significant investments and conducts its own research to assist with this process.

The annual report details material financial and investment risks which arose during the reporting period (see notes to financial statements).

The board and committee have met during the year to review the entity's risk management framework and associated risks. The board and committee do not consider that the Company currently has any material exposure to economic risk. The Company faces economic risks inherent to its business, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has policies and procedures in place to help mitigate and manage the financial risks. The Board and committee do not believe that the company has any environmental or social sustainability risks.

The Managing Director and the Chief Financial Officer equivalent have provided the Board with a declaration in accordance with Section 295A of the *Corporations Act 2001*, assuring the Board that a sound system of risk management and internal control is operating effectively in aspects related to financial reporting risks.

The Company does not have an internal audit function, however manages part of this process via, internal controls and risk management overseen by the fund manager as part of their mandate terms and conditions. Information on the Company's charter of the Audit and Risk Committee is available on the Company's website in the 'Investors' section.

Principle 8: Remunerate fairly and responsibly

As the company does not presently have any employees including employment of a Managing Director and Senior Executives there is no requirement for remuneration committee

The company's policy and framework for remuneration of Executives and Non Executive Directors are disclosed in the Remuneration Report that can be found in the Annual Report.

ADDITIONAL ASX INFORMATION

Ordinary Fully Paid Shares (Total)

As of 30 Sep 2015

RANGE OF UNITS

Range	Total holders	Units	% of Issued Capital
1 - 1,000	38	8,529	0.02
1,001 - 5,000	47	167,412	0.37
5,001 - 10,000	74	620,900	1.38
10,001 - 100,000	255	10,072,488	22.32
100,001 - 9,999,999,999	70	34,254,076	75.91
Rounding			**0.00**
Total	**484**	**45,123,405**	**100.00**

UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.81 per unit	618	33	4767

As of 01 Oct 2015

TOP 20 SHAREHOLDERS

Rank	Name	Units	% of Units
1.	WONDER HOLDINGS PTY LTD	2,518,139	5.58
2.	MR STEPHEN JAMES LAMBERT + MRS RUTH LYNETTE LAMBERT + MR SIMON LEE LAMBERT <LAMBERT RETIREMENT A/C>	2,303,343	5.10
3.	CLASSIC CAPITAL PTY LTD <BRL UNIT A/C>	1,612,727	3.57
4.	KATANA ASSET MANAGEMENT LTD	1,525,402	3.38
5.	COOLAH HOLDINGS PTY LTD <LAMBERT FAMILY A/C>	1,474,096	3.27
6.	JOVE PTY LTD	1,243,808	2.76
7.	PULO RD PTY LTD <PULO RD SUPER FUND A/C>	1,204,400	2.67
8.	MR ROMANO SALA TENNA + MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	1,139,232	2.52
9.	MR BRAD JOHN SHALLARD + MRS LISA MAREE DUPEROUZEL <THE SHALLARD SUPER FUND A/C>	1,097,614	2.43
10.	BS CAPITAL PTY LTD <THE SHALLARD FAMILY A/C>	1,066,338	2.36
11.	HOPERIDGE ENTERPRISES PTY LTD <JONES FAMILY A/C>	1,000,000	2.22
12.	MR VICTOR JOHN PLUMMER	849,550	1.88
13.	TAXA JUNO NOMINEES PTY LTD <RONALD JAMES FAMILY A/C>	830,000	1.84
14.	WAVEFRONT ASSET PTY LTD <FELSTEAD FAMILY A/C>	801,232	1.78
15.	MRS LINDA SALA TENNA	734,250	1.63
16.	KATANA EQUITY PTY LTD <SALATENNA FAMILY CHARITY A/C>	670,540	1.49
17.	CAMBO INVESTMENTS PTY LTD	630,951	1.40
18.	METHUEN HOLDINGS PTY LTD <THE PB FAMILY A/C>	620,120	1.37
19.	EST MR LAWRENCE HENRY DA SILVA	530,706	1.18
20.	COLLORI PTY LTD <ELLSEE INVESTMENT A/C>	527,068	1.17
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**22,379,516**	**49.60**
Total Remaining Holders Balance		**22,743,889**	**50.40**

SUBSTANTIAL SHAREHOLDERS

Name	Units	% of Units
WONDER HOLDINGS PTY LTD	2,518,139	5.58
MR STEPHEN JAMES LAMBERT + MRS RUTH LYNETTE LAMBERT + MR SIMON LEE LAMBERT <LAMBERT RETIREMENT A/C>	2,303,343	5.10

Listed Options Expiring 01/03/16 @ $1.00 (Total)

As of 30 Sep 2015

RANGE OF UNITS

Range	Total holders	Units	% of Issued Capital
1 - 1,000	34	9,700	0.02
1,001 - 5,000	45	175,340	0.39
5,001 - 10,000	69	588,043	1.30
10,001 - 100,000	236	9,365,090	20.74
100,001 - 9,999,999,999	84	35,010,542	77.54
Rounding			**0.01**
Total	**468**	**45,148,715**	**100.00**

UNMARKETABLE PARCELS

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0010 per unit	500000	448	23756109

As of 01 Oct 2015

TOP 20 OPTION HOLDERS

Rank	Name	Units	% of Units
1.	WONDER HOLDINGS PTY LTD	2,518,139	5.58
2.	MR STEPHEN JAMES LAMBERT + MRS RUTH LYNETTE LAMBERT + MR SIMON LEE LAMBERT <LAMBERT RETIREMENT A/C>	2,193,829	4.86
3.	CLASSIC CAPITAL PTY LTD <BRL UNIT A/C>	1,509,126	3.34
4.	KATANA ASSET MANAGEMENT LTD	1,447,745	3.21
5.	COOLAH HOLDINGS PTY LTD <LAMBERT FAMILY A/C>	1,404,008	3.11
6.	PULO RD PTY LTD <PULO RD SUPER FUND A/C>	1,204,400	2.67
7.	JOVE PTY LTD	1,151,586	2.55
8.	MR ROMANO SALA TENNA + MRS LINDA SALA TENNA <THE SALA TENNA SUPER A/C>	1,066,048	2.36
9.	MR BRAD JOHN SHALLARD + MRS LISA MAREE DUPEROUZEL <THE SHALLARD SUPER FUND A/C>	1,027,104	2.27
10.	HOPERIDGE ENTERPRISES PTY LTD <JONES FAMILY A/C>	1,000,000	2.21
11.	MR VICTOR JOHN PLUMMER	1,000,000	2.21
12.	BS CAPITAL PTY LTD <THE SHALLARD FAMILY A/C>	997,836	2.21
13.	TAXA JUNO NOMINEES PTY LTD <RONALD JAMES FAMILY A/C>	830,000	1.84
14.	MRS LINDA SALA TENNA	687,082	1.52
15.	WAVEFRONT ASSET PTY LTD <FELSTEAD FAMILY A/C>	665,000	1.47
16.	CAMBO INVESTMENTS PTY LTD	590,419	1.31
17.	METHUEN HOLDINGS PTY LTD <THE PB FAMILY A/C>	580,284	1.29
18.	MR MARCUS BESEN + MRS JULIE CATHERINE FLEMMING <BESEN FAMILY FOUNDATION A/C>	520,000	1.15
19.	MR MATTHEW EVAN HALLIWELL	500,000	1.11
20.	KEFIR PTY LTD <SNOWBALL SUPER FUND A/C>	500,000	1.11
Totals: Top 20 holders of LISTED OPTIONS EXPIRING 01/03/16 @ $1.00 (TOTAL)		**21,392,606**	**47.38**
Total Remaining Holders Balance		**23,756,109**	**52.62**

SUBSTANTIAL OPTION HOLDERS

Name	Units	% of Units
WONDER HOLDINGS PTY LTD	2,518,139	5.58

ADDITIONAL ASX REPORTING

(a) List of investments held as at 30 June 2015

Katana Investment Portfolio

- Medibank Private Limited
- National Australia Bank Limited
- Crown Resorts Limited
- Telstra Corporation Limited
- Santos Limited
- Henderson Group PLC
- AMP Limited
- Smarter Money Active Cash - Direct Units
- Betashares Australian High Interest Cash ETF
- BT Investment Management Limited
- Treasury Group Ltd
- Global Construction Services Limited
- Australia and New Zealand Banking Group Limited
- Ozforex Group Limited
- Westpac Banking Corporation
- Commonwealth Bank of Australia
- Perpetual Limited
- Macquarie Group Limited
- Affinity Education Group Limited
- ResMed Inc
- HFA Holdings Limited
- Pioneer Credit Limited
- National Australia Bank Limited - Pref
- Fairfax Media Limited
- Seek Limited
- PMP Limited
- Fleetwood Corporation Limited
- Yellow Brick Road Holdings Limited
- Ingenia Communities Group
- Transpacific Industries Group Ltd
- Commonwealth Bank of Australia - Pref
- Betashares U.S. Dollar ETF
- BWX Limited
- Troy Resources Limited
- Bendigo and Adelaide Bank Limited
- Dick Smith Holdings Limited
- MyState Limited
- Platinum Asset Management Limited
- Acorn Capital Investment Fund Limited
- Regis Resources Limited
- Pulse Health Limited
- REA Group Ltd
- Reckon Limited
- QBE Insurance Group Limited
- Mineral Resources Limited
- G8 Education Limited
- Bendigo and Adelaide Bank Limited - Pref
- Ashley Services Group Limited
- Woodside Petroleum Limited
- Suncorp Group Limited
- Betashares Crude Oil Index ETF-Currency Hedged (Synthetic)
- Simonds Group Limited
- Icar Asia Limited
- Navitas Limited
- Westfield Corporation
- Slater & Gordon Limited
- Ensogo Limited
- Bega Cheese Limited
- Bell Financial Group Limited
- Cash Converters International
- Metcash Limited
- South32 Limited
- PS&C Limited
- BC Iron Limited
- Buru Energy Limited

(b) Total Number of Transactions during the report period

Total number of transactions during the 12 months to 30 June 2015 was 1,362 with brokerage fees of $474,025.

(c) Total management fees paid or accrued and summary of agreement

Please refer to disclosure made in Remuneration Report.

www.katanaasset.com

KATANA
CAPITAL LTD