



ASX/MEDIA RELEASE

27 February 2008

**HALF YEAR ACCOUNTS**

**Katana Capital Limited (ASX: KAT)** (“Katana Capital”): Please find attached the company’s half year accounts, for the half year period ending 31 December 2007.

Key highlights:

- Revenues for the 6 month period increase to \$10,895,913 - up 110%
- Profit after tax for the 6 month period increase to \$6,663,521 - up 110%
- Net tangible asset per share as at 31 December 2007 increase to \$1.26 per share

- ENDS -

**For more information about Katana Capital Limited, please contact:**

Dalton Gooding  
Chairman - Katana Capital Ltd  
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Romano Sala Tenna  
Investment Manager – Classic Capital Pty Ltd  
+61 8 9326 7630

Or visit: [www.katanacapital.com.au](http://www.katanacapital.com.au)



## Results for announcement to the market

				<b>December 2007</b>	<b>December 2006</b>
<b>Financial Results</b>				<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	Up	110%	to	10,895,913	5,197,948
Profit from ordinary activities after tax attributable to members	Up	110%	to	6,663,521	3,172,142
Net profit for the period attributable to members	Up	110%	to	6,663,521	3,172,142

<b>Dividends</b>	Amount per Ordinary Security	Franked amount per security
2008 interim dividend	To be announced	To be announced
2007 interim dividend	2 cents per share	37%

Record date for determining entitlements to the 2008 interim dividends	To be announced
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<b>Net Tangible Asset Backing</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Net tangible asset backing per ordinary security	\$1.26	\$1.16

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



# Katana Capital Limited

ABN 56 116 054 301

**HALF YEAR REPORT  
31 DECEMBER 2007**

**KATANA CAPITAL LIMITED  
CORPORATE DIRECTORY**

**DIRECTORS**

Mr Dalton Gooding	Chairman
Mr Peter Wallace	Non Executive Director
Mr Derek La Ferla	Non Executive Director
Mr Giuliano Sala Tenna	Non Executive Director

**COMPANY SECRETARY**

Mr Gabriel Chiappini

**INVESTMENT MANAGERS**

Classic Capital Pty Ltd

**SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Level 2  
45 St George's Terrace,  
Perth WA 6000  
Telephone (08) 9323-2000  
Facsimile (08) 93232033

**AUDITOR**

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000

**ASX CODE : KAT**

**PRINCIPAL OFFICE**

Level 37, Exchange Plaza  
2 The Esplanade  
Perth WA 6000  
Telephone (08) 9326 7672  
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**REGISTERED OFFICE**

Level 37, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

**LAWYERS**

Deacons  
Level 39, BankWest Tower  
108 St George's Terrace  
Perth WA 6005

**BANKERS**

Macquarie Bank  
Level 28 Allendale Square  
77 St Georges Terrace  
Perth WA 6000

**KATANA CAPITAL LIMITED  
DIRECTORS' REPORT**

Your directors submit their report for the half-year ended 31 December 2007.

**DIRECTORS**

The names of the directors of the company in office at the date of this report or during the half-year are:-

Dalton Gooding

Peter Wallace

Derek La Ferla

Giuliano Sala Tenna

All directors, unless stated otherwise, held their position as a director throughout the entire half-year and up to the date of this report.

**REVIEW AND RESULTS OF OPERATIONS**

Net profit for the period was \$6,633,521 compared to the profit for the half-year ended 31 December 2006 of \$3,172,142.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307 (c) of the Corporations Act 2001 requires the company's auditors, Ernst & Young, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2007. The written Auditor's Independence Declaration on page 6 is attached to the Auditor's Independent Review Report to the members and forms part of this Directors' Report.

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

A handwritten signature in black ink, appearing to be 'Dalton Gooding', written on a light-colored background.

**Dalton Gooding  
Chairman**

Dated: 27 February 2008  
Perth, Western Australia

To the members of Katana Capital Limited

## **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying condensed half year financial report of Katana Capital Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

### *Directors' Responsibility for the half year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Katana Capital Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

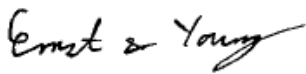
### *Independence*

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

*Conclusion*

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



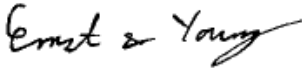
Ernst & Young



C B Pavlovich  
Partner  
Perth  
27 February 2008

### **Auditor's Independence Declaration to the Directors of Katana Capital Limited**

In relation to our review of the half year financial report of Katana Capital Limited for the half-year ended 31 December 2007, 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



C B Pavlovich  
Partner  
Perth  
27 February 2008

**KATANA CAPITAL LIMITED  
DIRECTORS DECLARATION**

**DIRECTORS' DECLARATION**

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

In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:
  - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, consisting of a large loop on the left and a long horizontal stroke extending to the right.

**DALTON GOODING**  
Chairman

Dated at Perth  
27 February 2008

**KATANA CAPITAL LIMITED**  
**INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Investment Income</b>		
Dividends	565,702	277,007
Interest	260,712	139,922
Changes in fair value of investments held for trading	10,028,846	4,532,745
Changes in fair value of options	34,346	186,712
Other income	6,307	61,562
	<hr/>	<hr/>
<b>Total investment income</b>	<b>10,895,913</b>	<b>5,197,948</b>
<b>Expenses</b>		
Administration	113,946	42,223
Directors' fees and expenses	115,542	205,693
Interest Expense	1,174	1,780
Legal and professional fees	70,301	96,136
Investment manager's fees	951,226	408,988
	<hr/>	<hr/>
<b>Total expenses</b>	<b>1,252,189</b>	<b>754,820</b>
<b>Profit before income tax</b>	<b>9,643,724</b>	<b>4,443,128</b>
Income tax expense	(3,010,203)	(1,270,986)
	<hr/>	<hr/>
<b>Net Profit attributable to members of Katana Capital Limited</b>	<b>6,633,521</b>	<b>3,172,142</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent:</b>		
Basic earnings per share (cents per share)	15.95	14.82
Diluted earnings per share (cents per share)	15.95	13.92

**KATANA CAPITAL LIMITED**  
**BALANCE SHEET**  
As at 31 DECEMBER 2007

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2007</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	2,086,476	13,240,092
Trade and other receivables	152,663	404,065
Financial assets held for trading	57,433,706	38,083,334
Other assets	34,100	26,903
<b>Total Assets</b>	<u>59,706,945</u>	<u>51,754,394</u>
<b>Current Liabilities</b>		
Trade and other payables	838,574	1,314,548
Financial liabilities	53,895	53,895
Interest bearing liabilities	-	10,121
Dividend payable	7,769	120,204
Income tax liability	1,410,891	470,395
<b>Total Current Liabilities</b>	<u>2,311,129</u>	<u>1,969,163</u>
<b>Non Current liabilities</b>		
Deferred tax liability	4,776,110	2,756,926
<b>Total Non Current Liabilities</b>	<u>4,776,110</u>	<u>2,756,926</u>
<b>Total Liabilities</b>	<u>7,087,239</u>	<u>4,726,089</u>
<b>Net Assets</b>	<u>52,619,706</u>	<u>47,028,305</u>
<b>Equity</b>		
Issued capital	40,158,270	40,158,270
Retained earnings	12,360,336	6,768,935
Option premium reserve	101,100	101,100
<b>Total equity</b>	<u>52,619,706</u>	<u>47,028,305</u>

**KATANA CAPITAL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**Consolidated**

	<b>Issued Capital \$</b>	<b>Equity Benefits Reserve \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>At 1 July 2006</b>	20,887,710	-	1,060,378	21,948,088
Profit for the period	-	-	3,172,142	3,172,142
<b>Total income and expense for the period</b>	-	-	3,172,142	3,172,142
<i>Equity transactions:</i>				
Dividends paid	-	-	(321,000)	(321,000)
Share based payment	-	101,100	-	101,100
<b>At 31 December 2006</b>	<b>20,887,710</b>	<b>101,100</b>	<b>3,911,520</b>	<b>24,900,330</b>
<b>At 1 July 2007</b>	40,158,270	101,100	6,768,935	47,028,305
Profit for the period	-	-	6,633,521	6,633,521
<b>Total income and expense for the period</b>	-	-	6,633,521	6,633,521
<i>Equity transactions:</i>				
Dividends paid	-	-	(1,042,120)	(1,042,120)
<b>At 31 December 2007</b>	<b>40,158,270</b>	<b>101,100</b>	<b>12,360,336</b>	<b>52,619,706</b>

**KATANA CAPITAL LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Note	Consolidated	
		2007	2006
		\$	\$
<b>Cash flows from operating activities</b>			
Proceeds on sale of financial assets		3,637,467	13,170,661
Payments for purchases of financial assets		(12,606,406)	(16,252,236)
Payments to suppliers and employees		(1,826,860)	(544,793)
Interest paid		(1,174)	(1,780)
Interest received		260,712	139,922
Income taxes paid		(50,524)	-
Dividends received		597,845	277,007
<b>Net cash outflows from operating activities</b>		<u>(9,988,940)</u>	<u>(3,211,219)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,154,555)	(321,000)
Repayment of borrowings		(10,121)	(28,153)
<b>Net cash outflows from financing activities</b>		<u>(1,164,676)</u>	<u>(349,153)</u>
Net decrease in cash held		(11,153,616)	(3,560,372)
Cash and cash equivalents at beginning of the period		13,240,092	8,715,858
<b>Cash and cash equivalents at end of the period</b>	<b>2</b>	<u><u>2,086,476</u></u>	<u><u>5,155,486</u></u>

**KATANA CAPITAL LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2007 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual financial report of Katana Capital Limited as at 30 June 2007 and considered together with any public announcements made by Katana Capital Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Changes in accounting policy**

Since 1 July 2007 the Group has adopted the following standards and interpretations, mandatory for financial reporting periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Group.

- AASB 101 (revised October 2006) *Presentation of Financial Statements*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 2005-10 *Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)*
- AASB 2007-1 *Amendments to Australian Accounting Standards arising from Interpretation 11 (AASB 2)*
- AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments*
- AASB 2007-7 *Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107, & AASB 128)*
- Interpretation 10 *Interim Financial Reporting and Impairment*
- Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*

**KATANA CAPITAL LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**NOTE 2. CASH AND CASH EQUIVALENTS**

*CONSOLIDATED*

*31 December*      *31 December*  
*2007*                      *2006*

For the purpose of the half-year cash flow statement, cash and cash equivalents is comprised of the following:

Cash at bank and in hand	<u>2,086,476</u>	<u>5,155,486</u>
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**NOTE 3. DIVIDENDS**

During the period the company announced a dividend payable of 2.5 cents per ordinary share (2006: 1.5 cents per ordinary share). The dividend was declared and announced to the Australian Stock Exchange on 19 September 2007 and paid on 31 October 2007. The total dividend paid to shareholders out of retained profits was \$1,042,120 (2006: \$321,000).

**NOTE 4. SEGMENT INFORMATION**

**Industry segment**

The entity operates solely in the financial investment industry.

**Geographical segments**

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

**NOTE 5. CONTINGENT ASSETS & LIABILITIES**

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

**NOTE 6. EVENTS AFTER BALANCE SHEET DATE**

Since 31 December 2007 to the date of this report, there has been no event specific to the consolidated entity of which the Directors are aware that has had a material effect on the consolidated entity or its financial position. However, the Directors note that there has been a substantial correction in the markets in which the Company invests between the balance sheet date and the date of this report. Changes in the values 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.

**NOTE 7. RELATED PARTY TRANSACTIONS**

On Friday 7 December 2007, Brierty Limited (ASX code : BYL) was listed for official quotation on the Australian Securities Exchange (ASX). Katana Capital Limited was allotted 4,000,000 fully paid ordinary Brierty Limited shares at the Initial Public offering price of \$1.00 per ordinary share, valuing its initial investment at \$4,000,000. Brierty Limited is chaired by Mr Dalton Gooding. Mr Dalton Gooding is also Chairman of Katana Capital Limited, Mr Gooding was not involved in the investment process and decision making regarding Katana Capital Limited's investment in Brierty Limited. Katana Capital Limited's investment process and review of stocks held is managed by Katana Capital Limited's investment manager, Classic Capital Pty Ltd. As at 31 December 2007, the total value Katana Capital Limited's investment in Brierty Limited was \$6,320,000.