

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

ANNUAL REPORT FROM INCORPORATION TO 30 JUNE 2008

COMPANY PARTICULARS

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

WAM Active Limited is a Listed Investment Company and is a reporting entity. It is an investor in equities and similar securities on the stock market primarily in Australia.

DIRECTORS:

G. Wilson (Chairman)
M. Kidman
J. Abernethy
C. Cuffe
R. Walker

SECRETARY:

K. Thorley

AUDITORS:

Moore Stephens Sydney

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 139 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

Mail Address: GPO Box 4658
Sydney NSW 2001
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wami.com.au
Website: www.wilsonassetmanagement.com.au

SHARE REGISTRAR:

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

STOCK EXCHANGE:

Australian Securities Exchange (ASX)
The home exchange is Sydney.
ASX code: WAA Ordinary shares
WAAO Options expiring 17 June 2009

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WAM ACTIVE LIMITED

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CHAIRMAN'S LETTER

Dear fellow shareholders,

Firstly, I welcome you as fellow shareholders and thank you for your support in what has been a volatile ride for Australian and global equities since listing earlier this year.

WAM Active Limited (WAA) listed on the Australian Securities Exchange on the 11th January 2008 after raising \$15.4 million.

Investment Objectives and Process

As explained in the IPO prospectus, the principal purpose of offering shares to the public was to offer investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. This was achieved in our first six months by holding a large portion of the portfolio in cash, with a focus on preserving capital and actively trading the equity portion of the portfolio, which turned over 8.3 times.

The investment objectives of WAA are to derive an absolute return, to deliver investors an income stream in the form of fully franked dividends and to preserve capital. This is achieved by employing a combination of strategies and could include participating in initial public offerings, placements, block trades, rights issues, merger transactions (such as takeovers, mergers, schemes of arrangements), corporate spin-offs, restructurings, arbitrage opportunities, LIC discount arbitrages or relative value arbitrages. As the Manager will be seeking to identify trading opportunities in the market, the Manager has termed this investment process the Market Driven process. This will involve the detailed monitoring of both primary and secondary market activity with particular emphasis on new capital raisings and corporate activity. If an investment involves the issue or sale of securities at a discount to the current market price, no further information may be required. Other investments may require further analysis. This may involve the Manager meeting and having discussions with the potential investee's management, discussing at length the various dynamics of the business and if necessary the corporate transaction. The majority of investments will be predominantly short term.

Our disciplined approach is to provide the maximum return possible while taking the minimum amount of risk. Our investment team has continued to progressively develop and now comprises of Matthew Kidman and myself, the portfolio managers, Chris Stott, a senior analyst who is responsible for the research driven side of our investing and Tal Bergman, a trainee analyst who focuses on the market driven side of our investing. We all spend as much time as possible meeting with the management of investee companies.

Performance

WAA performed solidly during its first 6 months of trading. It announced a maiden profit before tax for the period from incorporation to 30 June 2008 of \$118,626, and an after tax profit of \$92,673. The gross value of the portfolio appreciated by 2.2%, a sound result given the All Ordinaries Accumulation Index fell 15.2% over the same period.

As at 30 June 2008, 78.1% of the portfolio was held in cash and fixed interest while 21.9% was invested in equities and 2.3% of the portfolio was sold short. Top contributors for the period included Everest Babcock & Brown Alternative Inv Trust (EBI), Dyno Nobel Limited (DXL) and Leighton Holdings Limited (LEI). The stocks that detracted from performance include Just Group Limited (JST), Westpac Banking Corporation (WBC) and Keybridge Capital Limited (KBC).

Our cash levels have moved to reflect our active management of the Fund. At 31 May 2008, 50.3% of the portfolio was held in cash which changed to 78.1% by 30 June 2008 and to 64.0% by 31 July 2008. In the 6 months to June trading turnover was \$32.8m or 216.4% of assets.

Dividend

No dividend was declared for the period ended 30 June 2008. The board is however committed to paying an increasing stream of fully franked dividends to shareholders over time. This will be dependant on the Company having sufficient profits, retained earnings and franking credits.

WAM ACTIVE LIMITED

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CHAIRMAN'S LETTER

Outlook

Since listing in January 2008 the Australian market has experienced an extremely difficult period. After a 5 year bull market, which saw the All Ordinaries Accumulation Index rise approximately 170%, we are now in a bear market. For WAM Active this has changed the trading opportunities available. In the current environment there are few initial public offerings and a limited number of capital raisings outside the top 50 companies. Instead, the opportunities have been centred on corporate activity, bidding on lines of stocks from forced sellers and trading oversold positions.

In this environment we have deliberately been selective in our investments. On average, we held cash at 74% during the period. Over the coming months we believe there will be continued corporate activity in the resources sector and the small and mid capitalised industrial sector. Capital raisings will decline in number but the size of the discount to market price will increase. The continued volatility in the market will continue to present trading opportunities both on the short and long side.

Our belief is that this current market shake out will provide some excellent opportunities over the next 12 months, particularly in the small and mid capitalised arena. Our trading strategy has been centred on takeover arbitrages, trading capital raisings or oversold positions and looking for short selling opportunities.

Shareholder Communication

We take an active approach to keeping shareholders informed about the Company's activities and performance including monthly investment updates and NTA announcements, yearly profit announcements, shareholder briefings and access to all relevant information on our website.

During the past 6 months we commenced shareholder briefings, with seminars held in Sydney, Melbourne, Adelaide and Brisbane. Matthew and I enjoy the opportunity to meet with you and we intend to make the shareholder briefings a semi-annual event.

We would also encourage feedback on how we can improve our overall communication with our shareholders.

Thank you for your support.



G.J. Wilson
Chairman

WAM ACTIVE LIMITED

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CORPORATE GOVERNANCE STATEMENT

To ensure the Company operates effectively and in the best interests of shareholders, the Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has elected to adopt the revised Corporate Governance Principles and Recommendations early and has applied them in reporting for the 2008 financial period.

ROLE OF THE BOARD

The Company has a Board but no full time employees. Subject at all times to any written guidelines issued by the Board of Directors of WAM Active Limited, the day-to-day management and investment of funds is carried out by MAM Pty Limited (the Manager) pursuant to a management agreement.

The role of the Board is to set strategic direction and to be responsible for the overall corporate governance of the Company which includes:

- to oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports and other communications to the ASX and shareholders; and
- setting appropriate business standards and code for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board should act in a manner designed to create and build sustainable value for shareholders.

COMPOSITION OF THE BOARD

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term in office are detailed in the Directors' Report.

The Board has two independent Directors and three non independent Directors. The names of the Directors considered to be independent are:

John Abernethy
Christopher Cuffe

Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current Boards' level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

The Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, it adds value to the Company.

The Board monitors the business risks and system of internal control and guides the affairs of the Company in the discharge of its stewardship responsibilities. The Board confirms that there is an ongoing process of identifying, evaluating and managing the risks faced by the Company. The risk framework and internal controls have been documented in the Risk Management Policy. Responsibility for managing and progressing the profitable operation and development of the Company is delegated to the Chairman who reports back to the rest of the Board.

Given the size of the Board, the Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

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CORPORATE GOVERNANCE STATEMENT

AUDIT & RISK COMMITTEE

The Company has formed an Audit & Risk Committee consisting of three non-executive Directors of whom two are independent as defined by the ASX Corporate Governance Council's principles. This is considered adequate given the size of the Board (5 members) and the nature of the Company. The members of the Audit & Risk Committee are:

John Abernethy	Chairman, independent director
Matthew Kidman	Non-Executive Director, non-independent director
Christopher Cuffe	Non-Executive Director, independent director

The Committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors; and
- review the existing external audit arrangements.

The external audit firm partner responsible for the Company audit attends meetings by invitation. The Committee formally reports to the Board after each of its meetings.

The Company's external audit is undertaken by Moore Stephens Sydney and the audit engagement partner is required to be changed at regular intervals. Scott Whiddett, a partner of Moore Stephens Sydney, is the partner responsible for the external audit of the Company for the 2008 financial year.

REMUNERATION OF DIRECTORS

Given the number of Directors (5), a remuneration committee has not been formed as it is believed that such a committee would not serve to protect or enhance the interests of the shareholders. As such, the Board deals with the issue of remuneration as a whole.

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

Entities associated with the Chairman, Geoff Wilson, and Director, Matthew Kidman of WAM Active Limited hold 80% and 20% respectively of the issued shares of the investment management company, MAM Pty Limited. Further detail is provided in the Directors' Report.

SHAREHOLDER COMMUNICATION

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Measures are in place to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

Information is communicated to shareholders through the:

- website;
- ASX Company Announcements platform;
- Annual Report;
- monthly NTA releases; and
- other correspondence regarding matters impacting on shareholders as required.

Monthly NTA releases contain additional information concerning the underlying investment portfolio of the Company in an effort to give investors a better understanding of the Company.

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CORPORATE GOVERNANCE STATEMENT

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

Shareholder information sessions are also held twice a year in May and November following the AGM. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

The following charters and policies are available on request or can be found in the Corporate Governance section of the Company's internet site at www.wilsonassetmanagement.com.au:

- Board of Directors Charter
- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Communications Policy
- Audit & Risk Committee Charter
- Risk Management Policy

BOARD'S POLICY ON DEALING IN SHARES

Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current relevant interests in the Company's shares are shown in the Directors' Report.

Subject to them not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company when appropriate. As WAM Active Limited is an investment company announcing its results monthly, the Board believes the shareholders are generally fully informed.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

The Directors present their report together with the financial report of WAM Active Limited (the Company) for the period from inception on 6 July 2007 to 30 June 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is making investments in listed and unlisted companies. No change in this activity took place during the period or is likely in the future.

OPERATING RESULTS

Investment operations over the period resulted in an operating profit before tax of \$118,626 and an operating profit after tax of \$92,673.

REVIEW OF OPERATIONS

The Company was incorporated on 6 July 2007 at \$1 for 1 share. During the period, the Company issued 15,400,100 shares at \$1.00 per share following the issue of a Prospectus on 6 November 2007.

The Company commenced trading upon its official quotation on the Australian Stock Exchange on 11 January 2008, subsequent to the initial public offering.

The shareholders who subscribed for the shares under the prospectus were also issued with one option for each share they acquired. The options are listed and are exercisable at \$1.00 to acquire an ordinary share at any time from the date of issue to 17 June 2009.

Costs associated with establishing the Company and the subsequent capital raising and placement, were 1.1% of the capital raised of which all were off-set against contributed equity. Refer to Note 10 of the financial statements.

Investments are valued continuously to market value. For the period ended 30 June 2008, investments were valued downwards by \$244,512.

Asset backing for each ordinary share as at 30 June 2008 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 99.42 cents per share. Asset backing after tax on realised gains but before tax on unrealised gains was 99.82 cents per share. The equivalent asset backing before tax payable and after tax assets was 99.82 per share.

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on page 1 of the Annual Report.

FINANCIAL POSITION

The net asset value of the Company for the current financial period was \$15,326,459.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the period ended 30 June 2008.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the period.

OPTIONS

The Company issued a prospectus dated 6 November 2007 and shareholders who subscribed for shares were issued with one option for each share they acquired. The Company issued 15,400,100 options to acquire fully paid ordinary shares exercisable at \$1.00 per option. The options began trading on the Australian Securities Exchange on 11 January 2008. No options were exercised during the period ending 30 June 2008.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are as follows:-

G.J. Wilson	appointed 6 July 2007
M.J. Kidman	appointed 6 July 2007
N. Cuffe	appointed 6 July 2007, resigned 6 November 2007
J.B. Abernethy	appointed 6 November 2007
C.E. Cuffe	appointed 1 November 2007
R.J. Walker	appointed 19 March 2008

INFORMATION ON DIRECTORS

Geoffrey Wilson *Chairman – Non-independent*

Experience and expertise

Geoffrey Wilson has had 28 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Geoffrey Wilson has been Chairman of the Company since July 2007.

Other current directorships

Geoffrey Wilson is the Chairman of WAM Capital Limited (appointed March 1999), Wilson Investment Fund Limited (appointed June 2003), the Australian Stockbrokers Foundation Limited and Ascham Foundation. He is a Director of Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (appointed October 2003), Clime Capital Limited (appointed November 2003), Cadence Capital Limited (appointed February 2005), Vietnam Fund Limited (appointed October 2007), Incubator Capital Limited (appointed February 2000), the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation Limited and Odyssey House McGrath Foundation. He is also a director of the investment management companies, Wilson Asset Management (International) Pty Limited, Boutique Asset Management Pty Limited and MAM Pty Limited.

Former directorships in the last 3 years

Geoffrey Wilson is a former Director of Mariner Wealth Management Limited (currently known as Keybridge Capital Limited) from September 1999 to October 2006.

Special responsibilities

Chairman of the Board

Interests in shares of the Company

Details of Geoffrey Wilson's interests in shares and options of the Company are included later in this report.

Interests in contracts

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

Matthew Kidman

Non-Executive Director – Non-independent

Experience and expertise

Matthew Kidman worked as a finance reporter for the Sydney Morning Herald between 1994 and 1998. In 1997 he was appointed Investment Editor of that newspaper and was charged with the responsibility of company coverage for the newspaper. He has degrees in Economics and Law and a Graduate Diploma in Applied Finance. He is a portfolio manager of Wilson Asset Management (International) Pty Limited and has been instrumental in establishing the Company's valuation methodology of rating companies.

Matthew Kidman has been a Director of the Company since July 2007.

Other current directorships

Matthew Kidman is a Director of WAM Capital Limited (appointed March 1999), Wilson Investment Fund Limited (appointed May 2002), and Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (appointed October 2003) and Incubator Capital Limited (appointed February 2000). He is also a Director of the investment management companies MAM Pty Limited and Boutique Asset Management Pty Limited.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

Former directorships in the last 3 years

Matthew Kidman is a former Director of Mariner Wealth Management Limited (currently known as Keybridge Capital Limited) from June 1999 to November 2005.

Special responsibilities

Member of the Audit & Risk Committee

Interests in shares of the Company

Details of Matthew Kidman's interests in shares and options of the Company are included later in this report.

John Abernethy

Non-Executive Director - Independent

Experience and expertise

John Abernethy has over 25 years experience in funds management and corporate advisory. He spent ten years at NRMA Investments as Head of Equities managing portfolios of approximately \$2 billion. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Clime Investment Management Limited (formerly known as Loftus Capital Partners) in 1996.

John Abernethy has been a Director of the Company since November 2007.

Other current directorships

John Abernethy is the Managing Director of Clime Investment Management Limited (formerly known as Loftus Capital Partners Limited) (appointed July 2005). He is a Director of Wilson Investment Fund Limited (appointed May 2002), Australian Leaders Fund Limited (formerly known as Wilson Leaders Limited) (appointed November 2003) and Jasco Holdings Limited.

Former directorships in the last 3 years

John Abernethy is a former Director of Schaffer Corporation Limited from October 1998 to October 2003 and HomeLeisure Limited from February 2001 to May 2007.

Special responsibilities

Chairman of the Audit & Risk Committee

Interests in shares and options of the Company

Details of John Abernethy's interests in shares and options of the Company are included later in this report.

Christopher E. Cuffe

Non-Executive Director - Independent

Experience and expertise

Following a five year period with chartered accountants KPMG, Chris Cuffe entered the funds management industry in 1985. In 1988 he joined Colonial First State where he was CEO from 1990 until 2003. Chris then joined Challenger Financial Services Group Limited in early 2003 in the capacity as Chief Executive Officer. Chris stepped down from the Group CEO role in August 2004 to become Chief Executive of Challenger's Wealth Management business, a position he held until the end of June 2006. In September 2006 Chris joined Social Ventures Australia, an Australian-based not-for-profit organisation.

He holds a Bachelor of Commerce in Accounting, Finance and Systems from the University of NSW as well as a Diploma from the Securities Institute of Australia. He is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.

Christopher Cuffe has been a Director of the Company since November 2007.

Other current directorships

Chris Cuffe is a Director of UniSuper Limited (appointed April 2007).

Former directorships in the last 3 years

Christopher Cuffe has no former directorship in the last 3 years.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

Special responsibilities

Member of the Audit & Risk Committee

Interests in shares of the Company

Details of Christopher Cuffe's interests in shares and options of the Company are included later in this report.

Ronald J. Walker

Non-Executive Director - Non-independent

Experience and expertise

Mr Ronald J Walker AC CBE has been prominent in public life for more than forty years. He was founder and chairman of one of Australia's largest private chemicals companies between 1963 and 1976, and was co-founder and major shareholder of Hudson Conway Limited, and was co-founder and major shareholder of Crown Casino Limited.

He served two terms as Lord Mayor of Melbourne from 1974 to 1976. Ronald Walker has served Australia in many capacities over many years in public life including: Chairman, Cancer Institute; Chairman, Heart Foundation Appeal; Chairman, Save the Children Fund; Chairman, Aborigines Advancement League; Chairman, Australian Ballet Foundation; Chairman, Australia Business Arts Foundation; Commissioner, Melbourne 1996 Olympic Games Bid; Member, Sydney 2000 Olympic Bid; Trustee, National Gallery of Victoria for nine years; Founding Chairman, Victorian Major Events Company for ten years; Chairman, Melbourne 2006 Commonwealth Games Corporation; Chairman, Australian Grand Prix Corporation and MotoGP; Member, Formula One Commission UK; Director, Football Federation Australia; Chairman, Microsurgery Foundation at St Vincent's Hospital; Director, Australian Tissue Engineering Centre at St Vincent's Hospital.

In 1977 Mr Walker was made a Commander of the Order of the British Empire (CBE) for service to the Commonwealth. He became an Officer of the Order for Australia (AO) for service to the community 1987, and was made a Companion of the Order of Australia (AC) in 2003 for services to business, arts, tourism and the community.

Ronald Walker has been a Director of the Company since March 2008.

Other current directorships

Ronald Walker is Chairman of Fairfax Media Limited (appointed August 2005) and Director of Football Federation Australia Limited.

Former directorships in the last 3 years

Ronald Walker was formerly a Director of Buka Minerals Limited from February 2004 to March 2008, Primelife Corporation Limited from June 2003 to December 2005 and Scarborough Minerals PLC from April 2006 to July 2007.

Interests in shares of the Company

Details of Ronald Walker's interests in shares and options of the Company are included later in this report.

Natasha Cuffe

Non-Executive Director

Resigned 6 November 2007

Experience and expertise

Natasha Cuffe – Bachelor of Commerce, CA. Natasha Cuffe has worked in the funds management industry for the past 10 years and has worked for the Wilson Asset Management group as Finance Manager for the past 5 years. Natasha Cuffe is company secretary of WAM Capital Limited and Wilson Investment Fund Limited.

Natasha Cuffe has no other current or past directorships of listed companies.

Interests in shares of the Company

Details of Natasha Cuffe's interests in shares and options of the Company are included later in this report.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

COMPANY SECRETARY

The following person held the position of company secretary as at the end of the financial year:

Katherine Thorley – Bachelor of Commerce, CPA. Katherine has worked in the funds management industry for the Wilson Asset Management group as Financial Accountant for the past 3 years. Katherine Thorley was appointed company secretary on 6 November 2007.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of WAM Active Limited.

(a) Remuneration of Directors

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently \$80,000 per annum. Non-Executive Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main board activities and membership of committees.

Directors' remuneration received for the period ended 30 June 2008:

Director	Directors' Fees	Post-employment Superannuation	Total
	\$	\$	\$
G.J. Wilson	4,587	413	5,000
M.J. Kidman	4,587	413	5,000
J.B. Abernethy	15,000	-	15,000
C.E. Cuffe	15,000	-	15,000
R.J. Walker	7,788	701	8,489
N. Cuffe	-	-	-
	46,962	1,527	48,489

(b) Director Related Entities Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$85,729 inclusive of GST. As at 30 June 2008, the balance payable to the manager was \$28,766.

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of the increase in the gross value of the Portfolio above the High Water Mark:

The High Water Mark is the greater of the:

- highest gross value of the Portfolio as at the last day of the last Performance Period for which a Performance Fee was last paid or payable; and
- the gross proceeds raised from the issue of Shares under this Prospectus.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

If the gross value of the Portfolio falls below a previous high no further Performance Fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2008, no performance fee was paid or payable to MAM Pty Limited.

These amounts are in addition to the above Directors' remuneration.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

(c) Remuneration of Executives

There are no executives that are paid by the Company. MAM Pty Limited, the investment manager of the Company provides day to day management of the Company and is remunerated as outlined above.

(d) Equity Instruments Disclosures of Directors and Related Parties

As at the date of this report the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares	Options
G.J. Wilson	1,933,501	1,670,500
M.J. Kidman	205,000	205,000
J.B. Abernethy	60,000	-
C.E. Cuffe	100,000	-
R.J. Walker	1,542,000	1,300,000

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

DIRECTORS' MEETINGS

Director	No. eligible to attend	Attended
G.J. Wilson	8	8
M.J. Kidman	8	8
N. Cuffe	4	4
J.B. Abernethy	4	4
C.E. Cuffe	5	5
R.J. Walker	1	1

AUDIT & RISK COMMITTEE MEETINGS

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance section on page 3, 4 and 5 of this Annual Report. The Audit & Risk Committee was established by the Board but had not met prior to 30 June 2008.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial periods.

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial period, investing its current fixed interest and cash holdings into the equity market as opportunities arise.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2008

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the financial period the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial period, for any person who is or has been an auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

NON AUDIT SERVICES

During the period Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Limited, a related party of the Company's auditor, performed taxation services for the Company. Moore Stephens Sydney Corporate Finance Pty Limited performed the financial due diligence and provided the Investigating Accountant's Report for the WAM Active Limited prospectus dated 6 November 2007. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provisions of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors.



G.J. Wilson, Chairman

Dated at Sydney this 17th day of September 2008

PARTNERS:

Howard Badger CA
Andrew Blackwell CA
Chris Chandran CA
Michael Dundas CA
Martin Fowler CA
Stephen Humphrys FCA
Garry Leyshon FCA
Allan Mortel CA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Scott Whiddett CA

AUDITOR'S INDEPENDENCE DECLARATION to the Directors of WAM Active Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WAM Active Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Moore Stephens Sydney
Chartered Accountants



S.M. Whiddett
Partner

Dated in Sydney, this 16th day of September 2008.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	June 2008 \$
Proceeds from sale of investments		16,094,263
Cost of investments sold		(16,039,311)
Unrealised loss on investments		(244,512)
Other revenue from ordinary activities	2	596,767
Management fees		(79,884)
Directors fees		(48,489)
Brokerage expense on share purchases		(59,251)
Other expenses from ordinary activities		<u>(100,957)</u>
Profit before income tax		118,626
Income tax expense	3(a)	<u>(25,953)</u>
Profit attributable to members of the Company	11	<u>92,673</u>
Basic earnings per share	14	<u>0.60 cents</u>

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

BALANCE SHEET AS AT 30 JUNE 2008

	Notes	June 2008 \$
ASSETS		
Cash and cash equivalents	12	9,993,027
Trade and other receivables	6	2,529,541
Financial assets	7	3,436,096
Deferred tax assets	3(b)	105,677
TOTAL ASSETS		16,064,341
LIABILITIES		
Financial liabilities	8	357,042
Trade and other payables	9	320,488
Deferred tax liabilities	3(c)	60,352
TOTAL LIABILITIES		737,882
NET ASSETS		15,326,459
EQUITY		
Issued capital	10	15,233,786
Retained earnings	11	92,673
TOTAL EQUITY		15,326,459

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	June 2008 \$
Total equity at date of incorporation 6 July 2007	10(b)	1
Profit for the period attributable to members of the Company	11	92,673
Shares issued in the period	10(b)	15,400,100
Capitalised float costs	10(b)	<u>(166,315)</u>
Total equity as at 30 June 2008 attributable to members of the Company		<u><u>15,326,459</u></u>

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	June 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received		47,901
Interest received		452,700
Investment management fees		(56,962)
Brokerage expense on share purchases		(59,251)
Payments for administration expenses		(100,148)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13	284,240
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		13,680,346
Payments for purchase of investments		(19,134,067)
NET CASH USED IN INVESTING ACTIVITIES		(5,453,721)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		15,400,101
Payments for float costs		(237,593)
NET CASH PROVIDED BY FINANCING ACTIVITIES		15,162,508
NET INCREASE IN CASH HELD		9,993,027
Cash at beginning of financial period		-
CASH AT END OF FINANCIAL PERIOD	12	9,993,027

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report was authorised for issue on 17 September 2008 by the Board of Directors.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

WAM Active Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs with the exception of "held-for-trading" financial assets and certain other financial assets and liabilities which have been measured at fair value.

Accounting Policies

(a) Financial Instruments

i) Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the Income Statement immediately. Financial instruments are classified and measured as set out below.

ii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Income Statement.

iii) Classification and Subsequent Measurement

Investments consist of shares in publicly listed and unlisted companies and investments in fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the Balance Sheet on a liquidity basis.

The Company may short sell securities in anticipation of a decline in the market value of that security, or it may short sell securities for various arbitrage transactions. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the Income Statement.

iv) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in Income Statement in the period in which they arise. Unrealised gains and losses are then transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments, where they are above cost.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

v) Financial Liabilities

Borrowed stock financial liabilities are classified at fair value through profit or loss. Realised and unrealised gains and losses arising from changes in fair value are included in the Income Statement in the period in which they arise.

vi) Fair Value

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(b) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be removed or settled.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months.

(d) Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

(e) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets and are stated at their amortised cost less impairment losses (refer Note 1(g)).

(f) Trade and Other Payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

(h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Balance Sheet.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Segment Reporting

The Company is engaged in investment activities conducted in Australia and derives revenue and investment income from listed, unlisted and fixed interest securities.

(j) Comparative Figures

The Company was incorporated on 6 July 2007 and commenced operations after listing on the ASX on 11 January 2008 and as such no comparative figures are available.

(k) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the financial results of the Company for the year ended 30 June 2008.

(l) New standards and interpretations not yet adopted

There are no impending new accounting standards that will result in any material change in relation to amounts recognised in the financial statements.

2. OTHER REVENUE FROM ORDINARY ACTIVITIES

	June 2008 \$
Australian sourced dividends	88,856
Foreign sourced dividends	13,242
Interest	494,009
Trust distributions	660
	596,767

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

June
2008
\$

3. TAXATION

(a) Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%	35,588
Imputation credit gross up	4,129
Franking credit offset	(13,764)
	<u>25,953</u>

Total income tax expense results in a:

Current tax asset	(43,705)
Deferred tax liability	60,352
Deferred tax asset	9,306
	<u>25,953</u>

(b) Deferred Tax Assets

Provisions	4,950
Tax losses	43,705
Capitalised float costs	57,022
At reporting date	<u>105,677</u>

Movement in deferred tax assets

Balance at the beginning of the period	-
Capitalised float costs	71,278
Credited to the Income Statement	34,399
At reporting date	<u>105,677</u>

(c) Deferred Tax Liabilities

Fair value adjustments	29,332
Income provisions	31,020
	<u>60,352</u>

Movement in deferred tax liabilities

Balance at the beginning of the period	-
Charged to the Income Statement	60,352
At reporting date	<u>60,352</u>

4. DIVIDENDS

(a) Ordinary dividends paid during the period

-

(b) Dividend Franking Account

Balance of franking account at period end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial periods.

13,764

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

4. DIVIDENDS (CONTINUED)

(b) Dividend Franking Account

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$60,352.

June
2008
\$

5. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Auditing or reviewing the financial report 9,900

Non-audit services

Other services provided by a related practice of the auditor:

Taxation Services 6,600

Investigating Accountant's Report 7,700

24,200

The Company's Audit & Risk Committee oversees the relationship with the Company's External Auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

6. TRADE AND OTHER RECEIVABLES

Trade debtors 2,413,916

Prepayments 7,893

Income receivable 96,166

GST receivable 11,566

2,529,541

Trade debtors relate to outstanding settlements, and are on the terms operating in the securities industry. These are non-interest bearing and require the settlement within three (3) days of the date of a transaction. Income receivable relates to accrued income and is non-interest bearing and unsecured.

7. FINANCIAL ASSETS

Listed investments 3,254,796

Unlisted investments 181,300

3,436,096

As at 30 June 2008, there was no interest rate exposure of the portfolio through the holding of perpetual notes. The market values of individual investments as at 30 June 2008 are disclosed on page 33 of the Annual Report.

8. FINANCIAL LIABILITIES

Borrowed stock **357,042**

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other debt can not exceed 50% of the gross asset value of the Company as outlined in the Prospectus.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

	June 2008 \$
9. TRADE AND OTHER PAYABLES	
Trade creditors	228,810
Sundry creditors	91,678
	<u>320,488</u>

Trade creditors relate to outstanding settlements, and based on the terms operating in the securities industry. These do not incur interest and require settlement within three (3) days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

10. ISSUED CAPITAL

(a) Paid-up Capital

15,400,101 ordinary shares fully paid	<u>15,233,786</u>
---------------------------------------	--------------------------

(b) Movement in Ordinary Share Capital

Balance at the beginning of the period	-
1 ordinary share issued on incorporation 6 July 2007	1
15,400,100 ordinary shares issued on 3 January 2008 under prospectus	15,400,100
Transaction costs arising from the Initial Public Offer (net of tax)	<u>(166,315)</u>
At reporting date	<u>15,233,786</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

(c) Options

The Company issued a prospectus dated 6 November 2007 and shareholders who subscribed for shares were issued with one option for each share they acquired. The Company issued 15,400,100 options to acquire fully paid ordinary shares exercisable at \$1.00 per option. The options began trading on the Australian Securities Exchange on 11 January 2008. No options were exercised during the period ending 30 June 2008.

(d) Capital Management

The Board effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. At the core of this management is the belief that shareholder value should be preserved at all costs. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options to buy shares issues as well as the use of share buy-backs when shares are trading at a significant discount to NTA.

11. RETAINED EARNINGS

Balance at the beginning of the period	-
Profit for the period attributable to members of the Company	92,673
At reporting date	<u>92,673</u>

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

12. CASH AND CASH EQUIVALENTS

Cash as at the end of the financial period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	June 2008 \$
Cash at bank and on hand	3,062,178
Fixed interest securities	6,930,849
	9,993,027

The weighted average interest rate for cash and fixed interest securities as at 30 June 2008 is 7.50%. The fixed interest securities had an average maturity of 10 days. Of the fixed interest securities held 65% is Standard & Poor's rated A1+, 29% is Standard & Poor's rated AA and 6% is Standard & Poor's rated AAA. The fixed interest securities include the cash collateral for the borrowed stock (refer Note 8).

13. CASH FLOW INFORMATION

Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	92,673
Add/(less) items classified as Investing/Financing Activities:	
Realised gain on sale of investments	(54,951)
Add/(less) non cash items:	
Unrealised loss on investments	244,512
Net cash provided by Operating Activities before changes in assets and liabilities:	
Increase in receivables	(115,625)
Increase in deferred tax assets	9,306
Increase in payables	91,678
Decrease in current tax assets	(43,705)
Increase in deferred tax liabilities	60,352
Net cash provided by Operating Activities	284,240

14. EARNINGS PER SHARE

Profit after income tax used in the calculation of basic earnings per share	92,674
	No.
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share:	15,400,101
Add: Weighted average number of options outstanding	-
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share:	15,400,101

15. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of local money market instruments, short term investments, accounts receivable and accounts payable.

The terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are included under the appropriate note for that instrument.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial and market risk of the Company.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Balance Sheet, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counter parties and that they are of a sufficient quality rating. The Manager is satisfied that the Company is currently sufficiently diversified so as to reduce exposure to any individual credit risk.

(b) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company.

The Company's inward cash flows depend upon the level of sales of securities, dividends and interest received and any exercise of Company options that may be on issue from time to time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. The Company holds a portion of its portfolio in cash and fixed interest securities sufficient to ensure that it has cash available to meet all payments. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds to increase cash inflows.

(c) Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Manager seeks to reduce market risk of the Company by not being overly exposed to one investee company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

(d) Net Fair Values

The carrying amounts of financial instruments on the Balance Sheet approximate their net fair values.

16. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial periods.

17. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial period was 615. Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$122,552.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

June
2008
\$

18. CONTINGENT LIABILITIES

Estimates of material amounts of contingent liabilities, not provided for in the accounts, arising from:

Sub-underwriting agreements entered into during the period of which the offer closes after balance date.

140,000

19. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before 30 June 2008, which settled after period end in July and August 2008.

-

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial period are:

G.J. Wilson	Chairman
M.J. Kidman	Non-Executive Director
J.B. Abernethy	Non-Executive Director
C.E. Cuffe	Non-Executive Director
R.J. Walker	Non-Executive Director
N. Cuffe	Non-Executive Director (resigned 6 November 2007)

a) Remuneration

There are no executives that are paid by the Company. MAM Pty Limited, the investment manager of the Company provides the day to day management of the Company and is remunerated as outlined in Note 21.

Individual directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on pages 10 and 11, as permitted by Corporations Regulation 2M.3.03 and 2M.6.04.

	Directors' Fees \$	Post-employment Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the period ended 30 June 2008	46,962	1,527	48,489

b) Share and Option holdings

As at 30 June 2008 the Company's key management personnel held the following interests in the Company:

Ordinary Shares held

	Balance at 30 June 2007	Acquisitions/ Shares Issued	Disposals	Balance at 30 June 2008
Directors				
G.J. Wilson	-	1,933,501	-	1,933,501
M.J. Kidman	-	205,000	-	205,000
J.B. Abernethy	-	60,000	-	60,000
C.E. Cuffe	-	-	-	-
R.J. Walker	-	1,542,000	-	1,542,000
N. Cuffe	-	-	-	-
	-	3,740,501	-	3,740,501

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

20. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

b) Share and Option holdings (continued)

Options held

Directors	Balance at 30 June 2007	Options Granted/ Acquisitions	Disposals/ Options Exercised	Balance at 30 June 2008
G.J. Wilson	-	1,690,500	20,000	1,670,500
M.J. Kidman	-	205,000	-	205,000
J.B. Abernethy	-	-	-	-
C.E. Cuffe	-	-	-	-
R.J. Walker	-	1,300,000	-	1,300,000
N. Cuffe	-	-	-	-
	-	3,195,500	20,000	3,175,500

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial period, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

21. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions.

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$85,729 inclusive of GST. As at 30 June 2008, the balance payable to the manager was \$28,766.

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of the increase in the gross value of the Portfolio above the High Water Mark:

The High Water Mark is the greater of the:

- highest gross value of the Portfolio as at the last day of the last Performance Period for which a Performance Fee was last paid or payable; and
- the gross proceeds raised from the issue of Shares under this Prospectus.

If the gross value of the Portfolio falls below a previous high no further Performance Fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2008, no performance fee was paid or payable to MAM Pty Limited.

These amounts are in addition to the above Directors' remuneration.

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' DECLARATION

The Directors of WAM Active Limited declare that:

- 1) The financial report as set out in pages 14 to 27 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 10 and 11, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2008 and of its performance, as represented by the results of the operations and the cashflows, for the period ended on that date; and
- 2) The Director of the Manager, MAM Pty Limited has declared that:
 - a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporation Act 2001*;
 - b) the financial statements and notes for the financial period comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial period give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



G.J. Wilson, Chairman

Dated at Sydney this 17th day of September 2008

PARTNERS:

Howard Badger CA
 Andrew Blackwell CA
 Chris Chandran CA
 Michael Dundas CA
 Martin Fowler CA
 Stephen Humphrys FCA
 Garry Leyshon FCA
 Allan Mortel CA
 Wayne Morton FCA
 Joe Shannon CA
 Robert Southwell CA
 Spiro Tzannes FCA
 Charlie Viola (Affiliate ICAA)
 Scott Whiddett CA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WAM ACTIVE LIMITED

We have audited the accompanying financial report of WAM Active Limited (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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 an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control 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 control. 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 confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of WAM Active Limited on 16 September 2008 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial reports of WAM Active Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 and 11 of the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion the Remuneration Report of WAM Active Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



Moore Stephens
Chartered Accountants



S.M. Whiddett
Partner

Dated in Sydney this 17th day of September 2008

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders (as at 31 August 2008)

Geoffrey Wilson and associated companies 12.17%

Ottawa Securities Limited 10.01%

On-market buy back (as at 31 August 2008)

There is no current on-market buy back.

Distribution of shareholders (as at 31 August 2008)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	15	1
1,001 – 5,000	307	292
5,001 – 10,000	148	142
10,001 – 100,000	173	150
100,001 and over	16	18
	659	603

The number of shareholdings held in less than marketable parcels is 10.

Twenty largest shareholders - Ordinary shares (as at 31 August 2008)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Geoffrey James Wilson & associated entities	1,873,501	12.17
Ottawa Securities Pty Limited	1,542,000	10.01
Clodene Pty Limited	750,000	4.87
VBS Investments Pty Limited	750,000	4.87
Invia Custodian Pty Limited <APAM-AEOF 1 A/C>	400,500	2.60
UBS Wealth Management Australia Nominees Pty Limited	305,000	1.98
HSBC Custody Nominees (Australia) Limited	250,000	1.62
Charanda Nominee Company Pty Limited <The Amanchar A/C>	250,000	1.62
Mr Matthew Kidman & associated entities	200,000	1.30
Seweta Pty Limited <TRSS A/C>	200,000	1.30
Trophy Components Dist Pty Limited	200,000	1.30
Mr Victor John Plummer	200,000	1.30
Mr Anthony Shaw Hartcliff	150,000	0.97
Mrs Lisa Judith Hartcliff	150,000	0.97
Partick Investments Pty Limited <Discretionary Family A/C>	150,000	0.97
Dr Dinh Hoany Nguyen	100,000	0.65
Uplands Holdings Pty Limited <Media Five Partners S/F A/C>	100,000	0.65
Dr & Mrs Freany Jitendra Vohra <Vohra S/Fund A/C>	100,000	0.65
Dr Wayne Lawrence Houghton	100,000	0.65
Mr & Mrs Cuffe & CAF Community Fund Limited <C Cuffe Found A/C>	100,000	0.65
	7,871,001	51.10

WAM ACTIVE LIMITED

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ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Twenty largest optionholders - options (as at 31 August 2008)

Name	Number of options held	Percentage of issued options held
Mr Geoffrey James Wilson & associated entities	1,650,500	10.72
Otawa Securities Pty Limited	1,300,000	8.44
Clodene Pty Limited	750,000	4.87
Trafalgar House Pty Limited <HW McKenzie-Mcharg S/F A/C>	700,000	4.55
Mrs Janet Patricia Egan	500,000	3.25
Dr Nicolas & Mrs Sarah English <N English SF No 1 A/C>	320,000	2.08
HSBC Custody Nominees (Australia) Limited	250,000	1.62
Mr Anthony Shaw Harcliff	250,000	1.62
Mrs Lisa Judith Hartcliff	250,000	1.62
Charanda Nominee Company Pty Limited <The Amanchar A/C>	250,000	1.62
Mr Matthew Kidman & associated entities	200,000	1.30
Seweta Pty Limited <TRSS A/C>	200,000	1.30
Marie Scodella & Associates Pty Limited <Super Fund A/C>	200,000	1.30
Trophy Components Dist Pty Limited	200,000	1.30
Mrs Kim Ebbage & Mr Stanley Ebbage	200,000	1.30
Mr Amitoze Nandha	170,000	1.10
Dr Bruce Alan McConachie	165,000	1.07
Mr Robert McDonald & Ms Margaret Vaughan <McDonald Family S/F>	151,381	0.98
English Investments Co Pty Limited <Nicolas English Invest A/C>	140,000	0.91
UBS Wealth Management Australia Nominees Pty Limited	100,000	0.65
	7,946,881	51.60

STOCK EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

WAM ACTIVE LIMITED

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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2008

Company	Units	Market Value
ARC Energy Limited (ARQ)	294,000	\$429,240
Seek Limited (SEK)	81,000	\$405,000
Keybridge Capital Limited (KBC)	497,873	\$338,554
Clough Limited (CLO)	401,900	\$293,387
Just Group Limited (JST)	77,000	\$239,470
Primary Health Care Limited (PRY)	39,300	\$204,360
Linc Energy Limited (LNC)	49,000	\$181,300
Queensland Ores Limited (QOL)	1,250,00	\$143,750
AED Oil Limited (AED)	49,000	\$139,160
Dyno Nobel SPS Trust (DYNPA)	1,188	\$136,384
HFA Accelerator Plus Limited (HAP)	142,896	\$134,322
Metcash Limited (MTS)	34,302	\$126,917
Impact Capital Limited (ICD)	212,099	\$104,989
MatrixView Limited (MVU)	556,140	\$100,105
HFA Holdings Limited (HFA)	85,500	\$99,180
Henderson Group PLC (HGI)	36,668	\$80,670
Everest Babcock & Brown Alternative Inv Trust (EBI)	21,981	\$70,559
Emerging Leaders Investments Limited (ELI)	38,656	\$37,496
Service Stream Limited (SSM)	33,983	\$33,983
Photon Group Limited (PGA)	10,947	\$32,622
Saracen Mineral Holdings Limited (SAR)	175,961	\$29,913
Proto Resources & Investments Limited (PRW)	132,000	\$25,080
Dolomatrix International Limited (DMX)	96,321	\$22,154
Woodside Petroleum Limited (WPL)	300	\$20,250
National Australia Bank Limited (NAB)	174	\$4,611
Proto Resources & Investments Limited Options (PRWOA)	44,000	\$2,640
TOTAL LONG PORTFOLIO		\$3,436,096
TOTAL SHORT PORTFOLIO		\$357,420