

WAM ACTIVE LIMITED
ABN 49 126 420 719
APPENDIX 4D
HALF YEAR REPORT
For the half year ended 31 December 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2013

	\$	up/down	% mvmt
Revenue from operating activities	491,748	Down	(87.0%)
Profit/(loss) from operating activities before income tax expense	(14,462)	Down	(100.5%)
Net profit from operating activities after income tax expense	145,781	Down	(92.9%)

	Cents per share	Franked amount per share	Tax rate for franking
Dividend Information			
2014 final dividend cents per share (paid 24 October 2014)	4.8c	4.8c	30%

Return of Capital Information

The Directors of WAM Active Limited intend to pay a 4.0 cents per share Return of Capital to shareholders, subject to shareholder approval at an Extraordinary General Meeting (EGM) to be held on Tuesday 19 May 2015.

Extraordinary General Meeting (EGM)	19 May 2015
Ex-date (subject to shareholder approval at EGM)	21 May 2015
Record date (subject to shareholder approval at EGM)	25 May 2015
Payment date (subject to shareholder approval at EGM)	1 June 2015

	31 Dec 14	31 Dec 13
Net tangible asset backing (after tax) cents per share	1.02	\$1.07

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2014 Annual Financial Report.



WAM Active Limited

ABN 49 126 420 719

Financial Report

for the half year ended 31 December 2014



Company Particulars

WAM Active Limited is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors: G. Wilson (Chairman)
M. Kidman
J. Abernethy
C. Stott (appointed 1 July 2014)
K. Thorley (appointed 1 July 2014)

Company Secretary: K. Thorley

Investment Manager: MAM Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000

Auditors: Moore Stephens Sydney

Country of Incorporation: Australia

Registered Office: Level 11, 139 Macquarie Street
Sydney NSW 2000

Contact Details: Postal Address: GPO Box 4658, Sydney NSW 2001

Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wamfunds.com.au
Website: www.wamfunds.com.au

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

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

Australian Securities Exchange: WAM Active Ordinary Shares (WAA)

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Directors present their report together with the financial report of WAM Active Limited ('the Company') for the half year ended 31 December 2014.

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

- Geoffrey Wilson (Chairman – Non-Independent)
- Matthew Kidman (Director – Independent)
- John Abernethy (Director – Independent)
- Christopher Stott (Director – Non-Independent) Appointed 1/7/14
- Katherine Thorley (Director – Non-Independent) Appointed 1/7/14

Principal Activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to: deliver a regular income stream via fully franked dividends; to provide a positive return with low volatility, after fees, over most periods of time; and to preserve capital. No change in this activity took place during the period or is likely in the future.

Operating and Financial Review

Investment operations over the half year resulted in announces operating profit after tax of \$0.1 million (2013: \$2.1 million) for the half year to 31 December 2014. The investment portfolio rose 7.2% for the 12 months to 31 December 2014. The operating profit is a reflection of the rate of change in the value of the portfolio over the period. The portfolio increased 1.2% in the six months to December 2014 after rising 12.7% in the 2013 period.

Under Accounting Standards, realised gains and losses and dividend income are added to or reduced by changes in the market value of the Company's investments. This can lead to large variations in reported profits. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA), adjusted for dividends. The before tax NTA, adjusted for dividends, increased 0.2% for the 6 months to 31 December 2014.

NTA backing for each ordinary share as at 31 December 2014 (calculated on market value less realisation costs and all applicable taxes and before provision for dividends declared) amounted to \$1.02 per share (2013: \$1.07). Net Tangible Assets after tax on realised gains but before tax on unrealised gains was \$1.02 per share (2013: \$1.10). These figures are after the payment of 9.6 cents in fully franked dividends to shareholders over the 12 month period to 31 December 2014.

Capital Management – Return of Capital

As at 31 December 2014, the Company's net assets were less than issued capital. The Directors recognise investors have cash flow needs and have therefore declared a 4.0 cents per share Return of Capital, subject to shareholder approval at an Extraordinary General Meeting (EGM) to be held on 19 May 2015.

Key Return of Capital dates

EGM to approve Return of Capital:	19 May 2015
Ex date (subject to shareholder approval):	21 May 2015
Record date (subject to shareholder approval):	25 May 2015
Payment date (subject to shareholder approval):	1 June 2015

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

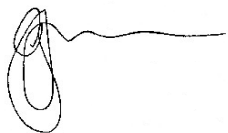
Dividends

The Board has not declared an interim dividend for the half year to 31 December 2014. While the Board is committed to paying an increasing stream of fully franked dividends to shareholders, this is dependent on the Company having sufficient profit reserves and the payment being within prudent business practices. When a dividend is declared, it is usually paid on a six-monthly basis.

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 3.

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

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line.

Geoffrey Wilson

Chairman

Dated in Sydney this 26th day of February 2015

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

www.moorestephens.com.au

Auditor's Independence Declaration to the Directors of WAM Active Limited

As lead auditor for the review of WAM Active Limited for the half year ended 31 December 2014, 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 review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of WAM Active Limited during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 26th day of February 2015.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	December 2014 \$	December 2013 \$
Net realised and unrealised gains on financial assets		(443,612)	2,754,517
Investment revenue	2	935,360	1,041,683
Performance fees		(6,963)	(685,543)
Management fees		(186,143)	(178,362)
Directors fees		(47,500)	(20,500)
Custody fees		(20,059)	(22,931)
ASX listing and chess fees		(42,131)	(39,601)
Share registry fees		(21,349)	(27,113)
Brokerage expense on share purchases		(95,668)	(116,394)
Other expenses from ordinary activities		(86,397)	(68,310)
(Loss)/profit before income tax		(14,462)	2,637,446
Income tax benefit/(expense)		160,243	(575,235)
Profit attributable to members of the Company	6	145,781	2,062,211
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		145,781	2,062,211
Basic earnings per share		0.42 cents	6.86 cents
Diluted earnings per share		0.42 cents	6.86 cents

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	December 2014 \$	June 2014 \$
Assets			
Cash and cash equivalents		20,444,003	17,546,424
Trade and other receivables		396,301	1,849,922
Financial assets		17,754,356	20,801,747
Current tax asset		7,895	7,895
Deferred tax assets		146,317	12,624
Total Assets		38,748,872	40,218,612
Liabilities			
Trade and other payables		203,967	2,665,546
Financial liabilities		3,153,952	1,082,900
Deferred tax liabilities		12,485	39,035
Total Liabilities		3,370,404	3,787,481
Net Assets		35,378,468	36,431,131
Equity			
Issued capital	4	36,236,927	35,788,177
Reserves	5	612,152	1,659,413
Accumulated losses	6	(1,470,611)	(1,016,459)
Total Equity		35,378,468	36,431,131

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 HALF YEAR ENDED 31 DECEMBER 2014

		Issued capital	Accumulated losses	Profits reserve	Total equity
		\$	\$	\$	\$
	Note				
Balance at 1 July 2013		27,091,075	(1,016,459)	1,599,380	27,673,996
Profit for the half year		-	2,062,211	-	2,062,211
Transfer to profits reserve			(2,619,525)	2,619,525	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	4(b)	1,478,136	-	-	1,478,136
Shares issued via exercise of options	4(b)	6,841,123	-	-	6,841,123
Dividends paid	3(a)	-	-	(1,478,136)	(1,478,136)
Balance at 31 December 2013		35,410,334	(1,573,773)	2,740,769	36,577,330
Balance at 1 July 2014		35,788,177	(1,016,459)	1,659,413	36,431,131
Profit for the half year		-	145,781	-	145,781
Transfer to profits reserve		-	(599,933)	599,933	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	4(b)	448,750	-	-	448,750
Dividends paid	3(a)	-	-	(1,647,194)	(1,647,194)
Balance at 31 December 2014		36,236,927	(1,470,611)	612,152	35,378,468

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	December 2013 \$
Cash Flows from Operating Activities		
Proceeds from sale of investments	56,678,258	42,269,063
Payments for purchases of investments	(51,939,309)	(48,579,190)
Dividends received	548,645	751,028
Interest received	282,874	191,677
Other investment income received	119,484	127,972
Net GST received from the ATO	113,278	62,134
Management fees (inclusive of GST)	(205,998)	(167,505)
Performance fees (inclusive of GST)	(1,144,533)	(488,099)
Brokerage expense on share purchases (inclusive of GST)	(102,660)	(124,651)
Payments for administration expenses (inclusive of GST)	(246,374)	(214,965)
GST on brokerage expense on share sales	(7,642)	(7,493)
Net Cash provided by/(used in) Operating Activities	4,096,023	(6,180,029)
Cash Flows from Financing Activities		
Proceeds from option exercise	-	6,841,123
Proceeds from DRP underwriting	-	1,166,724
Dividends paid (net of reinvestment)	(1,198,444)	(1,166,724)
Net Cash (used in)/provided by Financing Activities	(1,198,444)	6,841,123
Net increase in cash and cash equivalents held	2,897,579	661,094
Cash and cash equivalents at the beginning of the half year	17,546,424	12,349,971
Cash and cash equivalents at the end of the half year	20,444,003	13,011,065

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 HALF YEAR ENDED 31 DECEMBER 2014

1. Statement of Significant Accounting Policies

These financial statements and notes for the half year represent those of WAM Active Limited ('the Company').

The half year financial report was authorised for issue on 26th February 2015 by the Board of Directors.

Basis of Preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2014 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical cost with the exception of financial assets and certain other financial assets and liabilities which have been measured at fair value.

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2014 Annual Financial Report.

2. Investment Income

	December 2014 \$	December 2013 \$
Australian sourced dividends	537,737	741,842
Interest	276,024	175,571
Trust distributions	121,046	116,324
Underwriting fees	553	7,946
	935,360	1,041,683

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	December 2013 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final Dividend FY2014: 4.8 cents per share fully franked at 30% tax rate paid on 24 October 2014 (Final dividend FY2013: 4.75 cents per share fully franked).	<u>1,647,194</u>	<u>1,478,136</u>
b) Dividends not recognised during the period		
There is no interim dividend declared for the half year to 31 December 2014 (Interim dividend FY2014: 4.8 cents per share fully franked)	<u>-</u>	<u>1,633,033</u>
	December 2014 \$	June 2014 \$
4. Issued Capital		
(a) Paid-up Capital		
34,693,760 ordinary shares fully paid (2014: 34,316,532)	<u>36,236,927</u>	<u>35,788,177</u>
(b) Movement in Issued Capital		
Balance at the beginning of the reporting period	35,788,177	27,091,075
377,228 ordinary shares issued on 24 October 2014 under a dividend reinvestment plan	448,750	-
271,076 ordinary shares issued on 4 October 2013 under a dividend reinvestment plan	-	311,412
1,015,602 ordinary shares issued via DRP Underwriting agreement 4 October 2013	-	1,166,724
295,009 ordinary shares issued on 30 April 2014 under a dividend reinvestment plan	-	377,843
6,334,373 ordinary shares issued from the exercise of options allotted July 2013 to December 2013 exercise price \$1.08	-	6,841,123
At reporting date	<u>36,236,927</u>	<u>35,788,177</u>
(c) Return of Capital		
Since the end of the period, the Directors have resolved their intention to pay a 4.0 cents per share Return of Capital to shareholders, pending shareholder approval at an EGM to be held on 19 May 2015. If approved, the return would result in the following reduction to Issued Capital:	<u>1,387,750</u>	<u>-</u>

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	June 2014 \$
5. Reserves		
Profits Reserve		
Balance at the beginning of the reporting period	1,659,413	1,599,380
Transfer from retained earnings	599,933	3,171,203
Final dividend FY2014 paid (refer Note 3a)	(1,647,194)	-
Final dividend FY2013 (refer Note 3a)	-	(1,478,136)
Interim dividend FY2014 paid (refer Note 3b)	-	(1,633,034)
At reporting date	612,152	1,659,413
	December 2014 \$	June 2014 \$
6. Accumulated losses		
Balance at the beginning of the reporting period	(1,016,459)	(1,016,459)
Profit for the period attributable to members of the Company	145,781	3,171,203
Transfer to profits reserve	(599,933)	(3,171,203)
At reporting date	(1,470,611)	(1,016,459)

7. Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available or the last sale price have been adopted to determine the fair value of these investments.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

7. Financial instruments measured at fair value (cont.)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2014:

31 December 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	17,732,302	22,054	-	17,754,356
Financial liabilities	(3,153,952)	-	-	(3,153,952)
Total	14,578,350	22,054	-	14,600,404

30 June 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	20,781,152	20,595	-	20,801,747
Financial liabilities	(1,082,900)	-	-	(1,082,900)
Total	19,698,252	20,595	-	19,718,847

8. Segment Reporting

The Company currently operates only in the investment industry within Australia. It has no reportable business or geographic segments.

9. Contingent Liabilities

There are no outstanding contingent liabilities as at 31 December 2014 (June 2014: nil).

10. Capital Commitments

There are no outstanding capital commitments as at 31 December 2014 (June 2014: nil).

11. Events Subsequent to Reporting Date

Since the end of the period, the Directors have resolved their intention to pay a 4.0 cents per share Return of Capital to shareholders, subject to shareholder approval at an Extraordinary General Meeting to be held on 19 May 2015.

No other matters have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 11, are in accordance with the *Corporations Act 2001*, including:
 - a) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) Giving a true and fair view of the financial position of the Company as at 31 December 2014 and of its performance for the half year ended on that date.
2. 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.



Geoffrey Wilson
Chairman

Dated in Sydney this 26th day of February 2015

**Independent Auditor's Review Report
To the members of WAM Active Limited
A.B.N. 49 126 420 719**

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

www.moorestephens.com.au

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of WAM Active Limited (the Company), which comprises the statement of financial position as at 31 December 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of WAM Active Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.

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 WAM Active Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2014 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*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 26th day of February 2015.



WILSON
ASSET MANAGEMENT

Level 11, 139 Macquarie Street, Sydney NSW 2000
T (02) 9247 6755 | F (02) 9247 6855 | E info@wamfunds.com.au
www.wamfunds.com.au