

WAM LEADERS LIMITED

ABN 33 611 053 751

Appendix 4D Half Year Report

for the half year ended 31 December 2018

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2017

	\$	up/down	% mvmt
Revenue from ordinary activities	(59,141,956)	down	184.3%
Profit/(loss) from ordinary activities before income tax expense	(65,548,853)	down	204.6%
Net profit/(loss) from ordinary activities after income tax expense	(42,538,647)	down	193.7%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2019 Interim dividend cents per share	2.65c	2.65c	30%
2018 Final dividend cents per share	2.5c	2.5c	30%

Interim dividend dates

Ex dividend date	10 April 2019
Record date	11 April 2019
Last election date for the DRP	15 April 2019
Payment date	26 April 2019

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully franked interim dividend of 2.65 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be calculated as the VWAP (volume weighted average market price) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend.

	31 Dec 18	31 Dec 17
Net tangible asset backing (after tax) per share	\$1.10	\$1.17

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Financial Report.



W | A | M *Leaders*

Financial Report

For the half year ended 31 December 2018

WAM Leaders Limited

WAM Leaders Limited (WAM Leaders or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Lindsay Mann
Melinda Snowden
Kate Thorley

Company Secretary

Linda Vo

Investment Manager

MAM Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
(part of Wilson Asset Management)

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
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Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Leaders Limited
Ordinary Shares (WLE)

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Directors' Report to shareholders for the half year ended 31 December 2018

The Directors present their report together with the financial report of WAM Leaders Limited for the half year ended 31 December 2018.

Directors

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

Geoff Wilson AO (Chairman – Non-independent)

Lindsay Mann (Director – Independent)

Melinda Snowden (Director – Independent)

Kate Thorley (Director – Non-independent)

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, to provide capital growth 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 during the half year resulted in an operating loss before tax of \$65,548,853 (2017: operating profit before tax of \$62,663,573) and an operating loss after tax of \$42,538,647 (2017: operating profit after tax of \$45,403,714). The loss for the period is reflective of the heightened volatility in the Australian equity market and the performance of the investment portfolio over the six months to 31 December 2018. The investment portfolio decreased 7.1% in the six months to December 2018, while the S&P/ASX 200 Accumulation Index fell by 6.8%.

The operating loss for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

WAM Leaders' before tax NTA decreased 8.5% for the six months to 31 December 2018, including the 2.5 cents per share fully franked dividend paid to shareholders during the period. This decrease is after corporate tax paid of 1.0 cent per share or 0.8% during the period. Corporate tax payments made throughout the period was the major item of difference between the investment portfolio decrease of 7.1% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing

to the change in value of the assets during the period were management fees of 0.5% and other company related expenses of 0.1%.

The NTA before tax as at 31 December 2018 amounted to \$1.09 per share (June 2018: \$1.22). The NTA after tax was \$1.10 per share (June 2018: \$1.19). These figures are after the 2.5 cents per share fully franked dividend paid to shareholders during the period.

The total shareholder return for the Company was reflective of the heightened volatility in the Australian equity market and the underlying performance of the investment portfolio, offset by the reduction in the share price discount to NTA during the period, decreasing 5.8% for the half year to 31 December 2018. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

Capital Management

During the period, the Company announced that it had entered a Scheme Implementation Agreement to merge with Century Australia Investments Limited (Century Australia) (ASX: CYA). The Company will acquire 100% of Century Australia on a pre-tax NTA basis through a Scheme of Arrangement (Scheme). On 21 December 2018, Century Australia announced that the Federal Court of Australia approved the Scheme Booklet regarding the merger with WAM Leaders. The Century Australia shareholders voted in favour of the merger at the Scheme meeting on 12 February 2019 and the Federal Court of Australia approved the Scheme on 18 February 2019.

Century Australia shareholders on the share register at 7.00pm (Sydney time) on the Scheme record date (currently expected to be Tuesday, 26 February 2019), will be entitled to receive approximately 0.834 new WAM Leaders shares for every 1 Century Australia share held.

The Scheme will create a single listed investment company with a larger capital and shareholder base under the same Investment Manager. We look forward to finalising the integration of Century Australia and WAM Leaders.

Dividends paid or recommended

The Board is committed to paying fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. A fully franked dividend of 2.5 cents per share was paid during the period and an interim dividend of 2.65 cents per share fully franked has been declared by the Board and will be paid on 26 April 2019.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 7 of this Financial Report.

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

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

Geoff Wilson AO
Chairman

Dated in Sydney this 22nd day of February 2019

Auditor's Independence Declaration
To the Directors of WAM Leaders Limited
ABN 33 611 053 751

In relation to the independent auditor's review for the half year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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



Scott Whiddett
Partner

Pitcher Partners
Sydney

22 February 2019

Statement of comprehensive income for the half year ended 31 December 2018

	Note	December 2018 \$	December 2017 \$
Net realised and unrealised (losses)/gains on financial assets		(75,018,608)	62,010,538
Other revenue from operating activities	2	15,876,652	8,126,771
Management fees		(4,227,640)	(3,206,728)
Performance fees		-	(2,409,768)
Directors fees		(45,000)	(45,000)
Brokerage expense on share purchases		(1,656,516)	(1,378,210)
Expenses paid on borrowed stock		(51,209)	-
Custody fees		(39,447)	(25,455)
ASX listing and chess fees		(109,857)	(112,857)
Share registry fees		(76,321)	(132,173)
Disbursements, mailing and printing		(72,497)	(60,411)
Other expenses from ordinary activities		(128,410)	(103,134)
(Loss)/profit before income tax		(65,548,853)	62,663,573
Income tax benefit/(expense)		23,010,206	(17,259,859)
(Loss)/profit after income tax attributable to members of the Company	6	(42,538,647)	45,403,714
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)/income for the period		(42,538,647)	45,403,714
Basic and diluted (loss)/earnings per share		(6.05) cents	9.20 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2018

	Note	December 2018 \$	June 2018 \$
Current assets			
Cash and cash equivalents		98,756,309	119,611,538
Trade and other receivables		2,603,143	15,125,631
Financial assets		700,146,607	749,237,871
Current tax provision		279,978	-
Total current assets		801,786,037	883,975,040
Non-current assets			
Deferred tax assets		6,533,559	895,577
Total non-current assets		6,533,559	895,577
Total assets		808,319,596	884,870,617
Current liabilities			
Financial liabilities		4,620,119	-
Trade and other payables		26,309,819	24,365,631
Current tax liabilities		-	7,006,351
Total current liabilities		30,929,938	31,371,982
Non-current liabilities			
Deferred tax liabilities		-	17,041,833
Total non-current liabilities		-	17,041,833
Total liabilities		30,929,938	48,413,815
Net assets		777,389,658	836,456,802
Equity			
Issued capital	4	769,457,372	768,405,765
Profits reserve	5	58,334,714	68,621,380
Accumulated losses	6	(50,402,428)	(570,343)
Total equity		777,389,658	836,456,802

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2018

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2017		446,140,575	(570,343)	25,650,406	471,220,638
Profit for the half year		-	45,403,714	-	45,403,714
Transfer to profits reserve		-	(45,403,714)	45,403,714	-
Other comprehensive income for the half year		-	-	-	-
Transaction with owners:					
Shares issued via dividend reinvestment plan	4(b)	676,614	-	-	676,614
Shares issued via exercise of options	4(b)	320,525,829	-	-	320,525,829
Dividends paid	3(a)	-	-	(14,033,126)	(14,033,126)
Balance at 31 December 2017		767,343,018	(570,343)	57,020,994	823,793,669
Balance at 1 July 2018		768,405,765	(570,343)	68,621,380	836,456,802
Loss for the half year		-	(42,538,647)	-	(42,538,647)
Transfer to profits reserve	5	-	(7,293,438)	7,293,438	-
Other comprehensive income for the half year		-	-	-	-
Transaction with owners:					
Shares issued via dividend reinvestment plan	4(b)	1,051,607	-	-	1,051,607
Dividends paid	3(a)	-	-	(17,580,104)	(17,580,104)
Balance at 31 December 2018		769,457,372	(50,402,428)	58,334,714	777,389,658

The accompanying notes form part of these financial statements.

Statement of cash flows for the period ended 31 December 2018

	Note	December 2018 \$	December 2017 \$
Cash flows from operating activities			
Proceeds from sale of investments		1,500,816,770	707,577,819
Payments for purchase of investments		(1,506,708,464)	(1,025,052,216)
Dividends received		16,978,445	7,837,680
Interest received		965,420	992,993
Other investment income received		458,486	316,389
Management fees (GST inclusive)		(4,621,780)	(3,099,864)
Performance fees (GST inclusive)		(3,561,265)	-
Brokerage expense on share purchases (GST inclusive)		(1,777,725)	(1,479,026)
Payments for administration expenses (GST inclusive)		(616,857)	(513,172)
Income tax paid		(6,955,938)	-
GST on brokerage expense on share sales		(120,108)	(75,752)
Net GST received from the ATO		816,284	334,251
Net cash used in operating activities		(4,326,732)	(313,160,898)
Cash flows from financing activities			
Shares issued via exercise of options		-	320,525,829
Dividends paid – net of reinvestment		(16,528,497)	(13,356,512)
Net cash (used in)/provided by financing activities		(16,528,497)	307,169,317
Net decrease in cash and cash equivalents held		(20,855,229)	(5,991,581)
Cash and cash equivalents at the beginning of the half year		119,611,538	102,572,734
Cash and cash equivalents at the end of the half year		98,756,309	96,581,153
Non- cash transactions:			
Shares issued via dividend reinvestment plan		1,051,607	676,614
The accompanying notes form part of these financial statements			

Notes to the financial statements for the half year ended 31 December 2018

1. Summary of significant accounting policies

These condensed interim financial statements and notes for the half year represent those of WAM Leaders Limited.

The half year financial report was authorised for issue on 22 February 2019 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* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

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 2018 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 certain financial assets and liabilities that have been measured at fair value.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2018 Annual Financial Report.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The Company has applied AASB 9: *Financial Instruments* from 1 July 2018. All of the Company's investments in financial assets continued to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for its investments in financial assets.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a significant impact on the Company's financial statements.

2. Other revenue

	December 2018 \$	December 2017 \$
Australian sourced dividends	13,644,910	6,602,040
Interest	935,061	958,260
Trust distributions	1,189,860	208,664
Foreign sourced dividends	13,763	329,282
Underwriting fees	93,058	28,525
	15,876,652	8,126,771

3. Dividends**a) Ordinary dividends paid during the period**

	December 2018 \$	December 2017 \$
Final Dividend FY2018: 2.5 cents per share fully franked at 30% tax rate paid 26 October 2018 (Final dividend FY2017: 2.0 cents per share fully franked)	17,580,104	14,033,126

b) Dividends not recognised during the period

	December 2018 \$	December 2017 \$
Since the end of the period, the Directors have declared an interim fully franked dividend of 2.65 cents per share payable on 26 April 2019 (Interim dividend FY2018: 2.5 cents per share fully franked)	18,659,601	17,556,279

4. Issued capital**a) Paid-up capital**

	December 2018 \$	June 2018 \$
704,135,905 ordinary shares fully paid (June 2018: 703,203,693)	769,457,372	768,405,765

b) Movement in issued capital

	December 2018 \$	June 2018 \$
Balance at the beginning of the period	768,405,765	446,140,575
932,212 ordinary shares issued on 26 October 2018 under a dividend reinvestment plan	1,051,607	-
594,460 ordinary shares issued on 5 December 2017 under a dividend reinvestment plan	-	676,614
291,387,110 ordinary shares issued through the exercise of options at the exercise price of \$1.10	-	320,525,829
952,931 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	-	1,062,747
At reporting date	769,457,372	768,405,765

5. Profits reserve

	December 2018 \$	June 2018 \$
Profits reserve	58,334,714	68,621,380

The profits reserve is made up of amounts transferred from current period profit which are preserved for future dividend payments.

	December 2018 \$	June 2018 \$
Movement in profits reserve		
Balance at the beginning of the reporting period	68,621,380	25,650,406
Transfer of profits during the period	7,293,438	74,560,379
Final dividend paid (refer to note 3a)	(17,580,104)	(14,033,126)
Interim dividend paid (refer to note 3b)	-	(17,556,279)
At reporting date	58,334,714	68,621,380

6. Accumulated losses

	December 2018 \$	June 2018 \$
Balance at the beginning of the reporting period	(570,343)	(570,343)
(Loss)/profit for the period attributable to members of the Company	(42,538,647)	74,560,379
Transfer to profits reserve	(7,293,438)	(74,560,379)
At reporting date	(50,402,428)	(570,343)

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.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2018:

31 December 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	700,146,607	-	-	700,146,607
Financial liabilities	(4,620,119)	-	-	(4,620,119)
Total	695,526,488	-	-	695,526,488

30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	749,237,871	-	-	749,237,871
Financial liabilities	-	-	-	-
Total	749,237,871	-	-	749,237,871

8. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no other reportable business or geographic segments.

9. Capital commitments

There were no capital commitments entered into by the Company before period end which settle after period end (June 2018: nil).

10. Contingent liabilities

There are no contingent liabilities for the Company as at 31 December 2018 (June 2018: nil).

11. Scheme of arrangement

During the period, the Company announced that it had entered a Scheme Implementation Agreement to merge with Century Australia Investments Limited (Century Australia) (ASX: CYA). The Company will acquire 100% of Century Australia on a pre-tax NTA basis through a Scheme of Arrangement (Scheme). On 21 December 2018, Century Australia announced that the Federal Court of Australia approved the Scheme Booklet regarding the merger with WAM Leaders. The Century Australia shareholders voted in favour of the merger at the Scheme meeting on 12 February 2019 and the Federal Court of Australia approved the Scheme on 18 February 2019.

Century Australia shareholders on the share register at 7.00pm (Sydney time) on the Scheme record date (currently expected to be Tuesday, 26 February 2019), will be entitled to receive approximately 0.834 new WAM Leaders shares for every 1 Century Australia share held.

12. Events subsequent to reporting date

Since the end of the period, the Directors declared an interim dividend of 2.65 cents per share fully franked to be paid on 26 April 2019.

No other matter or circumstance has arisen since the end of the period, other than already disclosed, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of WAM Leaders Limited declare that:

- 1) The financial statements and notes as set out in pages 8 to 16, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 31 December 2018 and of its performance for the period 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.



Geoff Wilson AO
Chairman

Dated in Sydney this 22nd day of February 2019

**Independent Auditor's Review Report
to the Members of WAM Leaders Limited
ABN 33 611 053 751**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of WAM Leaders Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 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 Leaders Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independent Auditor's Review Report
to the Members of WAM Leaders Limited
ABN 33 611 053 751**

Independence

In conducting our review, we have complied with the 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 Leaders 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 2018 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



Scott Whiddett
Partner

22 February 2019



Pitcher Partners
Sydney

Wilson

Asset Management

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