

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719



**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2009**

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
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:	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 for Ordinary shares: WAA

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CHAIRMAN'S LETTER

Dear shareholders,

Firstly, I would like to thank you for your support after what has been another very volatile ride for Australian and global equities over the last financial year.

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

Investment Objectives and Process

The investment objectives of WAM Active Limited are as follows:

- preserve capital over most periods of time;
- provide investors with a positive return, after fees, over most periods of time; and
- deliver investors a regular income stream in the form of fully franked dividends.

To achieve these objectives, the Company aims to take advantage of relative short term arbitrages and mispricings in the Australian equities market, rather than investing in any individual companies or portfolio of companies for a prolonged period of time. This is referred to as our "Market driven process" where we scour the market for trading opportunities.

WAM Active Limited has contracted MAM Pty Limited as Manager to achieve these objectives. The various strategies employed by MAM Pty Limited to fulfil its mandate include:

- participating in initial public offerings, placements, rights issues and underwritings where the immediate valuation upside appears favourable;
- participating in block trades which appear to be at or below normal market values because of time constraints;
- participating in takeovers, mergers, schemes of arrangement and corporate spin-offs which appear favourably priced;
- trading oversold positions;
- short selling and option trading opportunities;
- taking advantage of listed investment company discount arbitrages; and
- trading opportunities which will deliver acceptable risk adjusted returns.

These strategies are undertaken from detailed monitoring of both primary and secondary market activity, in particular monitoring new capital raisings and corporate activity. In addition, the Manager undertakes regular research, meetings and discussions with various companies listed on the Australian Securities Exchange to identify such opportunities.

The investment team of MAM Pty Limited currently comprises:

- Myself and Matthew Kidman as portfolio managers; and
- Chris Stott as a senior analyst responsible for the research driven side of our investing.

Performance

WAA has performed solidly during the year ended 30 June 2009. It announced a profit before tax for the year of \$825,647, and an after tax profit of \$641,196. The gross value of the portfolio appreciated by 9.6%, an impressive result given the All Ordinaries Accumulation Index fell 22.2% over the same period.

As at 30 June 2009, 71% was invested in equities while 29% of the portfolio was held in cash and fixed interest and 0.1% of the portfolio was sold short. Top contributors for the year included McPherson's Limited (MCP), RHG Limited (RHG) and Pacific Brands Limited (PBG) while the stocks that detracted from performance included Macquarie Group Limited (MQG), National Australia Bank Limited (NAB) and Australand Property Group (ALZ).

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CHAIRMAN'S LETTER

Set out below is the performance of WAM Active Limited since listing to 30 June 2009:

	Gross Portfolio*	All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%

*The change in the portfolio before all expenses, fees and taxes.

Dividends

On 20 July 2009 WAA paid a final fully franked dividend of 2.0 cents per ordinary share. The shares traded ex dividend on 6 July 2009 and the DRP price was \$0.82.

The board is committed to paying an increasing stream of fully franked dividends to shareholders over time. Dividends can only be paid if the Company has sufficient profits and franking credits.

Options

On the 17 June 2009 a total of 15,400,100 WAA quoted options (ASX Code: WAAO) exercisable at \$1.00 expired. No options were exercised.

Outlook

Since listing in January 2008 the Australian market has experienced an extremely difficult period with the All Ordinaries Accumulation Index down 34%. This was after a five year bull market which saw the All Ordinaries Accumulation Index rise approximately 170% before ending on 1 November 2007. Since then we have experienced the second greatest bear market in Australian history. For WAA this has provided great trading opportunities and whilst there are few initial public offerings, there has been a large number of capital raisings.

On average, 60% of the portfolio was held in cash during the year, however over the last quarter this average decreased considerably to 26%. Capital raisings will continue, but as markets recover the size of the discount to market price in these issues will decrease. Over the coming months we believe there will be an increase in corporate activity in the small and mid capitalised industrial sector. This together with the heightened market volatility will continue to present trading opportunities both on the short and long side.

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 and half yearly profit announcements, semi-annual shareholder briefings and access to all relevant information on our website. More recently, Matthew Kidman and I have been recording regular audio casts to discuss important market issues and address common questions. These audio casts are posted on our website:-

www.wilsonassetmanagement.com.au

During the year we held shareholder briefings in Sydney, Melbourne, Brisbane, Adelaide and Canberra. The team at Wilson Asset Management enjoy the opportunity to meet with you. We are committed to keeping the shareholder briefings a semi-annual event.

Recently shareholders were sent the first investor newsletter for 2008/09. We hope you enjoyed this newsletter and we would encourage feedback on how we can improve this newsletter and our overall shareholder communication.

Thank you for your support.

Geoff 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 and has applied them in reporting for the 2009 financial year.

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, approve capital management initiatives 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.

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 a nomination committee has not been formed. 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.

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

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CORPORATE GOVERNANCE STATEMENT

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 Committee formally reports to the Board after each of its meetings.

The external audit firm partner responsible for the Company audit attends meetings of the Board by invitation.

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 2009 financial year.

RISK MANAGEMENT POLICY

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 and is available on our website.

The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee. The Audit Committee requires the Manager to report annually on the operation of internal controls, reviews the external audit of internal controls and conducts any other investigations it requires in order to report to the Board on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

There are two main areas of risk that have been identified:

- market risk
- operational risk

Market Risk

The Board is primarily responsible for recognising and managing market related risk. 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. However, the Company seeks to reduce and manage market risk by not being overly exposed to one investee company or one particular sector of the market. The Manager reviews the relative weightings of individual securities and the relevant market sectors regularly. 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.

MAM Pty Limited, the Manager is required to act in accordance with the Board approved investment management agreement and reports to the Board regularly on the Fund's performance and any material actions that have occurred in the period.

Operational Risk

The Board is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and third party risk. The company outsource its administrative functions to service providers, RBC Dexia Investor Services (custody) and MAM Pty Limited (investment management, accounting and compliance) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures. MAM Pty Limited is responsible for recognising and managing operational risks.

MAM Pty Limited, the Manager provides a declaration to the Board twice a year, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001.

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CORPORATE GOVERNANCE STATEMENT

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 \$110,000 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.

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 whenever they wish. As WAM Active Limited is an investment company announcing its results monthly, the Board believes the shareholders are generally fully informed.

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CORPORATE GOVERNANCE STATEMENT

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 YEAR ENDED 30 JUNE 2009

The Directors present their report together with the financial report of WAM Active Limited (the Company) for the financial year ended 30 June 2009.

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 year or is likely in the future.

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$825,647 (2008: \$118,626) and an operating profit after tax of \$641,196 (2008: \$92,673).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2009, investments were valued upwards by \$1,785,732 (2008: downwards by \$244,512), after an adjustment for potential tax charges, a net increase of \$1,043,109 (2008: nil) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share as at 30 June 2009 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 103.37 cents per share (2008: 99.42 cents). The equivalent asset backing before tax was 104.27 cents per share (2008: 99.82 cents).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on page 1 and 2 of the Annual Report.

FINANCIAL POSITION

The net asset value of the Company for the current financial year was \$15,967,655 (2008:15,326,459).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2009.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the year.

On 20 July 2009 WAA paid a fully franked final dividend of 2.0 cents per share. The final dividend has not been brought to account in the financial statements for the year ended 30 June 2009 but will be recognised in the subsequent financial report.

OPTIONS

On the 17 June 2009 a total of 15,400,100 WAA quoted options (ASX Code: WAAO) exercisable at \$1.00 expired. No options were exercised.

There are no further options on issue.

DIRECTORS

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

G.J. Wilson
M.J. Kidman
J.B. Abernethy
C.E. Cuffe
R.J. Walker

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

INFORMATION ON DIRECTORS

Geoffrey Wilson (Chairman – Non-independent)

Experience and expertise

Geoffrey Wilson has had 29 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), Australian Stockbrokers Foundation Limited and Ascham Foundation Limited. 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), 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 and options 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.

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 and options of the Company

Details of Matthew Kidman'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 YEAR ENDED 30 JUNE 2009

Interests in contracts

Details of Matthew Kidman's interests in contracts 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.

Interests in contracts

John Abernethy has no interests in contracts of the Company.

Christopher 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 took the company from a start up operation to Australia's largest investment manager. Chris joined Challenger Financial Services Group Limited in early 2003 as Chief Executive Officer and subsequently as Chief Executive of Challenger's Wealth Management business. In 2006, Chris joined non-profit organisation Social Ventures Australia (SVA) as an Executive Director, a position he held until May 2009 when he became Chairman of the SVA Capital Fund. Chris is now involved in a portfolio of activities including a number of directorships, managing public and private investments and in various roles assisting the non-profit sector.

Chris holds a Bachelor of Commerce in Accounting, Finance and Systems with merit from the University of New South Wales as well as a Diploma from the Securities Institute of Australia (now the Financial Services Institute of Australasia). He is also a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia and a Fellow of the Institute of Company Directors.

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

Other current directorships

Christopher Cuffe is a Director of UniSuper Limited (appointed April 2007) and a director of Centric Wealth Limited (appointed July 2009).

Former directorships in the last 3 years

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

Special responsibilities

Member of the Audit & Risk Committee

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

Interests in shares and options of the Company

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

Interests in contracts

Christopher Cuffe has no interests in contracts of the Company.

Ronald J. Walker (Non-Executive Director - Non-independent)

Experience and expertise

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

He is Chairman of Fairfax Media Limited; Chairman, Australian Grand Prix Corporation; Director, Football Federation Australia; Chairman, Microsurgery Foundation at St Vincent's Hospital; Director, Australian Tissue Engineering Centre at St Vincent's Hospital, and also a Member of the International Formula One Commission.

He 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; and Chairman, Melbourne 2006 Commonwealth Games Corporation.

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 and options of the Company

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

Interests in contracts

Ronald Walker has no interests in contracts of the Company.

The Directors of the Company are also the key management personnel.

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 and CSA Certificate in Governance Practice and Administration. Katherine has worked in the funds management industry the past 4 ½ years with the Wilson Asset Management group initially as a Financial Accountant and more recently as Finance Manager. Katherine Thorley was appointed Company Secretary on 6 November 2007.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

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 \$110,000 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 year ended 30 June 2009:

Director	Directors' Fees	Post-employment Superannuation	Total
	\$	\$	\$
G.J. Wilson	9,174	826	10,000
M.J. Kidman	9,174	826	10,000
J.B. Abernethy	28,761	1,239	30,000
C.E. Cuffe	30,000	-	30,000
R.J. Walker	27,523	2,477	30,000
	104,632	5,368	110,000

The following table compares the Company performance and non-executive directors' remuneration since inception.

	2009	2008
Operating profit after tax (\$)	641,196	92,673
Dividends (cents per share)	2.0	-
Net tangible asset (cents per share)	103.37	99.82
Total Directors' remuneration (\$)	110,000	80,000

(b) Director Related Entities Remuneration

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

Geoff Wilson and Matthew Kidman are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited and manage the day-to-day operations of the Company. 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 \$157,970 inclusive of GST (2008: \$85,729). As at 30 June 2009, the balance payable to the Manager was \$55,587 (2008: \$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:

- 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 pursuant to the original prospectus.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

If the gross value of the portfolio falls below a previous high water mark then no further Performance Fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2009, a performance fee of \$234,289 inclusive of GST is payable to MAM Pty Limited (2008: nil).

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

(c) Contracts

Since the end of the previous financial year, 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.

(d) Remuneration of Executives

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

(e) 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
G.J. Wilson	1,939,196
M.J. Kidman	203,414
J.B. Abernethy	60,000
C.E. Cuffe	100,000
R.J. Walker	1,542,000

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 year, 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	5	5
M.J. Kidman	5	5
J.B. Abernethy	5	5
C.E. Cuffe	5	5
R.J. Walker	5	4

AUDIT & RISK COMMITTEE MEETINGS

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance section on page 3 to 6 of this Annual Report.

Director	No. eligible to attend	Attended
M.J. Kidman	2	2
J.B. Abernethy	2	2
C.E. Cuffe	2	2

AFTER BALANCE DATE EVENTS

On 20 July 2009 the Directors paid a fully franked final dividend of 2.0 cents per share.

No other matters or circumstances have arisen since the end of the financial year 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 years.

WAM ACTIVE LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

FUTURE DEVELOPMENTS

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

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 year 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 year, 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 any 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 year.

NON AUDIT SERVICES

During the year 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. 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 14 of this Annual Report.

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



G.J. Wilson, Chairman

Dated at Sydney this 29th day of September 2009

**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 2009, 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 29th day of September 2009

Moore Stephens Sydney ABN 90 773 984 843
Level 7, 20 Hunter Street, Sydney NSW2000
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Liability limited by a scheme approved under Professional Standards Legislation

*An independent member of Moore Stephens International Limited – members in principal cities throughout the world
The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm*

WAM ACTIVE LIMITED

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
Proceeds from sale of investments		40,736,899	16,094,263
Cost of investments sold		(41,660,564)	(16,039,311)
Unrealised gain/(loss) on held for trading financial assets		1,785,732	(244,512)
Other revenue from ordinary activities	2	787,860	596,767
Performance fees		(218,315)	-
Management fees		(147,200)	(79,884)
Directors fees		(108,977)	(48,489)
Brokerage expense on share purchases		(147,931)	(59,251)
Other expenses from ordinary activities		(201,857)	(100,957)
Profit before income tax		825,647	118,626
Income tax expense	3(a)	(184,451)	(25,953)
Profit attributable to members of the Company	12	641,196	92,673
Basic earnings per share	15	4.16 cents	0.60 cents
Diluted earnings per share	15	4.16 cents	0.60 cents

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

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BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
ASSETS			
Cash and cash equivalents	13	4,399,628	9,993,027
Trade and other receivables	6	710,844	2,529,541
Held for trading financial assets	7	11,766,412	3,436,096
Deferred tax assets	3(b)	466,592	105,677
TOTAL ASSETS		17,343,476	16,064,341
LIABILITIES			
Financial liabilities	8	98,442	357,042
Trade and other payables	9	671,660	320,488
Deferred tax liabilities	3(c)	605,719	60,352
TOTAL LIABILITIES		1,375,821	737,882
NET ASSETS		15,967,655	15,326,459
EQUITY			
Issued capital	10	15,233,786	15,233,786
Reserves	11	1,043,109	-
(Accumulated losses)/Retained earnings	12	(309,240)	92,673
TOTAL EQUITY		15,967,655	15,326,459

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
Total equity as at 1 July 2008		15,326,459	1
Profit for the year attributable to members of the Company	12	641,196	92,673
Shares issued in the year	10(b)	-	15,400,100
Capitalised float costs	10(b)	-	(166,315)
Total equity as at 30 June 2009 attributable to members of the Company		<u>15,967,655</u>	<u>15,326,459</u>

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		295,466	47,901
Interest received		506,309	452,700
Other investment income received		2,216	-
Underwriting fees		6,008	-
Investment management fees		(122,207)	(56,962)
Brokerage expense on share purchases		(147,931)	(59,251)
Payments for administration expenses		(276,853)	(100,148)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14	263,008	284,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		42,543,648	13,680,346
Payments for purchase of investments		(48,407,665)	(19,134,067)
Revenue from options written		7,610	-
NET CASH USED IN INVESTING ACTIVITIES		(5,856,407)	(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 (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(5,593,399)	9,993,027
Cash and cash equivalents at beginning of financial year		9,993,027	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	13	4,399,628	9,993,027

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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 Australian 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 29 September 2009 by the Board of Directors.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards. 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. Trade date is the date on which the Company commits to purchase or sell the assets.

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, exchange traded call and put options 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 year 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Instruments (continued)

v) *Financial Liabilities*

Borrowed stock and exchange traded call and put options are classified as financial liabilities at fair value through the Income Statement. Realised and unrealised gains and losses arising from changes in fair value are included in the Income Statement in the year 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 year 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 date. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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 year 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 years 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 initially recognised at fair value. They are subsequently stated at their amortised cost less the provision for 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(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 2009.

(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.

	2009	2008
	\$	\$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Interest	472,072	494,009
Australian sourced dividends	251,253	88,856
Foreign sourced dividends	21,109	13,242
Trust distributions	27,593	660
Underwriting fees	6,008	-
Revenue from options written	7,610	-
Other income	2,215	-
	787,860	596,767

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	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 (benefit)/expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2008: 30%)	247,694	35,588
Imputation credit gross up	33,214	4,129
Franking credit offset	(110,712)	(13,764)
Other non-assessable items	14,255	-
	184,451	25,953
Total income tax expense results in a:		
Deferred tax liability	547,734	60,352
Deferred tax asset	(363,283)	(34,399)
	184,451	25,953
(b) Deferred Tax Assets		
Tax losses	417,444	43,705
Provisions	6,210	4,950
Capitalised float costs	42,938	57,022
	466,592	105,677
Movement in deferred tax assets:		
Balance at the beginning of the year	105,677	-
Capitalised float costs	-	71,278
Credited to the Income Statement	363,283	34,399
Under provision in prior year	(2,367)	-
At reporting date	466,592	105,677
(c) Deferred Tax Liabilities		
Fair value adjustments	592,030	29,332
Income provisions	13,689	31,020
	605,719	60,352
Movement in deferred tax liabilities:		
Balance at the beginning of the year	60,352	-
Charged to the Income Statement	547,734	60,352
Over provision in prior year	(2,367)	-
At reporting date	605,719	60,352

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
4. DIVIDENDS		
(a) Ordinary Dividends Paid During the Year	<u>-</u>	<u>-</u>
(b) Dividends Not Recognised at Year End		
In addition to the above dividends, since the end of the year, the Directors have declared the following dividend which have not been recognised as a liability at the end of the financial year:-		
Final dividend for the year ended 30 June 2009 of 2.0 cents per share fully franked at 30% tax rate paid 20 July 2009	<u>308,002</u>	<u>-</u>
(c) Dividend Franking Account		
Balance of franking account at year 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 years.	109,252	13,764
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in (b) above as follows:	<u>(132,001)</u>	<u>-</u>
	<u>(22,749)</u>	<u>13,764</u>

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 \$605,719 (2008: \$60,352).

5. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Auditing or reviewing the financial report	29,028	9,900
Non-audit services		
Other services provided by a related practice of the auditor:		
Taxation Services	7,179	6,600
Investigating Accountant's Report	-	7,700
	<u>36,207</u>	<u>24,200</u>

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	607,168	2,413,916
Prepayments	8,762	7,893
Income receivable	66,416	96,166
GST receivable	28,498	11,566
	<u>710,844</u>	<u>2,529,541</u>

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.

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
7. HELD FOR TRADING FINANCIAL ASSETS		
Listed investments at fair value	11,232,482	3,254,796
Unlisted investments at cost	518,860	181,300
Exchange traded options at fair value	15,070	-
	<u>11,766,412</u>	<u>3,436,096</u>

The market values of individual investments as at 30 June 2009 are disclosed on pages 34 to 35 of the Annual Report.

8. FINANCIAL LIABILITIES

Borrowed stock	<u>98,442</u>	<u>357,042</u>
----------------	---------------	----------------

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 borrowings can not exceed 50% of the net asset value of the Company as outlined in the Company's Management Agreement.

9. TRADE AND OTHER PAYABLES

Trade creditors	284,893	228,810
Sundry creditors	331,180	62,911
Management fees	55,587	28,767
	<u>671,660</u>	<u>320,488</u>

Trade creditors relate to outstanding settlements, and are 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 (2008: 15,400,101)	<u>15,233,786</u>	<u>15,233,786</u>
--	-------------------	-------------------

(b) Movement in Ordinary Share Capital

Balance at the beginning of the year	15,233,786	-
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)	-	(166,315)
At reporting date	<u>15,233,786</u>	<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 (ASX Code: WAAO) and on the 17 June 2009 all of these options expired. No options were exercised.

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

10. ISSUED CAPITAL (CONTINUED)

(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. These capital management initiatives will be used when deemed appropriate by the Board.

11. RESERVES

	2009 \$	2008 \$
Balance at the beginning of the year	-	-
Transfer to asset revaluation reserve	1,043,109	-
At reporting date	<u>1,043,109</u>	<u>-</u>

This reserve is used to record increments and decrements on the revaluation of investments, net of potential tax as described in accounting policy note 1(a)(iv).

12. (ACCUMULATED LOSSES)/RETAINED EARNINGS

Balance at the beginning of the year	92,673	-
Transfer to asset revaluation reserve	(1,043,109)	-
Profit for the year attributable to members of the Company	641,196	92,673
At reporting date	<u>(309,240)</u>	<u>92,673</u>

13. CASH AND CASH EQUIVALENTS

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

Cash at bank and on hand	2,244,128	3,062,178
Fixed interest securities	2,155,500	6,930,849
	<u>4,399,628</u>	<u>9,993,027</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2009 is 3.08% (2008: 7.50%). The fixed interest securities have an average maturity of 19 days (2008: 10 days). The fixed interest securities are all rated A1+ by Standard & Poor's. The fixed interest securities include the cash collateral for the borrowed stock (refer Note 8).

14. CASH FLOW INFORMATION

Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	641,196	92,673
Add/(less) items classified as Investing/Financing Activities:		
Realised loss/(gain) on sale of investments	923,665	(54,951)
Revenue from options written	(7,610)	-
(Less)/Add non cash items:		
Unrealised (profit)/loss on investments	(1,785,732)	244,512
Net cash provided by Operating Activities before changes in assets and liabilities:		
Decrease/(Increase) in receivables	11,948	(115,625)
Increase in deferred tax assets	12,824	9,306
Increase in payables	295,090	91,678
Decrease in current tax assets/liabilities	(373,740)	(43,705)
Increase in deferred tax liabilities	545,367	60,352
Net cash provided by Operating Activities	<u>263,008</u>	<u>284,240</u>

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

15. EARNINGS PER SHARE	2009	2008
	\$	\$
Profit after income tax used in the calculation of basic earnings per share	<u>641,196</u>	<u>92,673</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	<u>15,400,101</u>	<u>15,400,101</u>
Add: Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share:	<u>15,400,101</u>	<u>15,400,101</u>

16. 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.

(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.

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (Continued)

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.

The company enters into option contracts for the purpose of enhancing returns via the premiums that is earns from the writing of these contracts. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$528,000 (2008: nil), however these call options were written against the underlying securities already owned by the Company. This exchange traded option was entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily and the Manager regularly reviews the investment and trading transactions of the Company. Shares to the value of \$44,880 (2008: nil) are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company. These shares are held by ACH under the terms of ACH Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

(d) Net Fair Values

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

(e) Sensitivity Analysis

Investments represent 68% (2008: 21%) of total assets at year end. A 5% movement in the market value of each of the companies within the portfolio would result in a 3.4% (2008: 1.1%) movement in the net assets after tax. The net asset backing after tax would move by 3.5 cents per share at 30 June 2009 (2008: 1.1 cents at 30 June 2008).

17. EVENTS AFTER THE BALANCE SHEET DATE

On 20 July 2009 the Directors paid a fully franked final dividend of 2.0 cents per share.

No other matters or circumstances have arisen since the end of the financial year 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 years.

18. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 1,573 (2008: 615). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$330,685 (2008: \$122,552).

19. CONTINGENT LIABILITIES

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

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

	2009	2008
	\$	\$
	-	140,000

20. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before year end, which settled after period end in July and August 2009.

	425,314	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21. 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 year 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

(a) Remuneration

There are no executives that are paid by the Company. MAM Pty Limited, the Manager of the Company, remunerates Geoff Wilson and Matthew Kidman as employees and/or directors of MAM Pty Limited. The Manager is also contracted to provide day-to-day management of the Company and is remunerated as outlined in the Directors' Report.

Individual directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on pages 11 and 12, 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 year ended 30 June 2009	\$104,632	\$5,368	\$110,000
Total Directors remuneration paid by the Company for the year ended 30 June 2008	\$46,962	\$1,527	\$48,489

b) Share and Option Holdings

As at 30 June 2009 the Company's key management personnel held the following interests in the Company:

Ordinary Shares held:

Directors	Balance at 30 June 2008	Acquisitions	Disposals	Balance at 30 June 2009
G.J. Wilson	1,893,501	-	-	1,893,501
M.J. Kidman	200,000	-	-	200,000
J.B. Abernethy	60,000	-	-	60,000
C.E. Cuffe	-	100,000	-	100,000
R.J. Walker	1,542,000	-	-	1,542,000
	3,695,501	100,000	-	3,795,501

Options held:

Directors	Balance at 30 June 2008	Issued/ Acquisitions	Disposals/ Exercised/ Lapsed	Balance at 30 June 2009
G.J. Wilson	1,670,500	-	(1,670,500)	-
M.J. Kidman	200,000	-	(200,000)	-
J.B. Abernethy	-	-	-	-
C.E. Cuffe	-	-	-	-
R.J. Walker	1,300,000	-	(1,300,000)	-
	3,170,500	-	(3,170,500)	-

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

b) Share and Option holdings (continued)

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

Ordinary Shares held

Directors	Balance at 30 June 2007	Acquisitions/ Shares Issued	Disposals	Balance at 30 June 2008
G.J. Wilson	-	1,893,501	-	1,893,501
M.J. Kidman	-	200,000	-	200,000
J.B. Abernethy	-	60,000	-	60,000
C.E. Cuffe	-	-	-	-
R.J. Walker	-	1,542,000	-	1,542,000
N. Cuffe	-	-	-	-
	-	3,695,501	-	3,695,501

Options held

Directors	Balance at 30 June 2007	Options Granted/ Acquisitions	Disposals/ Options Exercised	Balance at 30 June 2008
G.J. Wilson	-	1,670,500	-	1,670,500
M.J. Kidman	-	200,000	-	200,000
J.B. Abernethy	-	-	-	-
C.E. Cuffe	-	-	-	-
R.J. Walker	-	1,300,000	-	1,300,000
N. Cuffe	-	-	-	-
	-	3,170,500	-	3,170,500

22. RELATED PARTY TRANSACTIONS

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

Geoff Wilson and Matthew Kidman are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Active Limited and manage the day-to-day operations of the Company. 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 \$157,970 inclusive of GST (2008: \$85,729). As at 30 June 2009, the balance payable to the Manager was \$55,587 (2008: \$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:

- 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 pursuant to the original prospectus.

If the gross value of the portfolio falls below a previous high water mark then no further Performance Fees can be accrued or paid until the loss has been fully recovered. As at 30 June 2009, a performance fee of \$234,289 inclusive of GST is payable to MAM Pty Limited (2008: nil).

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

Since the end of the previous financial year, 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.

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DIRECTORS' DECLARATION

The Directors of WAM Active Limited declare that:

- 1) The financial report as set out in pages 15 to 29 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 11 and 12, 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 2009 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The directors of the Manager, MAM Pty Limited has declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporation Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year 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 29 September 2009

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAM ACTIVE LIMITED**

We have audited the accompanying financial report of WAM Active Limited, which comprises the balance sheet as at 30 June 2009, 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 WAM Active Limited 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 controls 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm*

Independence

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

Auditor's Opinion

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

- (i) giving a true and fair view of WAM Active Limited's financial position as at 30 June 2009 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 11 to 12 of the directors' report for the year ended 30 June 2009. The directors of WAM Active Limited 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 2009, complies with section 300A of the *Corporations Act 2001*.



MOORE STEPHENS SYDNEY
Chartered Accountants



S.M. WHIDDETT
Partner

Dated in Sydney this 29th day of September 2009

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.

SHAREHOLDINGS

Substantial shareholders (as at 31 August 2009)

Geoffrey Wilson and associated companies 12.4%
Ottawa Securities Limited 10.0%

Distribution of shareholders (as at 31 August 2009)

Category – Ordinary shares

	No. Of Shareholders
1 – 1,000	14
1,001 – 5,000	238
5,001 – 10,000	154
10,001 – 100,000	224
100,001 and over	18
	<hr/>
	648

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

Twenty largest shareholders - Ordinary shares (as at 31 August 2009)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Geoffrey Wilson & associated entities	1,919,195	12.4
Ottawa Securities Pty Limited	1,542,000	10.0
Clodene Pty Limited	765,000	4.9
VBS Investments Pty Limited	714,000	4.6
Aust Executor Trustees Limited <APAM AE AS FUND>	355,300	2.3
Charanda Nominee Company Pty Limited <The Amanchar A/C>	250,000	1.6
Seweta Pty Limited <TRSS A/C>	200,000	1.3
Trophy Components Distributors Pty Limited	200,000	1.3
Mr Victor John Plummer	200,000	1.3
UBS Wealth Management Australia Nominees Pty Limited	188,345	1.2
National Nominees Limited	167,955	1.1
Mr Anthony Shaw Hartcliff	160,000	1.0
Mrs Lisa Judith Hartcliff	160,000	1.0
GEJK Pty Limited	141,951	0.9
Mr Andre Stuer & Mrs Christine Stuer	109,450	0.7
Malcolm Superannuation Pty Limited <The Malcolm Super Fund A/C>	102,439	0.7
Dr Dinh Hoany Nguyen	100,000	0.6
Uplands Holdings Pty Limited <Media Five Partners S/F A/C>	100,000	0.6
Chiatta Pty Limited <WL Houghton Pract S/F A/C>	100,000	0.6
Dr & Mrs Freany Jitendra Vohra <Vohra S/Fund A/C>	100,000	0.6
Selman Pty Limited <Toni Sharp Super Fund A/C>	100,000	0.6
Willjo Pty Ltd <Solo 1A/C>	100,000	0.6
Mr David Bardas & Mrs Sandra Bardas <BAS Superannuation Fund >	100,000	0.6
Bond Street Custodians Ltd (FMACDO – 0003084 A/C)	100,000	0.6
Mr & Mrs Cuffe & CAF Community Fund Ltd <C Cuffe Found A/C>	100,000	0.6
	<hr/>	
	8,075,635	51.7

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

WAM ACTIVE LIMITED

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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2009

Company	Units	Market Value
Lion Nathan Limited (LNN)	102,000	\$1,180,140
National Australia Bank Limited (NAB)*	31,500	\$706,860
Pacific Brands Limited (PBG)	693,407	\$592,863
McPherson's Limited (MCP)	307,609	\$532,164
RHG Limited (RHG)	904,762	\$465,952
Everest Financial Group Limited (EFG)	6,622,748	\$450,347
Macquarie Leisure Trust Group (MLE)	317,499	\$449,261
Fletcher Building Limited (FBU)	79,900	\$421,073
Automotive Holdings Group Limited (AHE)	272,000	\$388,960
Australia and New Zealand Banking Group Limited (ANZ)*	23,065	\$380,342
Oakton Limited (OKN)	165,832	\$354,880
AGL Energy Limited (AGK)	24,480	\$329,256
Contango Capital Partners Limited (CCQ)	871,607	\$322,495
Premier Investments Limited (PMV)	57,802	\$319,067
Adelaide Brighton Limited (ABC)	141,211	\$317,725
Fantastic Holdings Limited (FAN)	109,000	\$310,650
Flexigroup Limited (FXL)	385,403	\$300,614
Boral Limited (BLD)	68,000	\$276,760
Seek Limited (SEK)	65,450	\$272,927
News Corporation (NWS)	20,400	\$272,748
WorleyParsons Limited (WOR)	10,200	\$242,862
Westpac Banking Corporation (WBC)	10,383	\$210,256
Asciano Group (AIO)	123,503	\$200,653
Hastie Group Limited (HST)	123,632	\$157,013
Credit Corp Group Limited (CCP)	112,346	\$135,377
Virgin Blue Holdings Limited (VBA)	405,967	\$127,880
ASX Limited (ASX)	3,400	\$125,766
Photon Group Limited (PGA)	74,400	\$122,016
Newsat Limited (NWT)	39,893,21	\$119,680
Mirabela Nickel Limited (MBN)	46,631	\$118,443
Saracen Mineral Holdings Limited (SAR)	585,555	\$111,255
RR Australia Limited (RRA)	160,861	\$110,994
Fairfax Media Limited (FXJ)	85,000	\$103,700
STW Communications Group Limited (SGN)	142,473	\$91,895
Cudeco Limited (CDU)	34,000	\$87,720
Specialty Fashion Group Limited (SFH)	158,654	\$86,466
MatrixView Limited (MVU)	601,063	\$78,138
Central Petroleum Limited (CTP)	896,750	\$71,740
Alternative Investment Trust (AIQ)	65,805	\$69,095
Neptune Marine Services Limited (NMS)	119,000	\$64,260
Mortgage Choice Limited (MOC)	63,690	\$63,053
ROC Oil Company Limited (ROC)	70,337	\$55,215
Emeco Holdings Limited (EHL)	136,000	\$55,080
Atlas Iron Limited (AGO)	26,350	\$43,609
Impedimed Limited (IPD)	66,355	\$42,467

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INVESTMENTS AT MARKET VALUE (CONTINUED) AS AT 30 JUNE 2009

Company	Units	Market Value
Calliden Group Limited (CIX)	132,600	\$42,432
Coventry Group Limited (CYG)	45,706	\$41,592
Ask Funding Limited (AKF)	212,099	\$38,178
North Queensland Metals Limited (NQM)	152,990	\$37,483
Gold One International Limited (GDO)	29,580	\$13,022
Impedimed Limited (IPDX)	55,020	\$35,213
Western Plains Resources Limited (WPG)	96,700	\$31,911
CSG Limited (CSV)	35,879	\$30,138
Wattyl Limited (WYL)	54,570	\$30,014
Central Petroleum Limited Options (CTPO)	637,500	\$26,138
Bentley Capital Limited (BEL)	89,929	\$26,079
Comet Ridge Limited (COI)	88,029	\$25,528
Australian Infrastructure Fund (AIX)	17,000	\$22,950
HFA Accelerator Plus Limited (HAP)	142,896	\$21,434
Peninsula Minerals Limited (PEN)	514,292	\$16,610
FKP Property Group (FKP)	29,565	\$15,374
Paragon Care Limited (PGC)	680,000	\$14,960
Swick Mining Services Limited (SWK)	27,285	\$1,323
FSA Group Limited (FSA)	25,500	\$9,690
Northern Energy Corporation Limited (NEC)	23,924	\$8,134
Paragon Care Limited Options (PGCOA)	680,000	\$5,440
Impedimed Limited deferred (IPDN)	7,379	\$4,723
Western Plains Resources Limited (WPGN)	11,805	\$3,896
Exchange traded options		\$15,070
TOTAL LONG PORTFOLIO		\$11,766,412
TOTAL SHORT PORTFOLIO		\$98,442

* Indicates that options were outstanding against part of the holding