

WAM ACTIVE LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operations commenced 11 January 2008, and as such comparisons to the half year ended 31 December 2007 are meaningless and have not been included

| | \$ |
|---|--------------------|
| Revenue from ordinary activities | (1,601,517) |
| Loss from ordinary activities before tax attributable to members | (1,888,959) |
| Loss from ordinary activities after tax attributable to members | (1,268,183) |
| Net loss for the period attributable to members | (1,268,183) |
| There is no interim dividend proposed for the half year ended 31 December 2008. | |
| | 31 Dec 2008 |
| Net tangible asset backing after tax | \$0.91 |
| <p><i>This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2008 Annual Financial Report.</i></p> | |

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719



FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

COMPANY PARTICULARS

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

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

DIRECTORS:

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

SECRETARY:

K. Thorley

AUDITORS:

Moore Stephens Sydney

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 139 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

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

SHARE REGISTRAR:

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

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

STOCK EXCHANGE:

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

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

The Directors present their report together with the financial report of WAM Active Limited (the Company) for the half year ended 31 December 2008.

PRINCIPAL ACTIVITY

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

REVIEW OF OPERATIONS AND OPERATING RESULTS

The Company was incorporated on 6 July 2007 at \$1 for 1 share. During the period to 30 June 2008, the Company issued 15,400,100 shares at \$1.00 per share following the issue of a Prospectus on 6 November 2007.

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

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

Investment operations over the half year resulted in an operating loss before tax of \$1,888,959 and an operating loss after tax of \$1,268,183.

Investments are valued continuously to market value. For the half year ended 31 December 2008, investments were revalued upwards by \$67,066.

Net tangible asset backing for each ordinary share at 31 December 2008 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$0.91 per share. Asset backing after tax on realised gains but before tax on unrealised gains was \$0.92 per share. The equivalent asset backing before tax payable and after tax assets was \$0.92 per share.

DIRECTORS

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

Geoffrey J. Wilson – Chairman – Non-independent

Matthew J. Kidman – Non Executive Director - Non-independent

John Abernethy – Non Executive Director - Independent

Christopher E. Cuffe – Non Executive Director – Independent

Ronald J. Walker – Non Executive Director - Non-independent

The Directors have been in office since the start of the half year to the date of this report unless otherwise stated.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 2.

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



M.J. Kidman, Director

Dated at Sydney this 26th day of February 2009

PARTNERS:

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

CONSULTANTS:

Anja Dorrell CA
Brett Sato CA
Bob Webster FCA

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

As lead auditor for the review of WAM Active Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

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

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

Moore Stephens Sydney
Chartered Accountants

S.M. Whiddett
Partner

Dated in Sydney this XX day of February 2009.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

| | Notes | December 2008 \$ | December 2007 \$ |
|--|-------|----------------------------|------------------------|
| Proceeds from sale of investments | | 21,328,720 | - |
| Cost of investments sold | | (23,482,747) | - |
| Unrealised gain on investments | | 67,066 | - |
| Other revenue from ordinary activities | 2 | 485,444 | - |
| Management and performance fees | | (72,839) | - |
| Brokerage expense on share purchases | | (72,680) | - |
| Other expenses from ordinary activities | | <u>(141,923)</u> | <u>-</u> |
| Loss before income tax | | (1,888,959) | - |
| Income tax benefit | | <u>620,776</u> | <u>-</u> |
| Loss attributable to members of the Company | 4(c) | <u>(1,268,183)</u> | <u>-</u> |
| Basic earnings per share | | <u>(8.23) cents</u> | <u>N/A</u> |
| Diluted earnings per share | | <u>(8.23) cents</u> | <u>N/A</u> |

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

BALANCE SHEET AS AT 31 DECEMBER 2008

| | Notes | December 2008 \$ | June 2008 \$ |
|--|-------|------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 9,410,766 | 9,993,027 |
| Trade and other receivables | | 140,354 | 2,529,541 |
| Financial assets | | 3,915,871 | 3,436,096 |
| Deferred tax assets | | 765,420 | 105,677 |
| TOTAL ASSETS | | 14,232,411 | 16,064,341 |
| LIABILITIES | | | |
| Financial liabilities | | - | 357,042 |
| Trade and other payables | | 74,815 | 320,488 |
| Deferred tax liabilities | | 99,320 | 60,352 |
| TOTAL LIABILITIES | | 174,135 | 737,882 |
| NET ASSETS | | 14,058,276 | 15,326,459 |
| EQUITY | | | |
| Issued capital | 4(a) | 15,233,786 | 15,233,786 |
| (Accumulated losses)/retained earnings | 4(c) | (1,175,510) | 92,673 |
| TOTAL EQUITY | | 14,058,276 | 15,326,459 |

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008

| | Notes | December 2008 \$ | December 2007 \$ |
|---|-------------|--------------------------|------------------------|
| Total equity as at 1 July 2008 | | 15,326,459 | 1 |
| Loss for the half year attributable to members of the Company | 4(c) | <u>(1,268,183)</u> | <u>-</u> |
| Total equity as at 31 December 2008 attributable to members of the Company | | <u>14,058,276</u> | <u>1</u> |

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

| | December 2008 \$ | December 2007 \$ |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Dividends received | 198,429 | - |
| Interest received | 364,790 | - |
| Other investment income received | 6,886 | - |
| Investment management fees | (77,004) | - |
| Brokerage expense on share purchases | (72,680) | - |
| Payments for administration expenses | (148,630) | - |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 271,791 | - |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 23,621,425 | - |
| Payments for purchase of investments | (24,475,477) | - |
| | <hr/> | <hr/> |
| NET CASH USED IN INVESTING ACTIVITIES | (854,052) | - |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | - | 1 |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | - | 1 |
| | <hr/> | <hr/> |
| NET (DECREASE)/INCREASE IN CASH HELD | (582,261) | 1 |
| | <hr/> | <hr/> |
| Cash at beginning of the half year | 9,993,027 | - |
| | <hr/> | <hr/> |
| CASH AT END OF HALF YEAR | 9,410,766 | 1 |
| | <hr/> | <hr/> |

The accompanying notes form part of these financial statements.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial report was authorised for issue on 26 February 2009 by the Board of Directors.

It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and any public announcements made by WAM Active Limited ("the Company") during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2008 Annual Financial Report.

The financial statements have been prepared on an accruals basis and are 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.

The half year report does not include full disclosures of the type normally included in an annual financial report.

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2008. For the Income Statement, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the half year ended 31 December 2007. For the Balance Sheet, the previous corresponding date is 30 June 2008. Operations commenced 11 January 2008, and as such comparisons in the Income Statement, Statement of Changes in Equity and the Cash Flow Statement for the half year ended 31 December 2007 only reflect the investment on incorporation of \$1.

(c) Segment Reporting

The half year financial report is for the individual entity WAM Active Limited. It is a publicly listed company limited by shares, incorporated and domiciled in Australia.

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

| | December 2008 \$ | December 2007 \$ |
|--|------------------------|------------------------|
| 2. OTHER REVENUE FROM ORDINARY ACTIVITIES | | |
| Australian sourced dividends | 144,324 | - |
| Foreign sourced dividends | 8,748 | - |
| Interest | 324,525 | - |
| Underwriting fees | 1,678 | - |
| Trust distributions | 6,169 | - |
| | <u>485,444</u> | <u>-</u> |
| 3. DIVIDENDS | | |
| No dividends were paid during the period | <u>-</u> | <u>-</u> |

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

| | December 2008 \$ | June 2008 \$ |
|--|------------------------|------------------------|
| 4. ISSUED CAPITAL | | |
| (a) Paid-up Capital | | |
| 15,400,101 ordinary shares fully paid (June 2008: 15,400,101) | <u>15,233,786</u> | <u>15,233,786</u> |
| | December 2008 \$ | December 2007 \$ |
| (b) Movements in Ordinary Share Capital | | |
| Balance at the beginning of the reporting period | 15,233,786 | - |
| - 1 ordinary share issued on incorporation 6 July 2007 | - | 1 |
| At reporting date | <u>15,233,786</u> | <u>1</u> |
| (c) Movements in (Accumulated Losses)/Retained Earnings | | |
| Balance at the beginning of the half year | 92,673 | - |
| Loss for the period attributable to members of the Company | (1,268,183) | - |
| At reporting date | <u>(1,175,510)</u> | <u>-</u> |

5. EVENTS SUBSEQUENT TO REPORTING DATE

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

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' DECLARATION

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 8, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2008 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



M.J. KIDMAN, Director

Dated at Sydney this 26th day of February 2009

PARTNERS:

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

CONSULTANTS:

Anja Dorrell CA
 Brett Sato CA
 Bob Webster FCA

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WAM Active Limited ("the company"), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

A review of 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Independence

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

Conclusion

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

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

Moore Stephens Sydney
Chartered Accountants

S.M. Whiddett
Partner

Dated in Sydney, the XX day of February 2009.