

**WAM ACTIVE LIMITED**  
**ABN 49 126 420 719**  
**APPENDIX 4D**  
**HALF YEAR REPORT**  
**for the half year ended 31 December 2010**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
*All comparisons to the half year ended 31 December 2009*

	\$	Up/Down	% Mvmt
Revenue from ordinary activities	2,186,210	down	58.2%
Profit from ordinary activities before tax attributable to members	1,446,764	down	63.6%
Profit from ordinary activities after tax attributable to members	1,172,250	down	59.1%
Net profit for the period attributable to members	1,172,250	down	59.1%
<b>Dividend Information</b>	<b>Amt per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2011 Interim dividend per share	4.0c	4.0c	30%
2010 Final dividend per share	3.0c	3.0c	30%

**Interim dividend dates**

Ex dividend date	17 March 2011
Record Date	23 March 2011
Payment Date	31 March 2011

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan is in operation and the recommended Interim Dividend of 4.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at no discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date).

	31 Dec 10	31 Dec 09
Net tangible asset backing after tax	\$1.16	\$1.20

*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 2010 Annual Financial Report.*

# **WAM ACTIVE LIMITED**

**A.B.N. 49 126 420 719**



**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2010**

# 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.

<b>DIRECTORS:</b>	Geoffrey Wilson (Chairman – Non-Independent) Matthew Kidman John Abernethy Christopher Cuffe Ronald Walker
<b>SECRETARY:</b>	Katherine Thorley
<b>MANAGER:</b>	MAM Pty Limited Level 11, 139 Macquarie Street Sydney NSW 2000
<b>AUDITORS:</b>	Moore Stephens Sydney
<b>COUNTRY OF INCORPORATION:</b>	Australia
<b>REGISTERED OFFICE:</b>	Level 11, 139 Macquarie Street Sydney NSW 2000
<b>CONTACT DETAILS:</b>	Mail Address: GPO Box 4658 Sydney NSW 2001 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: <a href="mailto:info@wami.com.au">info@wami.com.au</a> Website: <a href="http://www.wilsonassetmanagement.com.au">www.wilsonassetmanagement.com.au</a>
<b>SHARE REGISTRAR:</b>	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.
<b>STOCK EXCHANGE:</b>	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code for Ordinary shares: WAA ASX code for Options: WAAO

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

The Directors present their report together with the financial report of WAM Active Limited (the Company) for the half year ended 31 December 2010.

### Directors

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

- Geoffrey Wilson (Chairman – Non-Independent)
- Matthew Kidman (Non-Executive Director – Non-Independent)
- John Abernethy (Non-Executive Director – Independent)
- Christopher Cuffe (Non-Executive Director – Independent)
- Ronald Walker (Non-Executive Director – Non-Independent)

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

### Operating and Financial Review

The principal activity of the Company is making investments in listed and unlisted companies. The investment objectives of the Company are to deliver investors a growing income stream in the form of fully franked dividends, to preserve capital in both the short term and long term. No change in this activity took place during the period or is likely in the future.

Investment operations over the half year resulted in an operating profit before tax of \$1,446,764 (2009: Profit of \$3,972,915) and operating profit after tax of \$1,172,250 (2009: Profit of \$2,868,002).

The Company's main contributor to its accounting profits is the change in value of its underlying portfolio over each period. The profit was down on the prior period's comparative figure because the change in the portfolio in dollar terms was less than the prior period. In the 6 months to Dec 2009 the fund increased +29.4%, while in the 6 month to Dec 2010 the fund increased +12.2%.

Asset backing for each ordinary share at 31 December 2010 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.16 per share (2009: \$1.20 per share). The equivalent asset backing before tax was \$1.19 per share (2009: \$1.28 per share). This is after the payment of 6.0 cents in fully franked dividends and 3.5 cents in tax.

A fully franked dividend of 3.0 cents per share has been paid in the period to 31 December 2010 and an interim fully franked dividend of 4.0 cents per share has been declared by the Board and will be paid on 31 March 2011.

### 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.



G.J. Wilson, Director  
Dates at Sydney this 24th day of January 2011

[Auditor's Independence Declaration]

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	December 2010 \$	December 2009 \$
Proceeds from sale of investments		23,797,806	33,723,019
Cost of investments sold		(23,793,986)	(29,605,965)
Realised gains on financial assets		3,820	4,117,054
Unrealised gains on financial assets		1,325,054	679,751
Other revenue from ordinary activities	2	857,336	428,030
Performance fees		(377,716)	(898,720)
Management fees		(94,112)	(101,912)
Directors fees		(46,000)	(46,000)
Brokerage expense on share purchases		(81,018)	(78,678)
Other expenses from ordinary activities		(140,600)	(126,610)
<b>Profit before income tax</b>		<b>1,446,764</b>	<b>3,972,915</b>
Income tax expense		274,514	1,104,913
<b>Profit attributable to members of the Company</b>	4(d)	<b>1,172,250</b>	<b>2,868,002</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>1,172,250</b>	<b>2,868,002</b>
<b>Basic earnings per share</b>		<b>7.50 cents</b>	<b>18.50 cents</b>
<b>Diluted earnings per share</b>		<b>7.50 cents</b>	<b>18.50 cents</b>

The accompanying notes form part of these financial statements

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## STATEMENT OF FINANCIAL POSITION As at 31 DECEMBER 2010

	Notes	December 2010 \$	June 2010 \$
<b>Assets</b>			
Cash and cash equivalents		6,361,357	12,379,551
Trade and other receivables		549,351	2,968,212
Financial assets		12,672,902	4,385,351
Deferred tax assets		169,017	37,057
<b>Total Assets</b>		<b>19,752,627</b>	<b>19,770,171</b>
<b>Liabilities</b>			
Trade and other payables		653,711	923,567
Financial liabilities		267,648	666,238
Current tax liabilities		-	528,415
Deferred tax liabilities		525,901	132,103
<b>Total Liabilities</b>		<b>1,447,260</b>	<b>2,250,323</b>
<b>Net Assets</b>		<b>18,305,367</b>	<b>17,519,848</b>
<b>Equity</b>			
Issued capital	4(a)	15,518,748	15,437,198
Reserve	4(c)	861,173	-
Retained earnings	4(d)	1,925,446	2,082,650
<b>Total Equity</b>		<b>18,305,367</b>	<b>17,519,848</b>

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 2010

	Notes	December 2010 \$	December 2009 \$
<b>Total equity as at 1 July</b>		<b>17,519,848</b>	<b>15,967,655</b>
Profit for the half year attributable to members of the Company	<b>4(d)</b>	1,172,250	2,868,002
Total other comprehensive income for the period		-	-
Shares issued in the period	<b>4(b)</b>	81,550	73,067
		<b>18,773,648</b>	<b>18,908,724</b>
Dividends paid	<b>3(a)</b>	(468,281)	(308,002)
<b>Total equity as at 31 December attributable to members of the Company</b>		<b>18,305,367</b>	<b>18,600,722</b>

The accompanying notes form part of these financial statements



# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 \$	December 2009 \$
<b>Cash Flows from Operating Activities</b>		
Dividends received	599,337	286,205
Interest received	304,780	70,458
Other investment income received	13,148	92,480
Investment management fees	(93,942)	(100,581)
Investment performance fees	(666,412)	(218,315)
Brokerage expense on share purchases	(81,018)	(78,678)
Payments for administration expenses	(217,496)	(203,583)
Tax Paid	(541,090)	-
<b>Net Cash used in Operating Activities</b>	<b>(682,693)</b>	<b>(152,014)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	26,133,459	33,758,833
Payments for purchases of investments	(31,082,229)	(28,787,792)
<b>Net Cash (used in)/provided by Investing Activities</b>	<b>(4,948,770)</b>	<b>4,971,041</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from option exercise	5,231	-
Dividends paid	(391,962)	(234,935)
<b>Net Cash used in Financing Activities</b>	<b>(386,731)</b>	<b>(234,935)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(6,018,194)</b>	<b>4,584,092</b>
Cash and cash equivalents at the beginning of the half year	12,379,551	4,399,628
<b>Cash and cash Equivalents at the End of Half Year</b>	<b>6,361,357</b>	<b>8,983,720</b>

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 2010

### 1. Statement of Significant Accounting Policies

#### Basis of Preparation

The half year financial statements are a general purpose financial statement prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard including 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 24 January 2011 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 2010 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 2010 Annual Financial Report.

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

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non current. All balances are generally expected to be recovered or settled within twelve months.

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

#### Details of Reporting Period

The current reporting period is the half year ended 31 December 2010. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the half year ended 31 December 2009. For the Statement of Financial Position, the previous corresponding date is 30 June 2010.

	December 2010 \$	December 2009 \$
<b>2. Other Revenue</b>		
Australian sourced dividends	541,692	257,907
Interest	302,490	89,345
Foreign sourced dividends	-	9,085
Trust distributions	3,636	46,908
Underwriting fees	9,518	24,785
	<b>857,336</b>	<b>428,030</b>

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 \$	December 2009 \$
<b>3. Dividends</b>		
<b>(a) Ordinary dividends paid during the period</b>		
3.0 fully franked dividend paid 24 September 2010 (2009: 2.0 cents).	468,281	308,002
<b>(b) Dividends not recognised during the period</b>		
Since the end of the half year, the Directors have declared an interim fully franked dividend of 4.0 cents per share payable on 31 March 2011.	627,314	-
	December 2010 \$	June 2010 \$
<b>4. Issued Capital</b>		
<b>(a) Paid-up Capital</b>		
15,682,838 ordinary shares fully paid (2009: 15,604,808)	15,518,748	15,437,198
<b>(b) Movements in Ordinary Share Capital</b>		
Balance at the beginning of the reporting period	15,437,198	15,233,786
GST adjustment to float cost	-	(1,798)
- 73,481 ordinary shares issued on 24 September 2010 under a dividend reinvestment plan	76,319	-
- 2,500 ordinary shares issued from exercise of options allotted 09 September 2010 exercise price \$1.15	2,875	-
- 2,049 ordinary shares issued from exercise of options allotted 27 July 2010 exercise price \$1.15	2,356	-
- 2,500 ordinary shares issued from exercise of options allotted 26 May 2010 exercise price \$1.15	-	2,875
- 113,089 ordinary shares issued on 26 February 2010 under a dividend reinvestment plan	-	129,268
- 89,118 ordinary shares issued on 20 July 2009 under a dividend reinvestment plan	-	73,067
At reporting date	15,518,748	15,437,198

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

4. Issued Capital (continued)	December 2010 \$	June 2010 \$
<b>(c) Movements in Asset Revaluation Reserve</b>		
Balance at the beginning of the reporting period	-	1,043,109
Transfer from retained earnings	861,173	(1,043,109)
At reporting date	<u>861,173</u>	<u>-</u>
<b>(d) Movements in Retained Earnings</b>		
Balance at the beginning of the reporting period	2,082,650	(309,240)
Profit for the period attributable to members of the Company	1,172,250	2,121,460
Transfer to asset revaluation reserve	(861,173)	1,043,109
Dividends paid (refer Note 3)	(468,281)	(772,679)
At reporting date	<u>1,925,446</u>	<u>2,082,650</u>

### 5. Segment Reporting

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

### 6. Contingent Liabilities

An estimated contingent liability of \$150,000 is not provided for in the accounts, arising from a sub-underwriting agreement entered into during the period of which the offer closes after reporting date (June 2010: nil).

### 7. Capital Commitments

Capital commitments exist for placements \$70,760 (June 2010: \$36,519) entered into before period end, which settle after period end in January 2011.

### 8. Events Subsequent to Reporting Date

On 13 January 2011, the Directors declared a fully franked interim dividend of 4.0 cents per ordinary share payable on 31 March 2011.

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

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## DIRECTOR'S DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2010

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 9, 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 2010 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.

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a horizontal line extending to the right.

G.J. Wilson, Chairman

Dated at Sydney this 24th day of January 2011

[Independent Auditor's Review Report  
To the Members of WAM Active Limited - to be inserted]

