

WAM ACTIVE LIMITED
ABN 49 126 420 719
APPENDIX 4D
HALF YEAR REPORT
For the half year ended 31 December 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2012

	\$	up/down	% mvmt
Revenue from operating activities	3,789,729	up	79.9%
Profit from operating activities before income tax expense	2,637,446	up	86.0%
Net profit from operating activities after income tax expense	2,062,211	up	85.9%

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2014 Interim dividend cents per share	4.8c	4.8c	30%
2013 Final dividend cents per share	4.75c	4.75c	30%

Interim dividend dates

Ex dividend date	11 April 2014
Record date	17 April 2014
Last election date for the DRP	17 April 2014
Payment date	30 April 2014

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 4.8 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 a 2.5% discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date (i.e. record date) for the relevant dividend and the 3 trading days preceding that date less the discount).

	31 Dec 13	31 Dec 12
Net tangible asset backing (after tax) cents per share	\$1.07	\$1.08

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 2013 Annual Financial Report.

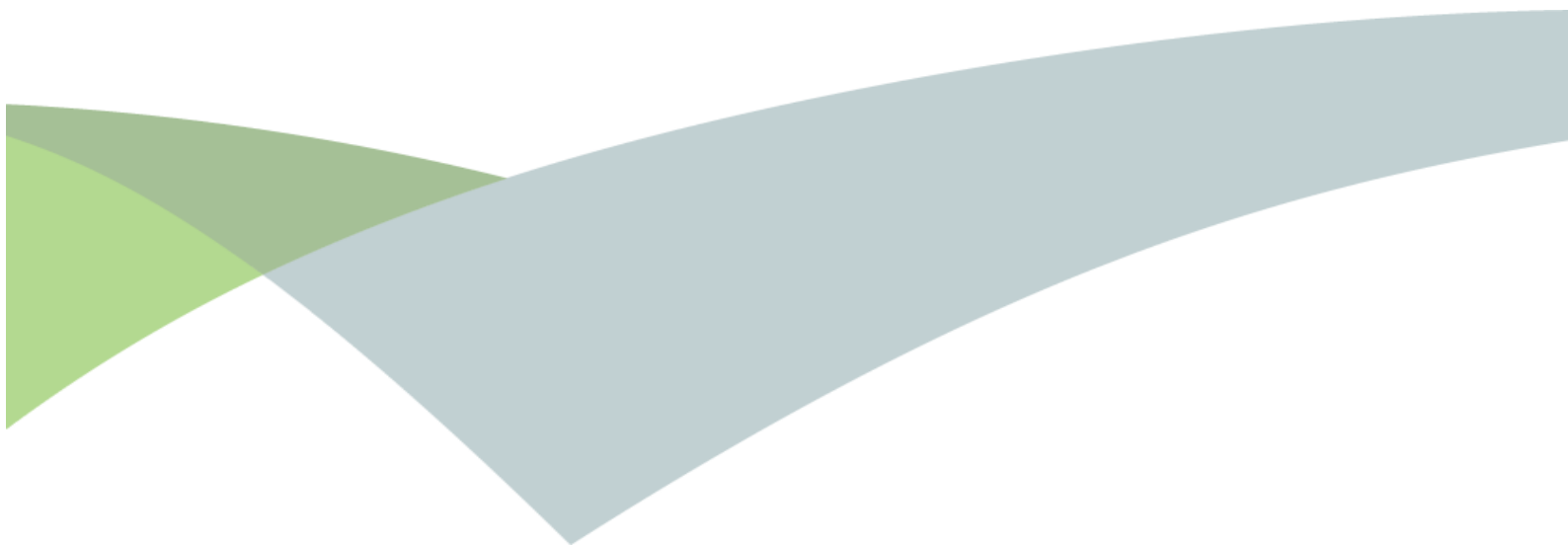


WAM Active Limited

ABN 49 126 420 719

Financial Report

for the half year ending 31 December 2013



Company Particulars

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

Directors: G. Wilson (Chairman)
M. Kidman
J. Abernethy

Company Secretary: K. Thorley

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

Auditors: Moore Stephens Sydney

Country of Incorporation: Australia

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

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

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

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

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

Australian Securities Exchange: WAM Active Ordinary Shares (WAA)

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

The Directors present their report together with the financial report of WAM Active Limited ('the Company') for the half year ended 31 December 2013.

Directors

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

- Geoffrey Wilson (Chairman – Non-Independent)
- Matthew Kidman (Non-Executive Director – Non-Independent)
- John Abernethy (Non-Executive Director – Independent)

Principal Activity

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

Operating and Financial Review

Investment operations over the half year resulted in an operating profit before tax of \$2,637,446 (2012: \$1,418,201) and operating profit after tax of \$2,062,211 (2012: \$1,109,373). The significant rise in the Company's profit reflects the increase in the size of the investment portfolio (up 72.8%) and the increase in the value of the investment portfolio (up 12.7%).

Under Accounting Standards, realised gains and losses and dividend income are added to or reduced by changes in the market value of the Company's investments. This can lead to large variations in reported profits. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA), adjusted for dividends. The before tax NTA, adjusted for dividends, increased 8.4% for the 6 months to 31 December 2013. This increase is after the adjustment for options exercised during the period.

NTA backing for each ordinary share as at 31 December 2013 (calculated on market value less realisation costs and all applicable taxes and before provision for dividends declared) amounted to \$1.07 per share (2012: \$1.08). Net Tangible Assets after tax on realised gains but before tax on unrealised gains was \$1.10 per share (2012: \$1.10). These figures are after the payment of 9.5 cents in fully franked dividends to shareholders over the 12 month period to 31 December 2013.

The Company raised a total of \$17,285,962 through the one-for-one Bonus Option Issue announced on 4 May 2012. These options expired on 12 December 2013 with 16,005,520 options exercised.

A fully franked dividend of 4.75 cents per share was paid in the 6 month period to 31 December 2013 and an interim dividend of 4.8 cents per share fully franked has been declared by the Board and will be paid on 30 April 2014.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 3.

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.

Geoffrey Wilson
Chairman

Dated in Sydney this 4th day of February 2014

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Sydney NSW 2000

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**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 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 4th day of February 2014.

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 \$	December 2012 \$
Proceeds from sale of investments		41,847,974	29,217,433
Cost of investments sold		(41,956,512)	(30,152,031)
Realised loss on financial assets		(108,538)	(934,598)
Unrealised gains on financial assets		2,856,584	862,685
Other revenue from ordinary activities	2	1,041,683	2,178,206
Performance fees		(685,543)	(318,779)
Management fees		(178,362)	(103,207)
Directors fees		(20,500)	(26,897)
Custody fees		(22,931)	(21,393)
ASX listing and chess fees		(39,601)	(29,853)
Share registry fees		(27,113)	(18,625)
Brokerage expense on share purchases		(116,394)	(110,331)
Other expenses from ordinary activities		(61,839)	(59,007)
Profit before income tax		2,637,446	1,418,201
Income tax expense		(575,235)	(308,828)
Profit attributable to members of the Company	6	2,062,211	1,109,373
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		2,062,211	1,109,373
Basic earnings per share		6.86 cents	6.15 cents
Diluted earnings per share		6.86 cents	6.09 cents

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	December 2013 \$	June 2013 \$
Assets			
Cash and cash equivalents		13,011,065	12,349,971
Trade and other receivables		996,980	1,418,887
Financial assets		24,692,801	14,873,300
Deferred tax assets		172,687	49,885
Total Assets		38,873,533	28,692,043
Liabilities			
Trade and other payables		918,346	737,059
Financial liabilities		398,832	-
Deferred tax liabilities		979,025	280,988
Total Liabilities		2,296,203	1,018,047
Net Assets		36,577,330	27,673,996
Equity			
Issued capital	4	35,410,334	27,091,075
Reserves	5	2,740,769	1,599,380
Accumulated losses	6	(1,573,773)	(1,016,459)
Total Equity		36,577,330	27,673,996

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 2013

	Note	December 2013 \$	December 2012 \$
Total Equity as at 1 July		27,673,996	17,402,006
Profit for the half year attributable to members of the Company	6	2,062,211	1,109,373
Total other comprehensive income for the period		-	-
Shares issued via dividend reinvestment plan	4(b)	1,478,136	183,398
Shares issued via exercise of options	4(b)	6,841,123	3,544,736
Unallotted option monies received	4(b)	-	1,080
		38,055,466	22,240,593
Dividends paid	3(a)	<u>(1,478,136)</u>	<u>(880,270)</u>
Total Equity as at 31 December attributable to members of the Company		<u>36,577,330</u>	<u>21,360,323</u>

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	December 2013 \$	December 2012 \$
Cash Flows from Operating Activities		
Dividends received	751,028	1,902,567
Interest received	191,677	224,374
Other investment income received	127,972	120,057
Net GST received from the ATO	62,134	29,276
Management fees (inclusive of GST)	(167,505)	(99,757)
Performance fees (inclusive of GST)	(488,099)	(125,542)
Brokerage expense on share purchases (inclusive of GST)	(124,651)	(118,158)
Payments for administration expenses (inclusive of GST)	(214,965)	(223,411)
GST on brokerage expense on share sales	(7,493)	(5,600)
Net Cash provided by Operating Activities	130,098	1,703,806
Cash Flows from Investing Activities		
Proceeds from sale of investments	42,269,063	29,734,935
Payments for purchases of investments	(48,579,190)	(38,951,026)
Net Cash (used in) Investing Activities	(6,310,127)	(9,216,091)
Cash Flows from Financing Activities		
Proceeds from option exercise	6,841,123	3,545,816
Proceeds from DRP underwriting	1,166,724	-
Dividends paid (net of reinvestment)	(1,166,724)	(696,872)
Net Cash provided by Financing Activities	6,841,123	2,848,944
Net increase/(decrease) in cash and cash equivalents held	661,094	(4,663,341)
Cash and cash equivalents at the beginning of the half year	12,349,971	9,569,918
Cash and cash equivalents at the end of the half year	13,011,065	4,906,577

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. Statement of Significant Accounting Policies

a) Basis of Preparation

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

The financial report was authorised for issue on 4th February 2014 by the Board of Directors.

The Half Year Report does not include full disclosures of the type normally included in an Annual Financial Report. It is recommended that the Half Year Financial Report be read in conjunction with the Annual Financial Report for the year ended 30 June 2013 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*.

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

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2013 Annual Financial Report, except in relation to the matters discussed in Note 1(c) below.

b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2013. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half year ended 31 December 2012. For the Statement of Financial Position, the previous corresponding date is 30 June 2013.

c) New and revised accounting requirements

The Company has adopted the following new and revised Australian Accounting Standards that became mandatorily applicable from 1 January 2013. These Standards became applicable to the Company for the first time in the current reporting period 1 July 2013 to 31 December 2013 and the effects of initial application of these Standards are as follows:

- (i) AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13. AASB 13 addresses how to measure fair value and aims to enhance fair value disclosures. This Standard did not affect the Company's accounting policies or the amounts reported in the financial statements as the Company is of the view that the current basis of their fair value recognition is consistent with the new Standard's recognition basis.
- (ii) AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle. These Standards make changes to presentation and disclosure requirements, but did not affect the Company's accounting policies or the amounts reported in the financial statements.
- (iii) AASB 119: Employee Benefits and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119. These Standards did not affect the Company's accounting policies or the amounts reported in the financial statements, mainly because the Company does not have defined benefit plan assets or obligations.

WAM ACTIVE LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	December 2013 \$	December 2012 \$
2. Other Revenue		
Australian sourced dividends	741,842	1,886,343
Interest	175,571	176,575
Trust distributions	116,324	114,623
Underwriting fees	7,946	665
	1,041,683	2,178,206
	December 2013 \$	December 2012 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final Dividend FY2013: 4.75 cents per share fully franked at 30% tax rate paid on 4 October 2013 (Final dividend FY2012: 4.5 cents per share fully franked).	1,478,136	880,270
b) Dividends not recognised during the period		
Since the end of the period the Directors have declared an interim fully franked dividend 4.8 cents per share payable on 30 April 2014 (Interim dividend FY2013: 4.75 cents per share fully franked)	1,633,033	1,242,393
	December 2013 \$	June 2013 \$
4. Issued Capital		
(a) Paid-up Capital		
34,021,523 ordinary shares fully paid (2013: 26,400,472)	35,410,334	27,091,075
(b) Movement in Issued Capital		
Balance at the beginning of the reporting period	27,091,075	16,195,624
271,076 ordinary shares issued on 4 October 2013 under a dividend reinvestment plan	311,412	-
1,015,602 ordinary shares issued via DRP Underwriting agreement 4 October 2013	1,166,724	-
6,334,373 ordinary shares issued from the exercise of options allotted July 2013 to December 2013 exercise price \$1.08	6,841,123	-
175,537 ordinary shares issued on 19 October 2012 under a dividend reinvestment plan	-	183,398
243,843 ordinary shares issued on 19 April 2013 under a dividend reinvestment plan	-	267,216
9,671,147 ordinary shares issued from the exercise of options allotted July 2012 to June 2013 exercise price \$1.08	-	10,444,837
At reporting date	35,410,334	27,091,075

WAM ACTIVE LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. Issued Capital (cont'd)

(c) Options

At 30 June 2013, the Company had 6,638,798 options on issue to acquire fully paid ordinary shares, exercisable at \$1.08 per option. During the half year to 31 December 2013, 6,334,373 options were exercised and the remaining 304,425 unexercised options expired on 12 December 2013.

	December 2013 \$	June 2013 \$
5. Reserves		
Profits Reserve		
Balance at the beginning of the reporting period	1,599,380	1,331,155
Transfer from retained earnings	2,619,525	2,390,888
Final dividend FY2013 paid (refer Note 3a)	(1,478,136)	-
Final dividend FY2012 (refer Note 3a)	-	(880,270)
Interim dividend FY2013 paid (refer Note 3b)	-	(1,242,393)
At reporting date	<u>2,740,769</u>	<u>1,599,380</u>

	December 2013 \$	June 2013 \$
6. Accumulated losses		
Balance at the beginning of the reporting period	(1,016,459)	(124,773)
Profit for the period attributable to members of the Company	2,062,211	1,499,202
Transfer to profits reserve	(2,619,525)	(2,390,888)
At reporting date	<u>(1,573,773)</u>	<u>(1,016,459)</u>

7. Segment Reporting

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

8. Contingent Liabilities

There are no outstanding contingent liabilities as at 31 December 2013 (June 2013: nil).

9. Capital Commitments

There are no outstanding capital commitments as at 31 December 2013 (June 2013: The Company had a contingent liability of \$9,020 in relation to a placement for Netcomm Wireless Limited).

10. Events Subsequent to Reporting Date

Since the end of the half year, the Directors declared an interim dividend of 4.8 cents per share fully franked to be paid on 30 April 2014.

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

WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2013

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 10, 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 2013 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Geoffrey Wilson
Chairman

Dated in Sydney this 4th day of February 2014

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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 statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half year Financial Report

The directors of 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of a Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*. As the auditor of WAM Active Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for 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.

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 2013 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 4th day of February 2014.



WILSON
ASSET MANAGEMENT

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