

WAM ACTIVE LIMITED
ABN 49 126 420 719
APPENDIX 4D
HALF YEAR REPORT
For the half year ended 31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2014

	\$	up/down	% mvmt
Revenue from operating activities	5,003,166	up	917.4%
Profit from operating activities before income tax expense	3,564,968	up	24,750.6%
Net profit from operating activities after income tax expense	2,606,469	up	1,687.9%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2016 Interim dividend cents per share	2.5c	2.5c	30%
2015 Final dividend cents per share	2.5c	2.5c	30%

Interim dividend dates

Ex dividend date	13 April 2016
Record date	14 April 2016
Last election date for the DRP	18 April 2016
Payment date	29 April 2016

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 2.5 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 VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the 3 trading days following that date.

	31 Dec 15	31 Dec 14
Net tangible asset backing (after tax) cents per share	\$1.05	\$1.02

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2015 Annual Financial Report.

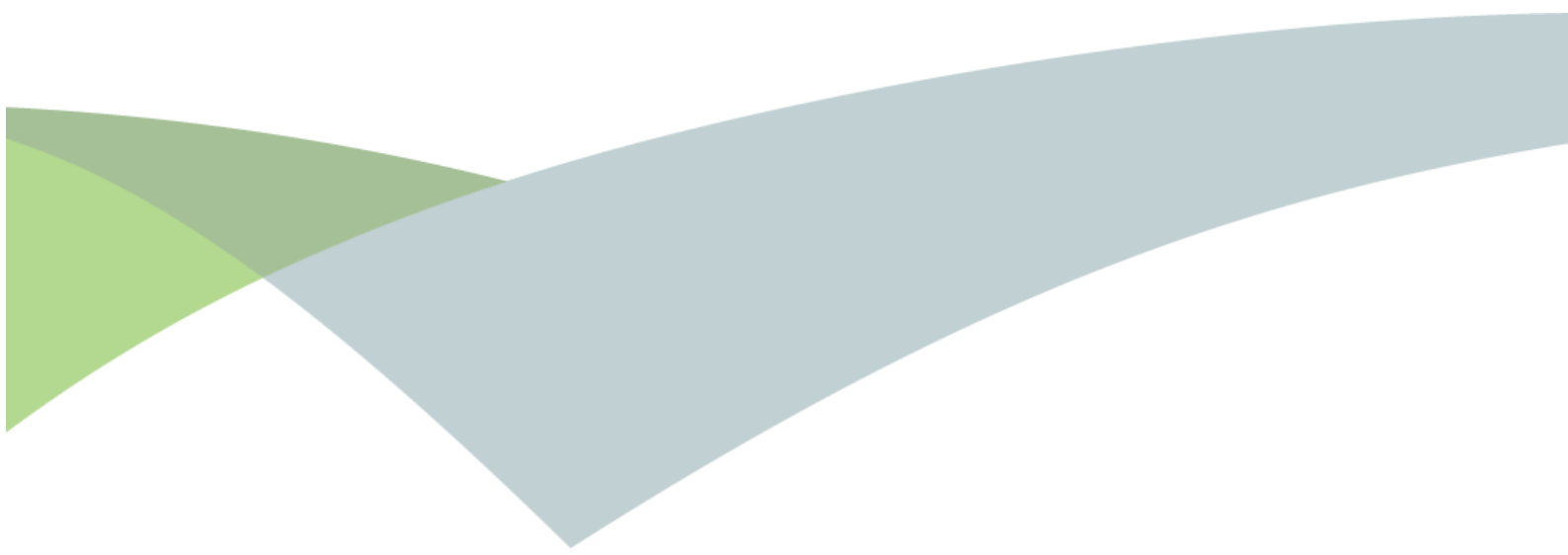


WAM Active Limited

ABN 49 126 420 719

Financial Report

for the half year ended 31 December 2015



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
C. Stott
K. Thorley

Company Secretary: L. Vo

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

Auditors: Pitcher Partners 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
Grosvenor Place
Level 12, 225 George St
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 Limited Ordinary Shares (WAA)

WAM ACTIVE LIMITED

ABN 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

The Directors present their report together with the financial report of WAM Active Limited ('the Company') for the half year ended 31 December 2015.

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 (Director – Independent)
- John Abernethy (Director – Independent)
- Christopher Stott (Director – Non-Independent)
- Katherine Thorley (Director – Non-Independent)

Company Secretary

Katherine Thorley held the position of Company Secretary for the half year period to 31 December 2015 and resigned on 12 February 2016. She remains a Director of the Company.

Linda Vo was appointed Company Secretary on 12 February 2016 and holds the position at the date of this report.

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 after tax of \$2,606,469 million (2014: \$0.1 million) for the half year to 31 December 2015. The operating profit is a reflection of the rate of change in the value of the portfolio over the period. The portfolio increased 14.4% in the six months to December 2015 after rising 1.2% in the 2014 period. The investment portfolio rose 19.3% for the 12 months to 31 December 2015.

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 7.8% for the 6 months to 31 December 2015.

NTA backing for each ordinary share as at 31 December 2015 (calculated on market value less realisation costs and all applicable taxes and before provision for dividends declared) amounted to \$1.05 per share (2014: \$1.02). Net Tangible Assets after tax on realised gains but before tax on unrealised gains was \$1.05 per share (2014: \$1.02). These figures are after the 2.5 cents fully franked final dividend and the 4.0 cents per share Return of Capital paid to shareholders over the 12 month period to 31 December 2015.

A fully franked dividend of 2.5 cents per share was paid in the 6 month period to 31 December 2015 and an interim dividend of 2.5 cents per share fully franked has been declared by the Board and will be paid on 29 April 2016.

WAM ACTIVE LIMITED

ABN 49 126 420 719

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 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 long horizontal line extending to the right.

Geoffrey Wilson
Chairman

Dated in Sydney this 24th day of February 2016

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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 2015, 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.

Pitcher Partners



Scott Whiddett
Partner

Dated in Sydney, this 24th day of February 2016

WAM ACTIVE LIMITED

ABN 49 126 420 719

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	December 2015 \$	December 2014 \$
Net realised and unrealised gains on financial assets		4,230,288	(443,612)
Investment revenue	2	772,878	935,360
Performance fees		(912,056)	(6,963)
Management fees		(186,478)	(186,143)
Directors fees		(45,000)	(40,000)
Custody fees		(25,969)	(20,059)
ASX listing and chess fees		(39,442)	(42,131)
Share registry fees		(21,705)	(20,056)
Brokerage expense on share purchases		(122,888)	(95,668)
Other expenses from ordinary activities		(84,660)	(95,190)
Profit/(loss) before income tax		3,564,968	(14,462)
Income tax (expense)/benefit		(958,499)	160,243
Profit attributable to members of the Company	6	2,606,469	145,781
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		2,606,469	145,781
Basic earnings per share		7.5 cents	0.42 cents
Diluted earnings per share		7.5 cents	0.42 cents

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

ABN 49 126 420 719

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	December 2015 \$	June 2015 \$
Assets			
Cash and cash equivalents		7,662,992	10,691,455
Trade and other receivables		413,904	2,419,411
Financial assets		30,245,550	23,244,138
Current tax assets		197,158	203,180
Deferred tax assets		10,077	13,720
Total Assets		38,529,681	36,571,904
Liabilities			
Financial liabilities		546,767	248,935
Trade and other payables		1,279,215	1,569,520
Deferred tax liabilities		13,567	10,830
Total Liabilities		1,839,549	1,829,285
Net Assets		36,690,132	34,742,619
Equity			
Issued capital	4	35,057,566	34,849,177
Reserves	5	2,883,066	1,143,942
Accumulated losses	6	(1,250,500)	(1,250,500)
Total Equity		36,690,132	34,742,619

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

ABN 49 126 420 719

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Issued capital	Accumulated losses	Profits reserve	Total equity
	\$	\$	\$	\$
Note				
Balance at 1 July 2014	35,788,177	(1,016,459)	1,659,413	36,431,131
Profit for the half year	-	145,781	-	145,781
Transfer to profits reserve	-	(599,933)	599,933	-
Other comprehensive income for the year	-	-	-	-
Shares issued via dividend reinvestment plan	4(b) 448,750	-	-	448,750
Dividends paid	3(a) -	-	(1,647,194)	(1,647,194)
Balance at 31 December 2014	36,236,927	(1,470,611)	612,152	35,378,468
Balance at 1 July 2015	34,849,177	(1,250,500)	1,143,942	34,742,619
Profit for the half year	-	2,606,469	-	2,606,469
Transfer to profits reserve	-	(2,606,469)	2,606,469	-
Other comprehensive income for the year	-	-	-	-
Shares issued via dividend reinvestment plan	4(b) 208,389	-	-	208,389
Dividends paid	3(a) -	-	(867,345)	(867,345)
Balance at 31 December 2015	35,057,566	(1,250,500)	2,883,066	36,690,132

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

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STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	December 2015 \$	December 2014 \$
Cash flows from operating activities		
Proceeds from sale of investments	58,756,453	56,678,258
Payments for purchases of investments	(60,230,274)	(51,939,309)
Dividends received	458,948	548,645
Interest received	106,147	282,874
Other investment income received	220,995	119,484
Net GST received from the ATO	52,356	113,278
Management fees (inclusive of GST)	(230,480)	(205,998)
Performance fees (inclusive of GST)	(267,314)	(1,144,533)
Brokerage expense on share purchases (inclusive of GST)	(131,695)	(102,660)
Payments for administration expenses (inclusive of GST)	(235,889)	(246,374)
GST on brokerage expense on share sales	(8,405)	(7,642)
Income tax paid	(860,347)	-
Net cash (used in)/provided by operating activities	(2,369,505)	4,096,023
Cash flows from financing activities		
Dividends paid (net of reinvestment)	(658,958)	(1,198,444)
Net cash used in financing activities	(658,958)	(1,198,444)
Net (decrease)/increase in cash and cash equivalents held	(3,028,463)	2,897,579
Cash and cash equivalents at the beginning of the half year	10,691,455	17,546,424
Cash and cash equivalents at the end of the half year	7,662,992	20,444,003

The accompanying notes form part of these financial statements

WAM ACTIVE LIMITED

ABN 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. Statement of Significant Accounting Policies

These financial statements and notes for the half year represent those of WAM Active Limited ('the Company').

The half year financial report was authorised for issue on 24 February 2016 by the Board of Directors.

Basis of preparation

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

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 2015 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2015 Annual Financial Report.

	December 2015 \$	December 2014 \$
2. Investment Income		
Australian sourced dividends	452,258	537,737
Interest	105,109	276,024
Trust distributions	205,792	121,046
Underwriting fees	9,719	553
	772,878	935,360

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	December 2015 \$	December 2014 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final Dividend FY2015: 2.5 cents per share fully franked at 30% tax rate paid on 30 October 2015 (Final dividend FY2014: 4.8 cents per share fully franked).	<u>867,345</u>	<u>1,647,194</u>
b) Dividends not recognised during the period		
Interim Dividend FY2016: Since the end of the period the Directors have declared a 2.5 cents per share dividend fully franked at 30% tax rate payable on 29 April 2016 (Interim dividend FY2015: no interim dividend declared).	<u>872,743</u>	<u>-</u>
	December 2015 \$	June 2015 \$
4. Issued Capital		
(a) Paid-up Capital		
34,909,728 ordinary shares fully paid (2014: 34,693,760)	<u>35,057,566</u>	<u>34,849,177</u>
(b) Movement in Issued Capital		
Balance at the beginning of the reporting period	34,849,177	35,788,177
215,968 ordinary shares issued on 30 October 2015 under a dividend reinvestment plan	208,389	-
377,228 ordinary shares issued on 24 October 2014 under a dividend reinvestment plan	-	448,750
4.0 cents per share Return of Capital paid 1 June 2015	-	(1,387,750)
At reporting date	<u>35,057,566</u>	<u>34,849,177</u>

WAM ACTIVE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	December 2015 \$	June 2015 \$
5. Reserves		
Profits Reserve		
Balance at the beginning of the reporting period	1,143,942	1,659,413
Transfer from retained earnings	2,606,469	1,131,722
Final dividend FY2015 paid (refer Note 3a)	(867,345)	-
Final dividend FY2014 (refer Note 3a)	-	(1,647,194)
At reporting date	<u>2,883,066</u>	<u>1,143,942</u>

	December 2015 \$	June 2015 \$
6. Accumulated Losses		
Balance at the beginning of the reporting period	(1,250,500)	(1,016,459)
Profit for the period attributable to members of the Company	2,606,469	867,681
Transfer to profits reserve	(2,606,469)	(1,131,722)
At reporting date	<u>(1,250,500)</u>	<u>(1,250,500)</u>

7. Financial Instruments Measured at Fair Value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3:** Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available or the last sale price have been adopted to determine the fair value of these investments.

WAM ACTIVE LIMITED

ABN 49 126 420 719

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

7. Financial Instruments Measured at Fair Value (cont.)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2015:

31 December 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	30,049,292	196,258	-	30,245,550
Financial liabilities	(546,767)	-	-	(546,767)
Total	29,502,525	196,258	-	29,698,783

30 June 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	23,010,511	233,627	-	23,244,138
Financial liabilities	(248,935)	-	-	(248,935)
Total	22,761,576	233,627	-	22,995,203

8. Segment Reporting

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

9. Contingent Liabilities

There are no outstanding contingent liabilities as at 31 December 2015 (June 2015: nil).

10. Capital Commitments

There are no outstanding capital commitments as at 31 December 2015 (June 2015: nil).

11. Events Subsequent to Reporting Date

Since the end of the period, the Directors have declared a 2.5 cents per share fully franked interim dividend to be paid to shareholders on 29 April 2016.

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


ABN 49 126 420 719

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2015

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 11, are in accordance with the *Corporations Act 2001*, including:
 - a) Complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) Giving a true and fair view of the financial position of the Company as at 31 December 2015 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 24th day of February 2016

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**Independent Auditor's Review Report
to the members of WAM Active Limited
A.B.N. 49 126 420 719**

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 2015, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 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 financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 2015 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*.



Pitcher Partners



Scott Whiddett
Partner

Dated in Sydney, this 24th day of February 2016



WILSON
ASSET MANAGEMENT

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