

WAM ACTIVE LIMITED

ABN 49 126 420 719

Appendix 4D Half Year Report

for the half year ended 31 December 2016

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2015

	\$	up/down	% mvmt
Revenue from ordinary activities	2,828,366	down	(43.5%)
Profit from ordinary activities before income tax expense	1,775,071	down	(50.2%)
Net profit from ordinary activities after income tax expense	1,332,878	down	(48.9%)

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2017 Interim dividend cents per share	2.75c	2.75c	30%
2016 Final dividend cents per share	2.5c	2.5c	30%

Interim dividend dates

Ex dividend date	16 May 2017
Record date	17 May 2017
Last election date for the DRP	19 May 2017
Payment date	26 May 2017

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 2.75 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 16	31 Dec 15
Net tangible asset backing (after tax) per share	\$1.05*	\$1.05

*The NTA figures are not diluted for the options on issue with an exercise price of \$1.14.

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 2016 Annual Financial Report.

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Financial Report

For the half year ended 31 December 2016

WAM Active Limited

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

Directors

Geoff Wilson (Chairman)
Matthew Kidman
John Abernethy
Kate Thorley
Chris Stott

Auditor

Pitcher Partners

Country of Incorporation

Australia

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: (02) 9290 9600
F: (02) 9279 0664

Company Secretary

Linda Vo

Registered Office

Level 11, 139 Macquarie Street
Sydney NSW 2000

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Investment Manager

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

Contact Details

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Australian Securities Exchange

WAM Active Limited
Ordinary Shares (WAA)
WAM Active Limited
Options (WAAO)

Contents

Directors' Report to shareholders	4
Auditor's Independence Declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' Declaration	15
Independent Auditor's Review Report	16

Directors' Report to shareholders for the half year ended 31 December 2016

The Directors present their report together with the financial report of WAM Active Limited for the half year ended 31 December 2016.

Directors

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

- Geoff Wilson (Chairman – Non-independent)
- Matthew Kidman (Director – Independent)
- John Abernethy (Director – Independent)
- Chris Stott (Director – Non-independent)
- Kate Thorley (Director – Non-independent)

Principal activity

The principal activity of the Company is investing in listed companies. The Company's investment objectives are to deliver a regular income stream of fully franked dividends, to provide a positive return with low volatility 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 \$1,775,071 (2015: \$3,564,968) and an operating profit after tax of \$1,332,878 (2015: \$2,606,469). The change in profit is a reflection of the change in value of the investment portfolio. The investment portfolio rose 7.4% in the six months to December 2016 while the portfolio increased 14.4% in the previous corresponding period. This reduction in absolute performance negatively impacted the half year profit.

Under Accounting Standards, realised gains and losses on the investment portfolio 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 Assets (NTA) per share. WAM Active's after tax NTA, adjusted for dividends, increased 3.6% for the 6 months to 31 December 2016.

The NTA after tax for each share as at 31 December 2016 amounted to \$1.05 per share (2015: \$1.05). The NTA before tax was \$1.06 per share (2015: \$1.05). These figures are after 2.5 cents of fully franked dividends paid to shareholders during the period (2015: 2.5 cents).

The total shareholder return for the Company for the period to 31 December 2016 was 17.2%, adjusted for dividends reinvested and options issued during the period.

On 11 August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. A total of 34,992,362 options were allotted to shareholders on the 19 September 2016. The options have an exercise price of \$1.14 per share and can be exercised at any time on or before 17 September 2018. The options are currently trading on the Australian Securities Exchange under the code WAAO.

As at 31 December 2016, a total of 411,027 options had been exercised for a total consideration of \$468,571, with the remaining balance of outstanding options being 34,581,335.

A fully franked dividend of 2.5 cents per share was paid in the 6 month period to 31 December 2016 and an interim dividend of 2.75 cents per share fully franked has been declared by the Board and will be paid on 26 May 2017.

Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 6 of this financial report.

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



Geoff Wilson
Chairman

Dated in Sydney this 15th day of February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF WAM ACTIVE LIMITED
ABN 49 126 420 719**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) 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.



CHRIS CHANDRAN
Partner

PITCHER PARTNERS
Sydney

15 February 2017

Statement of comprehensive income for the half year ended 31 December 2016

	Note	December 2016 \$	December 2015 \$
Net realised and unrealised gains on financial assets		1,712,811	4,230,288
Investment revenue	2	1,115,555	772,878
Performance fees		(457,102)	(912,056)
Management fees		(197,745)	(186,478)
Directors fees		(45,000)	(45,000)
Custody fees		(1,534)	(25,969)
ASX listing and chess fees		(44,413)	(39,442)
Share registry fees		(22,762)	(21,705)
Brokerage expense on share purchases		(141,527)	(122,888)
Expenses paid on borrowed stock		(25,468)	(14,695)
Payroll tax		(2,453)	-
Other expenses from ordinary activities		(115,291)	(69,965)
Profit before income tax		1,775,071	3,564,968
Income tax expense		(442,193)	(958,499)
Profit attributable to members of the Company	6	1,332,878	2,606,469
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		1,332,878	2,606,469
Basic earnings per share		3.8 cents	7.5 cents
Diluted earnings per share		3.8 cents	7.5 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2016

	Note	December 2016 \$	June 2016 \$
Current assets			
Cash and cash equivalents		6,881,697	15,974,380
Trade and other receivables		544,339	3,139,528
Financial assets		31,441,301	20,720,803
Total current assets		38,867,337	39,834,711
Non-current assets			
Deferred tax assets		27,627	9,156
Total non-current assets		27,627	9,156
Total assets		38,894,964	39,843,867
Current liabilities			
Financial liabilities		-	938,859
Trade and other payables		833,406	2,181,895
Current tax liabilities		443,907	162,155
Total current liabilities		1,277,313	3,282,909
Non-current liabilities			
Deferred tax liabilities		-	5,231
Total non-current liabilities		-	5,231
Total liabilities		1,277,313	3,288,140
Net assets		37,617,651	36,555,727
Equity			
Issued capital	4	35,879,906	35,263,028
Reserves	5	3,055,504	2,610,458
Accumulated losses	6	(1,317,759)	(1,317,759)
Total equity		37,617,651	36,555,727

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2016

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
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 half year		-	-	-	-
Transaction with owners:					
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
Balance at 1 July 2016		35,263,028	(1,317,759)	2,610,458	36,555,727
Profit for the half year		-	1,332,878	-	1,332,878
Transfer to profits reserve			(1,332,878)	1,332,878	-
Other comprehensive income for the half year		-	-	-	-
Transaction with owners:					
Shares issued via dividend reinvestment plan	4(b)	197,299	-	-	197,299
Shares issued via exercise of options	4(b)	468,571	-	-	468,571
Capitalised option issue costs	4(b)	(48,992)	-	-	(48,992)
Dividends paid	3(a)	-	-	(887,832)	(887,832)
Balance at 31 December 2016		35,879,906	(1,317,759)	3,055,504	37,617,651

The accompanying notes form part of these financial statements.

Statement of cash flows for the half year ended 31 December 2016

	Note	December 2016 \$	December 2015 \$
Cash flows from operating activities			
Proceeds from sale of investments		74,703,099	58,756,453
Payments for purchase of investments		(82,720,274)	(60,230,274)
Dividends received		524,779	458,948
Interest received		126,073	106,147
Trust distributions received		391,174	220,995
Underwriting fees received		5,709	52,356
Management fees (inclusive of GST)		(211,568)	(230,480)
Performance fees (inclusive of GST)		(1,139,721)	(267,314)
Brokerage expense on share purchases (inclusive of GST)		(151,777)	(131,695)
Payments for administration expenses (inclusive of GST)		(269,125)	(235,889)
GST on brokerage expense on share sales		(8,573)	(8,405)
Net GST received from the ATO		112,618	-
Income tax paid		(163,147)	(860,347)
Net cash used in operating activities		(8,800,733)	(2,369,505)
Cash flows from financing activities			
Dividends paid – net of reinvestment		(690,533)	(658,958)
Proceeds from issue of shares		468,571	-
Payments for issue of options		(69,988)	-
Net cash used in financing activities		(291,950)	(658,958)
Net decrease in cash and cash equivalents held		(9,092,683)	(3,028,463)
Cash and cash equivalents at the beginning of the half year		15,974,380	10,691,455
Cash and cash equivalents at end of the half year		6,881,697	7,662,992

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2016

1. Summary of significant accounting policies

These condensed interim financial statements and notes for the half year represent those of WAM Active Limited.

The half year financial report was authorised for issue on 15 February 2017 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 2016 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 certain financial assets and liabilities that have been measured at fair value.

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar.

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 2016 Annual Financial Report.

2. Investment revenue

	December 2016 \$	December 2015 \$
Australian sourced dividends	356,332	452,258
Interest	113,200	105,109
Trust distributions	622,120	205,792
Foreign sourced dividends	19,570	-
Underwriting fees	4,333	9,719
	1,115,555	772,878

3. Dividends

a) Ordinary dividends paid during the period

	December 2016 \$	December 2015 \$
Final Dividend FY2016: 2.5 cents per share fully franked at 30% tax rate paid 28 October 2016 (Final dividend FY2015: 2.5 cents per share fully franked)	887,832	867,346

b) Dividends not recognised during the period

	December 2016 \$	December 2015 \$
Interim Dividend FY2017: Since the end of the period the Directors have declared a 2.75 cents per share dividend fully franked at 30% tax rate payable on 26 May 2017 (Interim dividend FY2016: 2.5 cents per share fully franked).	981,657	872,745

4. Issued capital

a) Paid-up capital

	December 2016 \$	June 2016 \$
35,696,621 ordinary shares fully paid (June 2016: 35,109,715)	35,879,906	35,263,028

b) Ordinary shares

	December 2016 \$	June 2016 \$
Balance at the beginning of the period	35,263,028	34,849,177
175,879 ordinary shares issued on 28 October 2016 under a dividend reinvestment plan	197,299	-
411,027 ordinary shares issued from the exercise of options exercise price \$1.14	468,571	-
Share issue costs (net of tax)	(48,992)	-
215,968 ordinary shares issued on 30 October 2015 under a dividend reinvestment plan	-	208,389
199,987 ordinary shares issued on 29 April 2016 under a dividend reinvestment plan	-	205,462
At reporting date	35,879,906	35,263,028

c) Options

On 11 August 2016, the Company announced a one-for-one bonus option issue to all shareholders at no cost. A total of 34,992,362 options were allotted to shareholders on the 19 September 2016. The options have an exercise price of \$1.14 per share and can be exercised at any time on or before 17 September 2018. The options are currently trading on the Australian Securities Exchange under the code WAAO. As at 31 December 2016, a total of 411,027 options had been exercised for a total consideration of \$468,571, with a remaining balance of outstanding options being 34,581,335.

5. Reserves

	December 2016 \$	June 2016 \$
Profits reserve	3,055,504	2,610,458

The profit reserve is made up of amounts transferred from current period profits and are preserved for future dividend payments.

	December 2016 \$	June 2016 \$
Movement in profits reserve		
Balance at the beginning of the period	2,610,458	1,143,942
Transfer of profits during the period	1,332,878	3,206,607
Final dividend paid (refer to note 3a)	(887,832)	(867,346)
Interim dividend paid (refer to note 3b)	-	(872,745)
At reporting date	3,055,504	2,610,458

6. Accumulated losses

	December 2016 \$	June 2016 \$
Balance at the beginning of the period	(1,317,759)	(1,250,500)
Transfer to profits reserve	(1,332,878)	(3,206,607)
Profit for the period attributable to members of the Company	1,332,878	3,139,348
At reporting date	(1,317,759)	(1,317,759)

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.

7. Financial instruments measured at fair value (cont'd)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2016:

31 December 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	30,867,766	573,535	-	31,441,301
Financial liabilities	-	-	-	-
Total	30,867,766	573,535	-	31,441,301

30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	20,253,481	467,322	-	20,720,803
Financial liabilities	(938,859)	-	-	(938,859)
Total	19,314,622	467,322	-	19,781,944

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. Capital commitments

There were no capital commitments entered into by the Company before period end which settle after period end (June 2016: nil).

10. Contingent liabilities

There are no contingent liabilities for the company as at 31 December 2016 (June 2016: \$nil).

11. Events subsequent to reporting date

Since the end of the half year, the Board has declared a final dividend of 2.75 cents per share fully franked to be paid on 26 May 2017.

No other matter or circumstance has arisen since the end of the period which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of WAM Active Limited declare that:

1. The financial statements and notes, as set out on pages 7 to 14, 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 2016 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.



Geoff Wilson
Chairman

Dated in Sydney this 15th day of February 2017

**Independent Auditor's Review Report
to the Members of WAM Active Limited
ABN: 49 126 420 719**

Report on the period of 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 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the period of 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 2016 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. 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 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 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

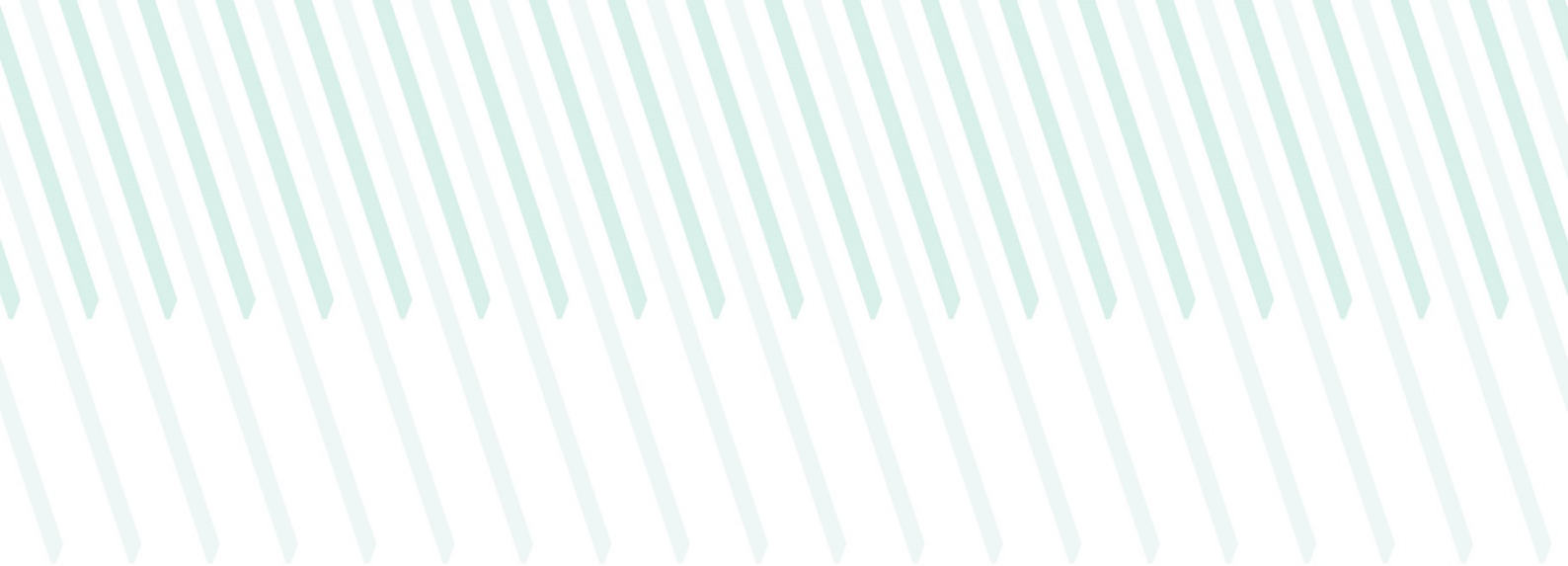


CHRIS CHANDRAN
Partner



PITCHER PARTNERS
Sydney

15 February 2017



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