

# WAM LEADERS LIMITED

ABN 33 611 053 751

## Appendix 4D Half Year Report

for the half year ended 31 December 2017

### Results for Announcement to the Market

All comparisons are for the period 1 March to 31 December 2016

	\$	up/down	% mvmt
Revenue from ordinary activities	70,137,309	up	138.7%
Profit from ordinary activities before income tax expense	62,663,573	up	158.8%
Net profit from ordinary activities after income tax expense	45,403,714	up	154.9%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2018 Interim dividend cents per share	2.5c	2.5c	30%
2017 Final dividend cents per share	2.0c	2.0c	30%

#### Interim dividend dates

Ex dividend date	12 April 2018
Record date	13 April 2018
Last election date for the DRP	17 April 2018
Payment date	27 April 2018

#### 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 calculated as the VWAP (volume weighted average market price) of shares sold on the ASX over the four trading days commencing on the ex-dividend date for the relevant dividend.

	31 Dec 17	31 Dec 16
Net tangible asset backing (after tax) per share	\$1.17	\$1.13

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 2017 Financial Report.

W | A | M *Leaders*



# Financial Report

For the half year ended 31 December 2017

# WAM Leaders Limited

WAM Leaders Limited (WAM Leaders 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)  
Lindsay Mann  
Melinda Snowden  
Kate Thorley  
Chris Stott

## Company Secretary

Linda Vo

## Investment Manager

MAM Pty Limited  
Level 11, 139 Macquarie Street  
Sydney NSW 2000  
(part of Wilson Asset Management)

## Auditor

Pitcher Partners

## Country of Incorporation

Australia

## Registered Office

Level 11, 139 Macquarie Street  
Sydney NSW 2000

## Contact Details

Postal Address: GPO Box 4658  
Sydney NSW 2001  
T: (02) 9247 6755  
F: (02) 9247 6855  
E: [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au)  
W: [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au)

## Share Registry

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

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

## Australian Securities Exchange

WAM Leaders Limited  
Ordinary Shares (WLE)

## 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 2017

The Directors present their report together with the financial report of WAM Leaders Limited for the half year ended 31 December 2017.

### 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)

Lindsay Mann (Director – Independent)

Melinda Snowden (Director – Independent)

Kate Thorley (Director – Non-independent)

Chris Stott (Director – Non-independent)

### Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are: to deliver a rising stream of fully franked dividends; to provide capital growth 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 during the half year resulted in an operating profit before tax of \$62,663,573 (2016: \$24,212,185) and an operating profit after tax of \$45,403,714 (2016: \$17,809,974). The profit for the period is reflective of the sound performance of the investment portfolio over the six months to 31 December 2017, as well as the growth in assets in comparison to the prior period. The investment portfolio increased 11.9% in the six months to December 2017, outperforming the S&P/ASX 200 Accumulation Index by 3.5%. In the 12-month period to December 2017, the investment portfolio has increased 16.5%, outperforming the S&P/ASX 200 Accumulation Index which rose 11.8%.

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 between periods. We believe the most appropriate measure of the results is the change in Net Tangible Asset (NTA) per share and the fully franked dividends paid. This performance measure shows the change in the value of the assets that belong to the shareholders over the six month period.

WAM Leaders' before tax NTA, after adjusting for dividends, increased 4.5% for the six months to 31 December 2017. This increase is after the FY2017 income tax provision of 0.8 cents per share or 0.7%, with 2.0 cents of fully franked dividends being paid during the period. Corporate tax is an item of difference between the investment portfolio performance of 11.9% and the net tangible asset performance. When paid, the franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in value of the assets during the period were management fees of 0.4%, performance fee accrued of 0.3% and the effect of options exercised of 6.0%.

The NTA after tax for each share as at 31 December 2017 amounted to \$1.17 per share (June 2017: \$1.15). The NTA before tax was \$1.20 per share (June 2017: \$1.17). These figures are after 2.0 cents of fully franked dividends paid to shareholders during the period.

On 27 May 2016, the Company announced the lodgement of a Replacement Prospectus dated 18 April 2016 and shareholders who subscribed for shares under the Company's IPO were issued with one option for each share they acquired. The Company successfully raised \$377,307,969 during the term of the option issue, which expired on 17 November 2017. A total of 343,007,236 options (95.7%) were exercised, with the remaining options expiring.

As the Company's capital base increases, its on-market liquidity increases and its relevance in the market grows. All of these factors improve the prospect of broker and research coverage and can drive additional interest from stockbrokers and financial planners.

The total shareholder return for the Company for the period to 31 December 2017 was 6.6%.

#### **Dividends paid or recommended**

The Board is committed to paying fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. A fully franked dividend of 2.0 cents per share was paid in the 6 month period to 31 December 2017 and an interim dividend of 2.5 cents per share fully franked has been declared by the Board and will be paid on 27 April 2018.

#### **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, unless otherwise indicated.

#### **Auditor's independence declaration**

A copy of the Auditors' 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 5<sup>th</sup> day of February 2018

**Auditor's Independence Declaration  
To the Directors of WAM Leaders Limited  
ABN 33 611 053 751**

In relation to the independent auditor's review for the half-year ended 31 December 2017, 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 Leaders Limited during the period.



Chris Chandran  
Partner

Pitcher Partners  
Sydney

5 February 2018

## Statement of comprehensive income for the half year ended 31 December 2017

	Note	December 2017 \$	For the period March 2016 to December 2016 \$
Net realised and unrealised gains on financial assets		62,010,538	22,787,326
Other revenue from operating activities	2	8,126,771	6,600,277
Management fees		(3,206,728)	(2,470,963)
Performance fees		(2,409,768)	-
Directors fees		(45,000)	(53,607)
Brokerage expense on share purchases		(1,378,210)	(1,785,464)
Expenses paid on borrowed stock		-	(487,125)
Custody fees		(25,455)	(17,145)
ASX listing and chess fees		(112,857)	(134,822)
Share registry fees		(154,641)	(93,307)
Disbursements, mailing and printing		(37,943)	(23,501)
Other expenses from ordinary activities		(103,134)	(109,484)
<b>Profit before income tax</b>		<b>62,663,573</b>	<b>24,212,185</b>
Income tax expense		(17,259,859)	(6,402,211)
<b>Profit after income tax attributable to members of the Company</b>	6	<b>45,403,714</b>	<b>17,809,974</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>45,403,714</b>	<b>17,809,974</b>
<b>Basic earnings per share</b>		<b>9.20 cents</b>	<b>4.96 cents</b>
<b>Diluted earnings per share</b>		<b>9.20 cents</b>	<b>4.82 cents</b>

The accompanying notes form part of these financial statements.

## Statement of financial position as at 31 December 2017

	Note	December 2017 \$	June 2017 \$
<b>Current assets</b>			
Cash and cash equivalents		96,581,153	102,572,734
Trade and other receivables		461,612	17,189,044
Financial assets		756,883,744	371,441,579
<b>Total current assets</b>		<b>853,926,509</b>	<b>491,203,357</b>
<b>Non-current assets</b>			
Deferred tax assets		1,113,851	1,335,664
<b>Total non-current assets</b>		<b>1,113,851</b>	<b>1,335,664</b>
<b>Total assets</b>		<b>855,040,360</b>	<b>492,539,021</b>
<b>Current liabilities</b>			
Trade and other payables		4,974,097	12,083,836
Current tax liabilities		9,841,288	5,782,559
<b>Total current liabilities</b>		<b>14,815,385</b>	<b>17,866,395</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		16,431,306	3,451,988
<b>Total non-current liabilities</b>		<b>16,431,306</b>	<b>3,451,988</b>
<b>Total liabilities</b>		<b>31,246,691</b>	<b>21,318,383</b>
<b>Net assets</b>		<b>823,793,669</b>	<b>471,220,638</b>
<b>Equity</b>			
Issued capital	4	767,343,018	446,140,575
Profits reserve	5	57,020,994	25,650,406
Accumulated losses	6	(570,343)	(570,343)
<b>Total equity</b>		<b>823,793,669</b>	<b>471,220,638</b>

The accompanying notes form part of these financial statements.



## Statement of changes in equity for the half year ended 31 December 2017

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 March 2016 (date of incorporation)</b>		-	-	-	-
Profit for the period		-	17,809,974	-	17,809,974
Transfer to profits reserve		-	(17,809,974)	17,809,974	-
Other comprehensive income for the period		-	-	-	-
<b>Transaction with owners:</b>					
Share issued on incorporation	4(b)	1	-	-	1
Shares issued via initial public offering	4(b)	394,309,935	-	-	394,309,935
Shares issued via exercise of options		1,375,879	-	-	1,375,879
Share issue costs (net of tax)		(5,170,423)	-	-	(5,170,423)
<b>Balance at 31 December 2016</b>		<b>390,515,392</b>	<b>-</b>	<b>17,809,974</b>	<b>408,325,366</b>
<b>Balance at 1 July 2017</b>		<b>446,140,575</b>	<b>(570,343)</b>	<b>25,650,406</b>	<b>471,220,638</b>
Profit for the half year		-	45,403,714	-	45,403,714
Transfer to profits reserve		-	(45,403,714)	45,403,714	-
Other comprehensive income for the half year		-	-	-	-
<b>Transaction with owners:</b>					
Shares issued via dividend reinvestment plan	4(b)	676,614	-	-	676,614
Shares issued via exercise of options	4(b)	320,525,829	-	-	320,525,829
Dividends paid	3(a)	-	-	(14,033,126)	(14,033,126)
<b>Balance at 31 December 2017</b>		<b>767,343,018</b>	<b>(570,343)</b>	<b>57,020,994</b>	<b>823,793,669</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the period ended 31 December 2017

	Note	December 2017 \$	For the period March 2016 to December 2016 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		707,577,819	878,784,405
Payments for purchase of investments		(1,025,052,216)	(1,190,679,438)
Dividends received		7,837,680	3,921,329
Interest received		992,993	1,826,209
Other investment income received		316,389	456,013
Management fees (GST inclusive)		(3,099,864)	(2,273,278)
Brokerage expense on share purchases (GST inclusive)		(1,479,026)	(1,915,570)
Payments for administration expenses (GST inclusive)		(513,172)	(1,281,257)
GST on brokerage expense on share sales		(75,752)	(83,410)
Net GST received from the ATO		334,251	750,130
<b>Net cash used in operating activities</b>		<b>(313,160,898)</b>	<b>(310,494,867)</b>
<b>Cash flows from financing activities</b>			
Shares issued via initial public offering and on incorporation		-	394,309,936
Shares issued via exercise of options		320,525,829	1,375,879
Dividends paid – net of reinvestment		(13,356,512)	-
Share issue costs		-	(7,371,443)
<b>Net cash provided by financing activities</b>		<b>307,169,317</b>	<b>388,314,372</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(5,991,581)</b>	<b>77,819,505</b>
Cash and cash equivalents at the beginning of the period		102,572,734	-
<b>Cash and cash equivalents at the end of the period</b>		<b>96,581,153</b>	<b>77,819,505</b>
<b>Non- cash transactions:</b>			
Shares issued via dividend reinvestment plan		676,614	-

The accompanying notes form part of these financial statements

# Notes to the financial statements for the half year ended 31 December 2017

## 1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 5 February 2018 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* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

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 Financial Report for the period ended 30 June 2017 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, unless otherwise indicated.

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 2017 Financial Report.

## 2. Other revenue

	December 2017 \$	December 2016 \$
Australian sourced dividends	6,602,040	3,882,066
Interest	958,260	1,981,413
Trust distributions	208,664	515,937
Foreign sourced dividends	329,282	209,208
Underwriting fees	28,525	11,653
	<b>8,126,771</b>	<b>6,600,277</b>

### 3. Dividends

#### a) Ordinary dividends paid during the period

	December 2017 \$	December 2016 \$
Final Dividend FY2017: 2.0 cents per share fully franked at 30% tax rate paid 5 December 2017	<b>14,033,126</b>	-

#### b) Dividends not recognised during the period

	December 2017 \$	December 2016 \$
Since period end, the Directors have declared an interim dividend fully franked of 2.5 cents per share payable on 27 April 2018 (Interim dividend FY2017: 1.0 cent per share fully franked)	<b>17,556,269</b>	<b>4,097,812</b>

### 4. Issued capital

#### a) Paid-up capital

	December 2017 \$	June 2017 \$
702,250,762 ordinary shares fully paid (June 2017: 410,269,192)	<b>767,343,018</b>	<b>446,140,575</b>

#### b) Movement in issued capital

	December 2017 \$	June 2017 \$
Balance at the beginning of the period	446,140,575	-
594,460 ordinary shares issued under the dividend reinvestment plan	676,614	-
291,387,110 ordinary shares issued under the exercise of options exercise price \$1.10	320,525,829	-
1 ordinary share issued on 1 March 2016 (incorporation date)	-	1
358,463,577 ordinary shares issued on 24 May 2016 under the initial public offering	-	394,309,935
51,620,126 ordinary shares issued under the exercise of options exercise price \$1.10	-	56,782,140
185,488 ordinary shares issued under the dividend reinvestment plan	-	208,509
Share issue costs (net of tax)	-	(5,160,010)
At reporting date	<b>767,343,018</b>	<b>446,140,575</b>

#### c) Options

On 27 May 2016, the Company announced the lodgement of a Replacement Prospectus dated 18 April 2016 and shareholders who subscribed for shares under the Company's IPO were issued with one option for each share they acquired. The Company successfully raised \$377,307,969 during the term of the option issue, which expired on 17 November 2017. A total of 343,007,236 options (95.7%) were exercised, with the remaining options expiring.

**5. Profits reserve**

	December 2017 \$	June 2017 \$
Profits reserve	<b>57,020,994</b>	<b>25,650,406</b>

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

	December 2017 \$	June 2017 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the reporting period	25,650,406	-
Transfer of profits during the period	45,403,714	29,748,218
Final dividend paid (refer to note 3a)	(14,033,126)	-
Interim dividend paid (refer to note 3b)	-	(4,097,812)
At reporting date	<b>57,020,994</b>	<b>25,650,406</b>

**6. Accumulated losses**

	December 2017 \$	June 2017 \$
Balance at the beginning of the reporting period	(570,343)	-
Profit for the period attributable to members of the Company	45,403,714	29,177,875
Transfer to profits reserve	(45,403,714)	(29,748,218)
At reporting date	<b>(570,343)</b>	<b>(570,343)</b>

**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.

## 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 2017:

31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>	756,883,744	-	-	756,883,744
<b>Financial liabilities</b>	-	-	-	-
<b>Total</b>	<b>756,883,744</b>	<b>-</b>	<b>-</b>	<b>756,883,744</b>

30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>	371,441,579	-	-	371,441,579
<b>Financial liabilities</b>	-	-	-	-
<b>Total</b>	<b>371,441,579</b>	<b>-</b>	<b>-</b>	<b>371,441,579</b>

## 8. Contingent liabilities

There are no contingent liabilities for the Company as at 31 December 2017 (June 2017: \$nil).

## 9. Capital commitments

There were no capital commitments entered into by the Company before period end which settle after period end (June 2017: \$nil).

## 10. Segment reporting

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

## 11. Events subsequent to reporting date

Since the end of the period, the Directors declared an interim dividend of 2.5 cents per share fully franked to be paid on 27 April 2018.


No other matters or circumstances have arisen since the end of the financial 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 Leaders Limited declare that:

- 1) The financial report as set out in pages 7 to 14, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, 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 2017 and of its performance for the period 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 5<sup>th</sup> day of February 2018

**Independent Auditor's Review Report  
to the Members of WAM Leaders Limited  
ABN 33 611 053 751**

**Report on the Half Year Financial Report**

We have reviewed the accompanying half-year financial report of WAM Leaders Limited ("the company"), which comprises the statement of financial position as at 31 December 2017, 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 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 *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 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 Leaders 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.



**Independent Auditor's Review Report  
to the Members of WAM Leaders Limited  
ABN 33 611 053 751**

**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 Leaders 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 2017 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

5 February 2018

# Wilson

## Asset Management

---

wilsonassetmanagement.com.au  
Telephone. + 61 2 9247 6755  
Fax. +61 2 9247 6855

info@wilsonassetmanagement.com.au  
Level 11, 139 Macquarie Street  
Sydney NSW 2000 Australia