



## WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

### APPENDIX 4E PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET *All comparisons to the year ended 30 June 2014*

	\$	up/down	% mvmt
Revenue from ordinary activities	2,162,617	down	64.5%
Profit from ordinary activities before tax attributable to members	896,077	down	77.9%
Profit from ordinary activities after tax attributable to members	897,681	down	71.7%
Net profit for the period attributable to members	897,681	down	71.7%

	Cents per share
<b>Return of Capital</b>	
Return of Capital paid June 2015	4.0c

	Cents per share	Franked amount per share	Tax rate for franking
<b>Dividend Information</b>			
Final dividend cents per share	2.5c	2.5c	30%

<b>Final Dividend Dates</b>	
Ex dividend date	19 October 2015
Record date	21 October 2015
Last election date for the DRP	22 October 2015
Payment date	30 October 2015

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended fully franked final 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 on the ex date for the relevant dividend and the 3 trading days following that date.

	30 June 15	30 June 14
Net tangible asset backing (after tax) per share	\$1.00	\$1.06

*This report is based on the Annual Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.*

# WAM ACTIVE LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Net realised and unrealised gains on financial assets		252,687	4,349,178
Investment revenue	2	1,909,930	1,742,770
Performance fees		(249,088)	(1,066,497)
Management fees		(371,420)	(374,057)
Directors fees		(80,000)	(70,000)
Dividends paid on borrowed stock		(59,949)	(31,583)
Custody fees		(42,157)	(52,366)
ASX listing and chess fees		(43,711)	(45,176)
Share registry fees		(31,669)	(36,384)
Brokerage expense on share purchases		(240,210)	(209,371)
Other expenses from ordinary activities		<u>(148,336)</u>	<u>(147,892)</u>
<b>Profit before income tax</b>		<b>896,077</b>	<b>4,058,622</b>
Income tax benefit/(expense)	3(a)	<u>1,604</u>	<u>(887,419)</u>
<b>Profit attributable to members of the Company</b>		<b><u>897,681</u></b>	<b><u>3,171,203</u></b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b><u>897,681</u></b>	<b><u>3,171,203</u></b>
<b>Basic earnings per share</b>	15	<b><u>2.6 cents</u></b>	<b><u>9.7 cents</u></b>
<b>Diluted earnings per share</b>	15	<b><u>2.6 cents</u></b>	<b><u>9.7 cents</u></b>

# WAM ACTIVE LIMITED

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## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
Cash and cash equivalents	13	10,691,455	17,546,424
Trade and other receivables	6	2,419,411	1,849,922
Financial assets	7	23,244,138	20,801,747
Current tax assets	3(c)	203,180	7,895
Deferred tax assets	3(b)	13,720	12,624
<b>Total Assets</b>		<b>36,571,904</b>	<b>40,218,612</b>
<b>Liabilities</b>			
Financial liabilities	8	248,935	1,082,900
Trade and other payables	9	1,569,520	2,665,546
Deferred tax liabilities	3(d)	10,830	39,035
<b>Total Liabilities</b>		<b>1,829,285</b>	<b>3,787,481</b>
<b>Net Assets</b>		<b>34,742,619</b>	<b>36,431,131</b>
<b>Equity</b>			
Issued capital	10(a)	34,849,177	35,788,177
Reserves	11	1,143,942	1,659,413
Accumulated losses	12	(1,250,500)	(1,016,459)
<b>Total Equity</b>		<b>34,742,619</b>	<b>36,431,131</b>

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

		Issued capital	Accumulated losses	Profits reserve	Total equity
		\$	\$	\$	\$
	Note				
<b>Balance at 1 July 2013</b>		<b>27,091,075</b>	<b>(1,016,459)</b>	<b>1,599,380</b>	<b>27,673,996</b>
Profit for the year		-	3,171,203	-	3,171,203
Transfer to profits reserve	11	-	(3,171,203)	3,171,203	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan and underwriting of DRP	10(b)	1,855,979	-	-	1,855,979
Shares issued via exercise of options		6,841,123	-	-	6,841,123
Dividends paid	4(a)	-	-	(3,111,170)	(3,111,170)
<b>Balance at 30 June 2014</b>		<b>35,788,177</b>	<b>(1,016,459)</b>	<b>1,659,413</b>	<b>36,431,131</b>
Profit for the year		-	897,681	-	897,681
Transfer to profits reserve	11	-	(1,131,722)	1,131,722	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	10(b)	448,750	-	-	448,750
Return of Capital	10(d)	(1,387,750)	-	-	(1,387,750)
Dividends paid	4(a)	-	-	(1,647,193)	(1,647,193)
<b>Balance at 30 June 2015</b>		<b>34,849,177</b>	<b>(1,250,500)</b>	<b>1,143,942</b>	<b>34,742,619</b>

# WAM ACTIVE LIMITED

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## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		115,294,695	98,396,529
Payments for purchase of investments		(119,163,416)	(98,168,128)
Dividends and trust distributions received		1,170,491	1,132,784
Interest received		490,624	423,740
Other investment income received		264,806	188,283
Management fees (inclusive of GST)		(402,403)	(378,071)
Performance fees (inclusive of GST)		(1,144,533)	(488,099)
Brokerage expense on share purchases (inclusive of GST)		(257,704)	(224,432)
Payments for administration expenses (inclusive of GST)		(429,017)	(357,382)
GST on brokerage expense on share sales		(15,803)	(16,144)
Net GST received from the ATO		146,467	97,336
Income tax paid		(222,983)	(995,895)
<b>Net cash used in operating activities</b>	<b>14</b>	<b>(4,268,776)</b>	<b>(389,479)</b>
<b>Cash flows from financing activities</b>			
Proceeds from options exercised		-	6,841,123
Proceeds from DRP underwriting		-	1,166,724
Return of Capital paid		(1,387,750)	-
Dividends paid – net of reinvestment		(1,198,443)	(2,421,915)
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,586,193)</b>	<b>5,585,932</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(6,854,969)</b>	<b>5,196,453</b>
Cash and cash equivalents at beginning of financial year		<b>17,546,424</b>	<b>12,349,971</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>13</b>	<b>10,691,455</b>	<b>17,546,424</b>

# WAM ACTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies

#### **Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

WAM Active Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 financial assets and certain other financial assets and liabilities which have been measured at fair value.

#### **a) Financial instruments**

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of Comprehensive Income immediately.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial instruments into the following categories:

##### *(i) Financial assets at fair value through profit or loss*

Financial assets are classified "at fair value through the profit or loss" when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income in the period in which they arise.

# WAM ACTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies (cont'd)

#### a) Financial instruments (cont'd)

##### (ii) *Financial liabilities at fair value through profit or loss*

Financial liabilities such as borrowed stock is classified "at fair value through profit or loss". Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income in which they arise.

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Comprehensive Income.

#### b) Income tax

The charge of current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the current financial year. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

# **WAM ACTIVE LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

### **1. Summary of significant accounting policies (cont'd)**

#### **b) Income tax (cont'd)**

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and other term deposits maturing within four months or less.

#### **d) Revenue and other income**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

#### **e) Trade and other receivables**

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at their amortised cost less the provision for impairment losses (please refer to Note 1(g) for further detail).

#### **f) Trade and other payables**

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

#### **g) Impairment of assets**

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

#### **h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies (cont'd)

#### h) Goods and Services Tax (GST) (cont'd)

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### j) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgements that have a material impact on the financial results of the Company for the year ended 30 June 2015. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

#### k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

#### l) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

#### m) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to adopt any of the new and amended pronouncements. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: Financial Instruments and its associated amending standards.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - Financial Instruments: Recognition and Measurement. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

# WAM ACTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 2. Investment revenue

	2015 \$	2014 \$
Australian sourced dividends	1,171,480	1,124,109
Interest	447,680	406,702
Trust distributions	260,166	190,735
Foreign sourced dividends	4,137	10,397
Underwriting fees	26,467	10,827
	<b>1,909,930</b>	<b>1,742,770</b>

### 3. Taxation

#### a) Income tax (benefit)/expense

The prima facie tax on profit before income tax is reconciled to the income tax (benefit)/expense as follows:

	2015 \$	2014 \$
Prima facie tax on profit before income tax at 30% (2014: 30%)	268,823	1,217,587
Imputation credit gross up	115,476	142,131
Foreign income tax offset gross up	422	550
Imputation credit offset	(384,920)	(473,769)
Foreign income tax offset	(1,405)	(1,835)
Other non-assessable items	-	2,755
	<b>(1,604)</b>	<b>887,419</b>

Total income tax (benefit)/expense results in a:

Current tax expense	27,697	1,128,188
Deferred tax liability	(28,205)	(241,953)
Deferred tax asset	(1,096)	1,184
	<b>(1,604)</b>	<b>887,419</b>

#### b) Deferred tax assets

	2015 \$	2014 \$
Provisions	8,729	6,732
Option issue costs	2,473	4,815
Capitalised legal fees	2,518	1,077
	<b>13,720</b>	<b>12,624</b>

#### Movement in deferred tax assets

Balance at the beginning of the year	12,624	49,885
Recoup losses	-	(36,077)
Credited to the Statement of Comprehensive Income	1,096	(1,184)
At reporting date	<b>13,720</b>	<b>12,624</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3. Taxation (cont'd)

#### c) Current tax assets

	2015 \$	2014 \$
Balance at the beginning of the year	7,895	-
Current year income tax expense on operating profit	(27,697)	(1,128,188)
Net income tax paid	222,979	1,100,006
Transfer tax losses from deferred tax asset	-	36,077
Overprovision in prior period	3	-
At reporting date	<b>203,180</b>	<b>7,895</b>

#### d) Deferred tax liabilities

	2015 \$	2014 \$
Fair value adjustments	-	20,132
Income provisions	10,830	18,903
	<b>10,830</b>	<b>39,035</b>

#### Movement in deferred tax liabilities

Balance at the beginning of the year	39,035	280,988
Credited to the Statement of Comprehensive Income	(28,205)	(241,953)
At reporting date	<b>10,830</b>	<b>39,035</b>

### 4. Dividends

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

	2015 \$	2014 \$
Final Dividend FY2014: 4.8 cents per share fully franked at 30% tax rate paid 24 October 2014 (Final dividend FY2013: 4.75 cents per share fully franked)	1,647,193	1,478,136
Interim Dividend FY2015: no dividend declared (Interim dividend FY2014: 4.8 cents per share fully franked)	-	1,633,034
Dividends paid by the Company	<b>1,647,193</b>	<b>3,111,170</b>

#### b) Dividends not recognised at year end

In addition to the above dividends, since the end of the year, the Directors have declared the following dividend which has not been recognised as a liability at the end of the financial year:

Final dividend for the year ended 30 June 2015 of 2.5 cents per share fully franked at 30% tax rate payable 30 October 2015 (FY2014: 4.8 cents fully franked)

<b>867,344</b>	<b>1,647,193</b>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 4. Dividends (cont'd)

#### c) Dividend franking account

	2015 \$	2014 \$
Balance of franking account at year end	<u>64,324</u>	<u>162,363</u>

#### d) Adjustments to franking account after year end

Balance of franking account at year end	64,324	162,363
Estimated income tax refund due	(203,180)	(7,894)
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in b) above as follows:	<u>(371,719)</u>	<u>(705,940)</u>
	<u><b>(510,575)</b></u>	<u><b>(551,471)</b></u>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$10,830 (2014: \$39,035).

### 5. Auditor's remuneration

#### Remuneration of the auditor of the Company for:

	2015 \$	2014 \$
Auditing or reviewing the financial report	36,512	35,797
Other assurance services	1,017	-
Other services provided by a related practice of the auditor:		
Taxation Services	<u>7,260</u>	<u>7,398</u>
	<u><b>44,789</b></u>	<u><b>43,195</b></u>

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other audit related tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 6. Trade and other receivables

	2015	2014
	\$	\$
Outstanding settlements	2,307,865	1,662,647
Income receivable	74,985	90,976
GST receivable	36,561	96,299
	<u>2,419,411</u>	<u>1,849,922</u>

Outstanding settlements are on the terms of operating in the securities industry. These are non-interest bearing and require the settlement within three days of the date of a transaction. Income receivable relates to interest, sub-underwriting fees, dividend, and trust distributions receivable at the end of the reporting period.

### 7. Financial assets

	2015	2014
	\$	\$
Listed investments at fair value	23,010,511	20,781,152
Unlisted investments at fair value	233,627	20,595
	<u>23,244,138</u>	<u>20,801,747</u>

The majority of unlisted investments held at 30 June 2015 relate to Initial Public Offerings that have listed on the Australian Securities Exchange since year end.

### 8. Financial liabilities

	2015	2014
	\$	\$
Borrowed stock	<u>248,935</u>	<u>1,082,900</u>

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the gross value of the Portfolio of the Company as outlined in the Company's Management Agreement.

### 9. Trade and other payables

	2015	2014
	\$	\$
Outstanding settlements	1,092,965	1,292,799
Management fee payable	99,338	103,144
Performance fee payable	267,314	1,144,533
Sundry payables	109,903	125,070
	<u>1,569,520</u>	<u>2,665,546</u>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within three days of the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 10. Issued capital

#### a) Paid-up capital

	2015 \$	2014 \$
34,693,760 ordinary shares fully paid (2014: 34,316,532)	<u>34,849,177</u>	<u>35,788,177</u>

#### b) Ordinary shares

Balance at the beginning of the year	35,788,177	27,091,075
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)	-
271,076 ordinary shares issued on 4 October 2013 under a dividend reinvestment plan		311,412
1,015,602 ordinary shares issued on 4 October 2013 under a dividend reinvestment plan underwriting agreement	-	1,166,724
295,009 ordinary shares issued on 30 April 2014 under a dividend reinvestment plan	-	377,843
6,334,373 ordinary shares issued from the exercise of options allotted July 2013 to December 2013 exercise price \$1.08	-	6,841,123
At reporting date	<u>34,849,177</u>	<u>35,788,177</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings; otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

#### c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company deploys its capital. At the core of this management is the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and option issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

#### d) Return of Capital

As at 31 December 2014, the Company's net assets were less than issued capital. The Directors recognise investors have cash flow needs and therefore declared a 4.0 cents per share Return of Capital, which was approved by shareholders at an Extraordinary General Meeting held in Sydney on 19 May 2015. WAM Active traded ex-Return of Capital on 21 May 2015 and the payment was made on 1 June 2015.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 11. Reserves

	2015 \$	2014 \$
Profits reserve	<u>1,143,942</u>	<u>1,659,413</u>

The profits reserve details an amount preserved for future dividend payments as outlined in accounting policy Note 1(k).

### Movement in profits reserve

	2015 \$	2014 \$
Balance at the beginning of the year	1,659,413	1,599,380
Transfer from retained earnings	1,131,722	3,171,203
Final dividend paid (refer to note 4a)	(1,647,193)	(1,478,136)
Interim dividend paid (refer to note 4a)	-	(1,633,034)
At reporting date	<u>1,143,942</u>	<u>1,659,413</u>

### 12. Accumulated losses

	2015 \$	2014 \$
Balance at the beginning of the year	(1,016,459)	(1,016,459)
Transfer to profits reserve	(1,131,722)	(3,171,203)
Profit for the year attributable to members of the Company	897,681	3,171,203
At reporting date	<u>(1,250,500)</u>	<u>(1,016,459)</u>

### 13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2014 \$
Cash at bank and on hand	458,692	3,201,009
Cash at call	7,232,763	-
Term deposits	<u>3,000,000</u>	<u>14,345,415</u>
	<u>10,691,455</u>	<u>17,546,424</u>

The weighted average interest rate for cash and term deposits as at 30 June 2015 is 2.53% (2014: 3.28%). The term deposits have an average maturity of 100 days (2014: 107 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating. The term deposits also includes the cash collateral for the borrowed stock (refer Note 8).

# WAM ACTIVE LIMITED

A.B.N. 49 126 420 719

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 14. Cash flow information

	2015 \$	2014 \$
<b>Reconciliation of operating profit after income tax:</b>		
Profit after income tax	897,681	3,171,203
Fair value losses on financial assets	(3,276,355)	(4,845,547)
<b>Changes in assets and liabilities:</b>		
Increase in receivables	(569,488)	(535,146)
(Increase)/decrease in deferred tax assets	(1,096)	37,261
(Decrease)/increase in payables	(1,096,027)	1,928,487
(Increase)/decrease in current tax assets	(195,286)	96,216
Decrease in deferred tax liabilities	(28,205)	(241,953)
Cash flow from operating activities	<b>(4,268,776)</b>	<b>(389,479)</b>

### 15. Earnings per share

	2015 \$	2014 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	897,681	3,171,203
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	34,590,997	32,673,032

There are no outstanding securities that are potentially dilutive in nature for the Company.

### 16. Segment reporting

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

### 17. Capital commitments

There are no capital commitments as at 30 June 2015 (2014: nil).

### 18. Contingent liabilities

There are no contingent liabilities as at 30 June 2015 (2014: \$nil).

### 19. Events subsequent to reporting date

Since year end the Board has declared a final dividend of 2.5 cents per share fully franked to be paid on 30 October 2015.

No other matters or circumstances have arisen since the end of the financial year 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 years.