

WAM CAPITAL LIMITED
 ABN 34 086 587 395
AND CONTROLLED ENTITY

APPENDIX 4D - HALF YEAR REPORT
for the half year ended 31 December 2013

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

	\$	up/down	% mvmt
Revenue from ordinary activities	74,365,097	up	156.9%
Profit from ordinary activities before income tax expense	69,529,495	up	118.9%
Net profit from ordinary activities after income tax expense	51,922,384	up	107.2%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2014 Interim dividend cents per share	6.5c	6.5c	30%
2013 Final dividend cents per share	6.0c	6.0c	30%

Interim dividend dates

Ex dividend date	18 March 2014
Record date	24 March 2014
Payment date	31 March 2014

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended fully franked interim dividend of 6.5 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 weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date less the discount).

	31 Dec 13	31 Dec 12
Net tangible asset backing (after tax) cents per share	\$1.76	\$1.70

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2013 Annual Financial Report.



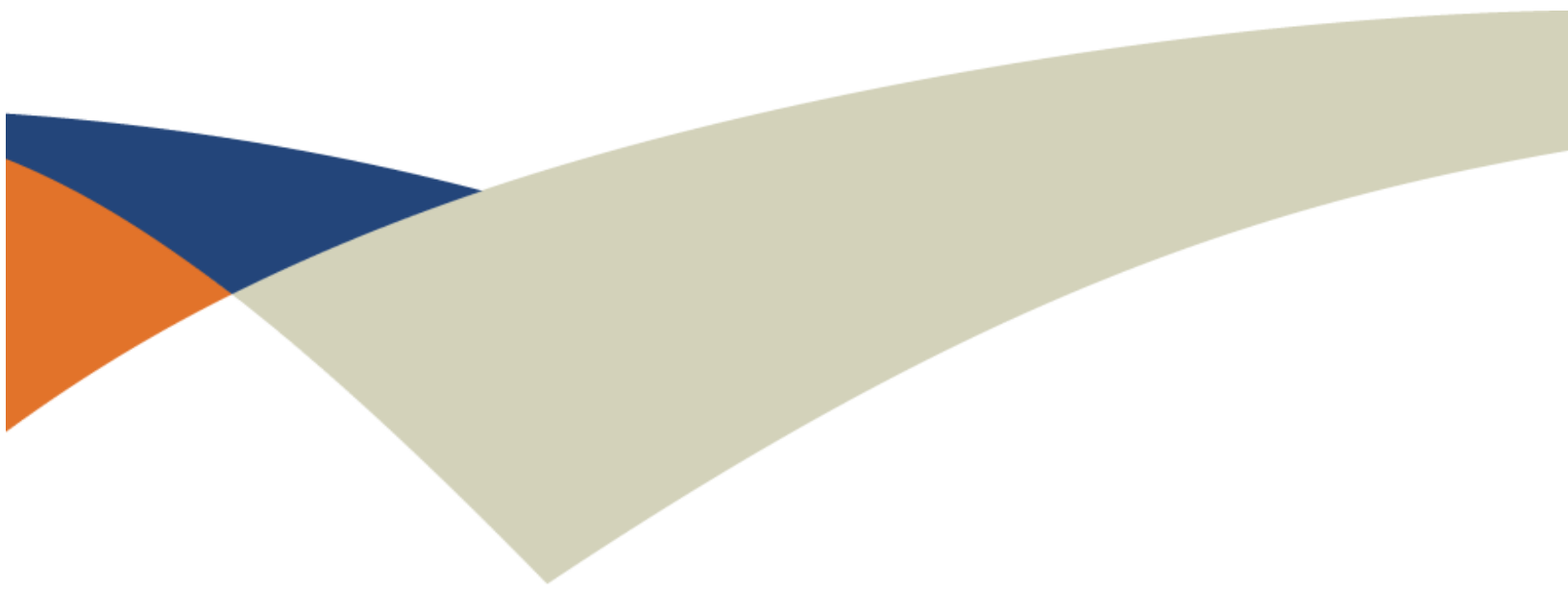
WAM Capital Limited

ABN 34 086 587 395

And Controlled Entity

Financial Report

for the half year ending 31 December 2013



Company Particulars

WAM Capital 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: Geoffrey Wilson (Chairman) James Chirnside
Matthew Kidman Paul Jensen
Lindsay Mann

Secretary: Kate Thorley

Investment Manager: Wilson Asset Management (International) Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000

Auditors: Moore Stephens Sydney

Country of Incorporation: Australia

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

Contact Details: Postal Address: GPO Box 4658, Sydney NSW 2001
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wamfunds.com.au
Website: www.wamfunds.com.au

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

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

Australian Securities Exchange: WAM Capital Ordinary Shares (WAM)

WAM CAPITAL LIMITED AND CONTROLLED ENTITY

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

The Directors present their report together with the consolidated financial report of WAM Capital Limited ('the Company') and its controlled entity ('the Group') for the half year ended 31 December 2013.

Directors

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

- Geoffrey Wilson (Chairman – Non-independent)
- Matthew Kidman (Non-Executive Director – Non-independent)
- James Chirside (Non-Executive Director – Independent)
- Paul Jensen (Non-Executive Director – Independent)
- Lindsay Mann (Non-Executive Director – Independent)

Principal Activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are: to deliver a rising stream of fully franked dividends; to provide capital growth and 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 \$69,529,495 (2012: \$31,763,792) and an operating profit after tax of \$51,922,384 (2012: \$25,065,051). The result reflects the positive investment portfolio performance (which returned 14.2%) during the 6 months to 31 December 2013 and the increased size of shareholders equity.

Under Accounting Standards, realised gains and losses and dividend income are added to or reduced by changes in the market value of the Group'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) per share. The before tax NTA, adjusted for dividends, increased 11.8% for the 6 months to 31 December 2013. This increase is after the adjustment for options exercised during the period and tax paid of 1.5 cents per share.

Net Tangible Assets for each ordinary share as at 31 December 2013 (calculated on market value less realisation costs and all applicable taxes and before provision for dividends declared) amounted to \$1.76 cents per share (2012: \$1.70). NTA after tax on realised gains but before tax on unrealised gains was \$1.82 per share (2012: \$1.74). These figures are after the payment of 6.0 cents in fully franked dividends to shareholders during the period (2012: 5.5 cents).

The Company achieved continued growth during the period increasing shareholders equity by 21.7% to \$592.4 million and total shareholder numbers by 14.3% to 12,511. This growth was achieved through the strong performance of the investment portfolio and capital management initiatives including the option issue and the oversubscribed Placement.

On 31 July 2013, the WAM Capital options expired. A total of 153,771,706 options were exercised and allotted for a total consideration of \$246.0 million. During the period to 31 December 2013, 27,205,665 options were allotted from the exercise of options (2012: 8,512,734).

On 15 October 2013, the Company announced that it successfully raised \$24.7 million through the DRP Shortfall Placement ('Placement') via the ASX BookBuild platform. The Placement was significantly oversubscribed with strong interest from a range of investors.

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

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

A final dividend of 6.0 cents per share fully franked was paid in the period to 31 December 2013 and an interim dividend 6.5 cents per share fully franked has been declared by the Board and will be paid on 31 March 2014.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

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

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a long, horizontal, wavy line extending to the right.

Geoffrey Wilson, Chairman

Dated in Sydney this 24th day of January 2014

Level 15, 135 King Street
Sydney NSW 2000

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

**Auditor's Independence Declaration
to the Directors of WAM Capital Limited & its Controlled Entity**

As lead auditor for the review of WAM Capital Limited & its Controlled Entity for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of WAM Capital Limited & its Controlled Entity during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 24th day of January 2014.

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

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

	Note	December 2013 \$	December 2012 \$
Proceeds from sale of investments		567,389,796	180,933,847
Cost of investments sold		(555,721,895)	(187,115,913)
Realised gains/(losses) on financial assets		11,667,901	(6,182,066)
Unrealised gains on financial assets		46,921,561	15,543,974
Other revenue from operating activities	2	15,775,635	19,584,465
Gain from purchase of subsidiary		-	5,148,869
Management fees		(3,027,560)	(1,172,375)
Directors fees		(85,000)	(50,000)
Brokerage expense on share purchases		(1,281,639)	(777,219)
Custody fees		(53,226)	(38,512)
ASX listing and chess fees		(122,834)	(50,765)
Share registry fees		(106,287)	(62,023)
Acquisition related costs		-	(68,905)
Other expenses from ordinary activities		(159,056)	(111,651)
Profit before income tax		69,529,495	31,763,792
Income tax expense		(17,607,111)	(6,698,741)
Profit attributable to members of the Company	6	51,922,384	25,065,051
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		51,922,384	25,065,051
Basic earnings per share		16.13 cents	19.67 cents
Diluted earnings per share		16.13 cents	19.50 cents

The accompanying notes form part of these consolidated financial statements

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	December 2013 \$	June 2013 \$
Assets			
Cash and cash equivalents		232,293,458	219,140,757
Trade and other receivables		12,674,550	16,849,562
Financial assets		363,802,966	252,672,295
Deferred tax assets		10,854,036	12,346,833
Total assets		619,625,010	501,009,447
Liabilities			
Trade and other payables		1,757,992	3,343,793
Financial liabilities		3,403,960	-
Current tax liabilities		3,497,775	4,899,184
Deferred tax liabilities		18,539,880	6,027,713
Total liabilities		27,199,607	14,270,690
Net assets		592,425,403	486,738,757
Equity			
Issued capital	4	525,928,918	453,005,419
Reserves	5	88,227,849	40,420,506
Accumulated losses	6	(21,731,364)	(6,687,168)
Total equity		592,425,403	486,738,757

The accompanying notes form part of these consolidated financial statements

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	December 2013 \$	December 2012 \$
Total equity as at 1 July		486,738,757	167,219,826
Profit for the half year attributable to members of the Company	6	51,922,384	25,065,051
Total other comprehensive income for the period		-	-
Shares issued via dividend reinvestment plan	4(b)	4,732,344	1,634,951
Shares issued via exercise of options	4(b)	43,496,583	13,620,371
Unallotted option monies received	4(b)	-	186,946
Shares issued via placement	4(b)	24,694,572	36,980,219
Shares issued at market value via acquisition	4(b)	-	53,624,180
Options issued at market value via acquisition	4(b)	-	1,706,956
Capitalised share issue costs	4(b)	-	(524,579)
		611,584,640	299,513,921
Dividends paid	3(a)	(19,159,237)	(7,569,273)
Total equity as at 31 December attributable to members of the Company		592,425,403	291,944,648

The accompanying notes form part of these consolidated financial statements

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

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

	December 2013 \$	December 2012 \$
Cash flows from operating activities		
Dividends received	11,018,758	17,005,441
Interest received	3,673,911	2,596,854
Other investment income received	1,265,104	707,483
Management fee (inclusive GST)	(2,579,535)	(1,464,907)
Performance fee (inclusive GST)	(605,984)	(1,139,258)
Brokerage expense on share purchases (inclusive GST)	(1,373,249)	(832,708)
Payments for administration expenses (inclusive GST)	(638,382)	(308,522)
Income tax paid	(5,003,556)	(1,870,734)
GST on brokerage expense on share sales	(87,926)	(34,260)
Net GST received from ATO	421,109	266,340
Net cash provided by operating activities	6,090,250	14,925,729
Cash flows from investing activities		
Proceeds from sale of investments	571,404,404	186,215,482
Payments for purchases of investments	(618,106,215)	(274,241,873)
Cash on acquisition of subsidiary	-	2,428,351
Payments for acquisition of subsidiary	-	(29,003,393)
Net cash (used in) investing activities	(46,701,811)	(114,601,433)
Cash flows from financing activities		
Proceeds from issue of shares	68,191,155	50,787,536
Payments for issue of shares	-	(749,398)
Dividends paid – net of reinvestment	(14,426,893)	(5,934,322)
Net cash provided by financing activities	53,764,262	44,103,816
Net increase/(decrease) in cash and cash equivalents held	13,152,701	(55,571,888)
Cash and cash equivalents at the beginning of the half year	219,140,757	78,494,624
Cash and cash equivalents at the end of half year	232,293,458	22,922,736

The accompanying notes form part of these consolidated financial statements

WAM CAPITAL LIMITED AND CONTROLLED ENTITY

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

1. Summary of significant accounting policies

These consolidated financial statements and notes for the half year represent those of WAM Capital Limited ('the Company') and its controlled entity ('the Group').

The separate financial statements of the parent entity, WAM Capital Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The half year financial report was authorised for issue on 24th January 2014 by the Board of Directors.

a) Basis of preparation

The half year consolidated financial statements are a 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 consolidated half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the consolidated half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2013 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the consolidated 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.

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

b) Details of Reporting Period

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

c) New and revised accounting requirements

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

- i) AASB 10: Consolidated Financial Statements (together with the associated Standards). AASB 10 provides a revised definition of control. Although this Standard caused certain changes to the Group's accounting policy for consolidation (refer Note 1 (d) for revised wording) and determining control, it did not result in any changes to the amounts reported in the Group's financial statements.
- ii) AASB 12: Disclosure of Interests in Other Entities. AASB 12 contains disclosure requirements of AASB 10 and AASB 127 and is applicable to entities that hold an interest in a controlled entity. This Standard is not expected to have a material impact on the Group's financial statements.

WAM CAPITAL LIMITED AND CONTROLLED ENTITY

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

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

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

d) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (WAM Capital Limited) and its controlled entity (Premium Investors Pty Limited). A controlled entity is any entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

	December 2013 \$	December 2012 \$
2. Other revenue		
Australian sourced dividends	10,842,837	16,949,899
Interest	3,400,262	1,910,285
Underwriting fees	71,599	4,020
Trust distributions	1,460,937	720,261
	15,775,635	19,584,465

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

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

	December 2013 \$	December 2012 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final dividend FY2013: 6.0 cents per share fully franked at 30% tax rate paid 18 October 2013 (Final dividend FY2012: 5.5 cents per share fully franked).	<u>19,159,237</u>	<u>7,569,273</u>
b) Dividends not recognised during the period		
Since the end of the half year, the Directors have declared an interim fully franked dividend of 6.5 cents per share payable on 31 March 2014 (Interim dividend FY2013: 6.0 cents per share fully franked).	<u>21,828,234</u>	<u>17,160,745</u>
	December 2013 \$	June 2013 \$
4. Issued capital		
a) Paid-up capital		
335,818,987 ordinary shares fully paid (June 2013: 292,114,947)	<u>525,928,918</u>	<u>453,005,419</u>
b) Movement in issued capital		
Balance at the beginning of the reporting period	453,005,419	152,974,641
27,205,665 ordinary shares issued from the exercise of options allotted July 2013 to December 2013	43,496,583	-
2,663,881 ordinary shares issued on 18 October 2013 under a dividend reinvestment plan	4,732,344	-
13,834,494 ordinary shares issued from the placement on 21 October 2013	24,694,572	-
126,522,967 ordinary shares issued from the exercise of options allotted July 2012 to June 2013	-	202,436,747
Options exercised at \$1.60, not yet allotted at 30 June 2013	-	32,480
1,061,390 ordinary shares issued on 21 September 2012 under a dividend reinvestment plan	-	1,634,951
2,575,638 ordinary shares issued on 30 April 2013 under a dividend reinvestment plan	-	4,139,824
22,885,209 ordinary shares issued from the placement on 31 August 2012	-	36,980,219
32,206,715 ordinary shares issued at market value as consideration for acquisitions on 31 December 2012	-	53,624,180
32,206,715 options issued at market value as consideration for acquisitions on 31 December 2012	-	1,706,956
Share issue costs (net of tax)	-	(524,579)
At reporting date	<u>525,928,918</u>	<u>453,005,419</u>

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

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

4. Issued capital (cont'd)

c) Options

On 31 July 2013, the WAM Capital options expired. A total of 153,771,706 options were exercised and allotted for a total consideration of \$246.0 million. During the period to 31 December 2013, 27,205,665 options were allotted from the exercise of options (2012: 8,512,734).

	December 2013 \$	June 2013 \$
5. Reserves		
Profits reserve	88,227,849	40,420,506

	December 2013 \$	June 2013 \$
Movement in profits reserve		
Balance at the beginning of the reporting period	40,420,506	16,054,184
Transfer from retained earnings	66,966,580	49,096,340
Final dividend FY2012 paid (refer note 3(a))	-	(7,569,273)
Interim dividend FY2013 paid (refer note 3(b))	-	(17,160,745)
Final dividend FY2013 paid (refer note 3(a))	(19,159,237)	-
At reporting date	88,227,849	40,420,506

	December 2013 \$	June 2013 \$
6. Accumulated losses		
Balance at the beginning of the reporting period	(6,687,168)	(1,808,999)
Profit for the period attributable to members of the Company	51,922,384	44,218,171
Transfer to profits reserve	(66,966,580)	(49,096,340)
At reporting date	(21,731,364)	(6,687,168)

WAM CAPITAL LIMITED AND CONTROLLED ENTITY

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

7. Acquisition of a controlled entity

During the half-year ended 31 December 2013, there were no acquisitions of a Controlled Entity.

Previous comparative period – 31 December 2012

On 31 December 2012, the Company increased its ownership of Premium Investors to 100% when it acquired 97.3% of its issued capital via a scheme of arrangement. The purchase consideration consisted of the issue of 32,206,715 WAM Capital shares for the value of \$53,624,180, 32,206,715 WAM Capital options for a value of \$1,706,956 and the payment of \$28,934,488 to those that elected to receive cash.

In the 6 months to 31 December 2012, Premium Investors did not contribute to any profit or revenue as consolidation did not occur until 31 December 2012 being the implementation date.

Had the results relating to Premium Investors been consolidated from 1 July 2012, revenue of the Group would have been \$39,006,231 and profit before tax of the Group would have been \$38,733,749 for the half year ended 31 December 2012.

Details of the acquisition were disclosed in note 18(b) on pages 50 to 51 of the Group's Annual Report for the year ended 30 June 2013.

8. Contingent liabilities

There are no contingent liabilities for the Group as at 31 December 2013 (June 2013: WAM Capital had \$75,403 contingent liability in relation to a placement for Netcomm Wireless Limited).

9. Capital commitments

There are no capital commitments for the Group as at 31 December 2013 (June 2013: nil).

10. Segment reporting

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

11. Events subsequent to reporting date

Since the end of the half year, the Directors declared an interim dividend of 6.5 cents per share fully franked to be paid on 31 March 2014.

No other matters or circumstances have arisen since the end of the period which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

**WAM CAPITAL LIMITED
AND CONTROLLED ENTITY**

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

The Directors of WAM Capital Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 12, 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
 - b) Giving a true and fair view of the financial position of the Group as at 31 December 2013 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group 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.

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line extending to the right.

G.J. Wilson, Chairman
Dated in Sydney this 24th day of January 2014

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF WAM CAPITAL LIMITED**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of WAM Capital Limited (WAM) and its Controlled Entity (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated 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 of the consolidated entity comprising WAM and the entity it controlled at half year's end or from time to time during the half year

Directors' Responsibility for the Half Year Financial Report

The directors of WAM Capital Limited are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim 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 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 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*. As the auditor of WAM Capital Limited and its Controlled Entity, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of WAM Capital Limited and its controlled entity is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of WAM Capital Limited's consolidated financial position as at 31 December 2013 and of their performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 24th day of January 2014



WILSON
ASSET MANAGEMENT

Level 11, 139 Macquarie Street, Sydney NSW 2000
T (02) 9247 6755 | F (02) 9247 6855 | E info@wamfunds.com.au
www.wamfunds.com.au