

WAM CAPITAL LIMITED

ABN 34 086 587 395

APPENDIX 4D - HALF YEAR REPORT for the half year ended 31 December 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET *All comparisons to the half year ended 31 December 2013*

	\$	up/down	% mvmt
Revenue from ordinary activities	39,603,042	down	46.8%
Profit from ordinary activities before income tax expense	29,549,158	down	57.5%
Net profit from ordinary activities after income tax expense	22,962,371	down	55.8%
Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2015 Interim dividend cents per share	7.0c	7.0c	30%
2014 Final dividend cents per share	6.5c	6.5c	30%
Interim dividend dates			
Ex dividend date			20 April 2015
Record date			22 April 2015
Last election date for the DRP			23 April 2015
Payment date			30 April 2015

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked interim dividend of 7.0 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 14	31 Dec 13
Net tangible asset backing (after tax) cents per share	\$1.75	\$1.76

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 2014 Annual Financial Report.

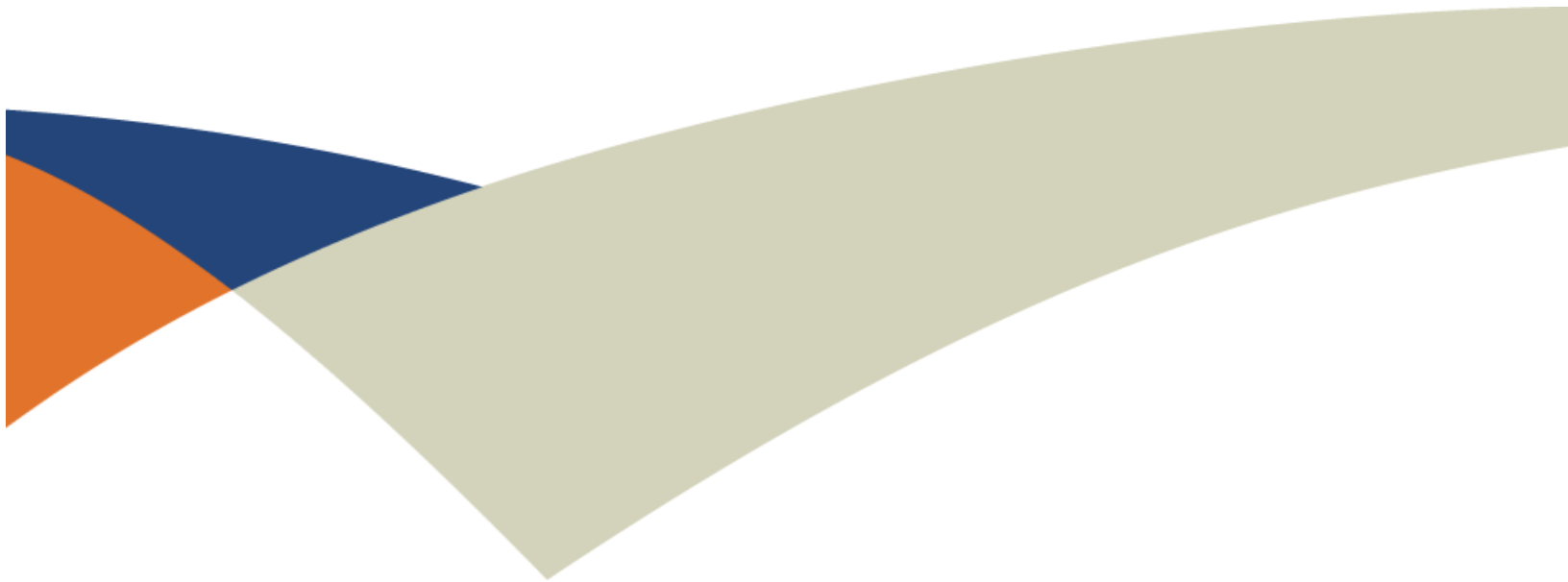


WAM Capital Limited

ABN 34 086 587 395

Financial Report

for the half year ended 31 December 2014



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)
Matthew Kidman
Lindsay Mann
James Chirnside
Paul Jensen

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

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Directors present their report together with the financial report of WAM Capital Limited ('the Company') for the half year ended 31 December 2014.

Directors

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

- Geoffrey Wilson (Chairman – Non-independent)
- Matthew Kidman (Director –Independent)
- James Chirnside (Director – Independent)
- Paul Jensen (Director – Independent)
- Lindsay Mann (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 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 \$29,549,158 (2013: \$69,529,495) and an operating profit after tax of \$22,962,371 (2013: \$51,922,384). The result reflects the investment portfolio performance which returned 6.4% during the 6 months to 31 December 2014 compared to 14.2% in the previous corresponding period.

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 Asset (NTA) per share. The after tax NTA, adjusted for dividends, increased 4.0% for the 6 months to 31 December 2014. This increase is after tax paid of 1.1 cents per share.

The NTA after tax for each share as at 31 December 2014 amounted to \$1.75 per share (2013: \$1.76). The NTA before tax was \$1.77 per share (2013: \$1.79). These figures are after the payment of 6.5 cents in fully franked dividends to shareholders during the period (2013: 6.0 cents).

On 14 October 2014, the Company announced that it raised \$3.5million (1.9 million ordinary shares) through the DRP Shortfall Placement ('Placement'). The Placement was made to a range of investors at an issue price of \$1.8903.

Following the end of the half year, the Company announced a Share Purchase Plan (SPP) on 12 January 2015. The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in the Company without incurring any brokerage or other charges at a fixed price of \$1.90 per share. The SPP will close on 5 March 2015.

A final dividend of 6.5 cents per share fully franked was paid in the period to 31 December 2014 and an interim dividend 7.0 cents per share fully franked has been declared by the Board and will be paid on 30 April 2015.

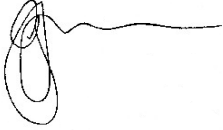
WAM CAPITAL LIMITED

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 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 initial 'G' followed by a horizontal line extending to the right.

Geoffrey Wilson, Chairman
Dated in Sydney this 2nd day of February 2015

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

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

As lead auditor for the review of WAM Capital Limited for the half year ended 31 December 2014, 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 during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 2nd day of February 2015.

WAM CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	December 2014 \$	December 2013 \$
Net realised and unrealised gains on financial assets		26,116,188	58,647,421
Other revenue from operating activities	2	13,486,854	15,775,635
Management fees		(3,214,388)	(3,027,560)
Performance fees		(5,015,788)	-
Directors fees		(85,000)	(85,000)
Brokerage expense on share purchases		(1,082,598)	(1,281,639)
Dividends paid on borrowed stock		(263,838)	(57,959)
Custody fees		(55,551)	(53,226)
ASX listing and chess fees		(112,852)	(122,834)
Share registry fees		(118,216)	(106,287)
Disbursements, mailing and printing		(35,205)	(65,718)
Other expenses from ordinary activities		(70,448)	(93,338)
		29,549,158	69,529,495
Profit before income tax			
Income tax expense		(6,586,787)	(17,607,111)
		22,962,371	51,922,384
Profit attributable to members of the Company	6	22,962,371	51,922,384
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
		22,962,371	51,922,384
Total comprehensive income for the period		22,962,371	51,922,384
Basic earnings per share		6.70 cents	16.13 cents
Diluted earnings per share		6.70 cents	16.13 cents

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	December 2014 \$	June 2014 \$
Assets			
Cash and cash equivalents		302,064,176	238,080,005
Trade and other receivables		6,318,150	16,512,124
Financial assets		340,485,103	389,323,405
Deferred tax assets		7,640,591	9,146,304
Total assets		656,508,020	653,061,838
Liabilities			
Trade and other payables		8,869,430	24,731,271
Financial liabilities		26,223,537	8,643,145
Current tax liabilities		1,323,335	9,380,293
Deferred tax liabilities		13,938,472	14,052,711
Total liabilities		50,354,774	56,807,420
Net assets		606,153,246	596,254,418
Equity			
Issued capital	4	544,302,895	535,227,164
Reserves	5	77,563,901	76,740,804
Accumulated losses	6	(15,713,550)	(15,713,550)
Total equity		606,153,246	596,254,418

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2013		453,005,419	(6,687,168)	40,420,506	486,738,757
Profit for the year		-	51,922,384	-	51,922,384
Transfer to profits reserve		-	(66,966,580)	66,966,580	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	4(b)	4,732,344	-	-	4,732,344
Shares issued via exercise of options	4(b)	43,496,583	-	-	43,496,583
Shares issued via Placement	4(b)	24,694,572	-	-	24,694,572
Dividends paid	3(a)	-	-	(19,159,237)	(19,159,237)
Balance at 31 December 2013		525,928,918	(21,731,364)	88,227,849	592,425,403
Balance at 1 July 2014		535,227,164	(15,713,550)	76,740,804	596,254,418
Profit for the year		-	22,962,371	-	22,962,371
Transfer to profits reserve		-	(22,962,371)	22,962,371	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	4(b)	5,553,072	-	-	5,553,072
Shares issued via Placement	4(b)	3,522,659	-	-	3,522,659
Dividends paid	3(a)	-	-	(22,139,274)	(22,139,274)
Balance at 31 December 2014		544,302,895	(15,713,550)	77,563,901	606,153,246

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	December 2013 \$
Cash flows from operating activities		
Proceeds from sale of investments	629,156,321	571,404,404
Payments for purchases of investments	(547,461,570)	(618,106,215)
Dividends received	8,254,022	11,018,758
Interest received	4,658,796	3,673,911
Other investment income received	1,364,180	1,265,104
Management fee (inclusive GST)	(2,301,496)	(2,579,535)
Performance fee (inclusive GST)	(1,983,020)	(605,984)
Brokerage expense on share purchases (inclusive GST)	(1,161,751)	(1,373,249)
Payments for administration expenses (inclusive GST)	(713,589)	(638,382)
Income tax paid	(13,252,271)	(5,003,556)
GST on brokerage expense on share sales	(96,069)	(87,926)
Net GST received from ATO	584,161	421,109
Net cash provided by/(used in) operating activities	77,047,714	(40,611,561)
Cash flows from financing activities		
Proceeds from issue of shares	3,522,659	68,191,155
Dividends paid – net of reinvestment	(16,586,202)	(14,426,893)
Net cash (used in)/provided by financing activities	(13,063,543)	53,764,262
Net increase in cash and cash equivalents held	63,984,171	13,152,701
Cash and cash equivalents at the beginning of the half year	238,080,005	219,140,757
Cash and cash equivalents at the end of half year	302,064,176	232,293,458

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 2nd February 2015 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 Standard 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 2014 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

There are no new and revised accounting requirements significantly affecting the half year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2014 Annual Financial Report.

During the period, WAM Capital Limited's wholly owned subsidiary (Premium Investors Pty Limited) was deregistered resulting in the Company no longer being required to prepare consolidated financial statements. Further detail is provided in Note 8.

	December 2014 \$	December 2013 \$
2. Other revenue		
Australian sourced dividends	8,152,469	10,842,837
Interest	4,088,630	3,400,262
Underwriting fees	14,491	71,599
Trust distributions	1,231,264	1,460,937
	<u>13,486,854</u>	<u>15,775,635</u>

WAM CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	December 2013 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final dividend FY2014: 6.5 cents per share fully franked at 30% tax rate paid 17 October 2014 (Final dividend FY2013: 6.0 cents per share fully franked).	<u>22,139,274</u>	<u>19,159,237</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 7.0 cents per share payable on 30 April 2015 (Interim dividend FY2014: 6.5 cents per share fully franked).	<u>24,178,364</u>	<u>21,828,248</u>
	December 2014 \$	June 2014 \$
4. Issued capital		
a) Paid-up capital		
345,405,201 ordinary shares fully paid (June 2014: 340,603,969)	<u>544,302,895</u>	<u>535,227,164</u>
b) Movement in issued capital		
Balance at the beginning of the reporting period	535,227,164	453,005,419
2,937,687 ordinary shares issued on 17 October 2014 under a dividend reinvestment plan	5,553,072	-
1,863,545 ordinary shares issued from the Placement on 23 October 2014	3,522,659	-
27,205,665 ordinary shares issued from the exercise of options allotted July 2013 to August 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
2,848,177 ordinary shares issued on 31 March 2014 under a dividend reinvestment plan	-	5,534,646
1,936,805 ordinary shares issued on 2 April 2014 under a dividend reinvestment plan underwriting agreement	-	3,763,600
At reporting date	<u>544,302,895</u>	<u>535,227,164</u>

WAM CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	December 2014 \$	June 2014 \$
5. Reserves		
Profits reserve	77,563,901	76,740,804
	December 2014 \$	June 2014 \$
Movement in profits reserve		
Balance at the beginning of the reporting period	76,740,804	40,420,506
Transfer from retained earnings	22,962,371	77,307,783
Final dividend FY2013 paid (refer note 3(a))	-	(19,159,237)
Interim dividend FY2014 paid (refer note 3(b))	-	(21,828,248)
Final dividend FY2014 paid (refer note 3(a))	(22,139,274)	-
At reporting date	77,563,901	76,740,804
	December 2014 \$	June 2014 \$
6. Accumulated losses		
Balance at the beginning of the reporting period	(15,713,550)	(6,687,168)
Profit for the period attributable to members of the Company	22,962,371	68,281,401
Transfer to profits reserve	(22,962,371)	(77,307,783)
At reporting date	(15,713,550)	(15,713,550)

WAM CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2014:

31 December 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	340,211,785	273,318	-	340,485,103
Financial liabilities	(26,223,537)	-	-	(26,223,537)
Total	313,988,248	273,318	-	314,261,566

30 June 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	377,480,107	11,843,298	-	389,323,405
Financial liabilities	(8,643,145)	-	-	(8,643,145)
Total	368,836,962	11,843,298	-	380,680,260

WAM CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

8. Deregistration of a controlled entity

During the half year ended 31 December 2014, a controlled entity (Premium Investors Pty Limited) of the Company was deregistered. This resulted in WAM Capital Limited no longer maintaining control of this entity and no longer required to prepare consolidated financial statements.

9. Contingent liabilities

There are no contingent liabilities for the Company as at 31 December 2014 (June 2014: nil).

10. Capital commitments

As at 31 December 2014, the Company had a \$165,451 capital commitment in relation to a placement for Rhype Limited (June 2014: nil).

11. Segment reporting

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

12. Events subsequent to reporting date

Since the end of the half year, the Directors declared an interim dividend of 7.0 cents per share fully franked to be paid on 30 April 2015.

On 12 January 2015, the Company announced a Share Purchase Plan (SPP). The SPP offers existing shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in WAM at a fixed price of \$1.90. The SPP offer will close on 5 March 2015.

No other matters or circumstances have 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 years.

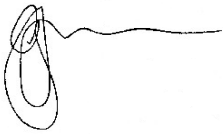
WAM CAPITAL LIMITED

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 Company as at 31 December 2014 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.



G.J. Wilson, Chairman
Dated in Sydney this 2nd day of February 2015

**Independent Auditor's Review Report
To the members of WAM Capital Limited
A.B.N. 34 086 587 395**

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

www.moorestephens.com.au

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of WAM Capital Limited (the Company), which comprises the statement of financial position as at 31 December 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of WAM Capital Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including 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 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 WAM Capital Limited's financial position as at 31 December 2014 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, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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 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 2014 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 2nd day of February 2015



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