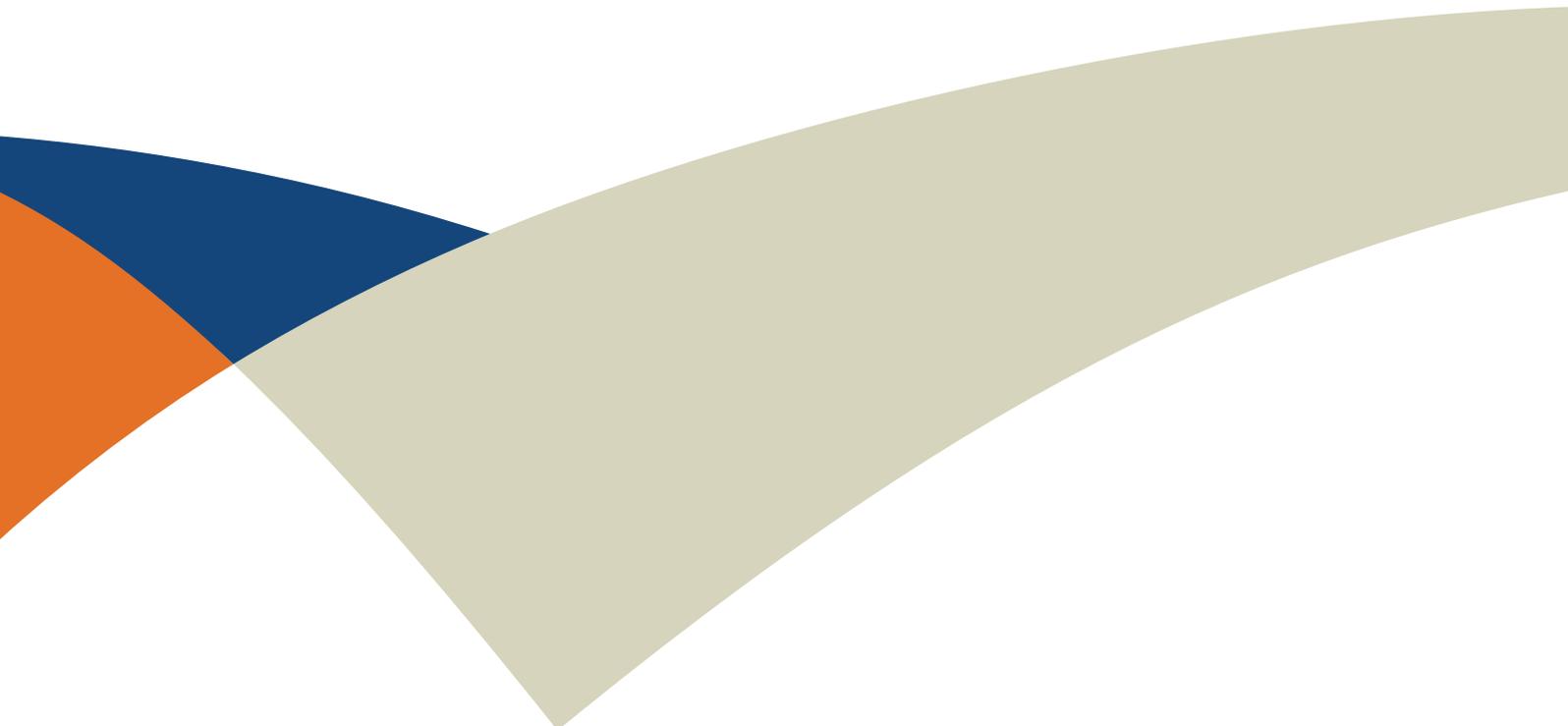




WAM Capital Limited (WAM)

ABN 34 086 587 395

Annual Report for the year ending 30 June 2012



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 market.

Directors:	G. Wilson (Chairman) M. Kidman	J. Chirnside P. Jensen
Secretary:	K. 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 Ordinary Shares (WAM) WAM Options (WAMO) \$1.60 expiring 31 July 2013
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Calendar of Events 2012

Annual General Meeting and Presentation

Sydney Wednesday 28 November

Lyceum Theatre
Wesley Centre
220 Pitt Street
Sydney NSW 2000
11.00am – 12.15pm



Melbourne Thursday 29 November Presentation only

Morgans at 401
401 Collins Street
Melbourne VIC 3000
11.15am – 12.15pm

Adelaide Friday 30 November Presentation only

Adelaide Town Hall
128 King William Street
Adelaide SA 5000
11.00am – 12.00pm

Canberra Monday 3 December Presentation only

Belconnen Premier Inn
110 Benjamin Way
Belconnen ACT 2617
10.00am – 11.00am

Brisbane Tuesday 4 December Presentation only

RBS Morgans
L29, 123 Eagle Street
Brisbane QLD 4000
11.15am – 12.15pm

Key Highlights FY2012

↑ 4.2%

Investment Portfolio Performance

↑ 10.0%

Full Year Fully Franked Dividend

↑ 5.2%

After Tax Net Tangible Assets (NTA) adjusted for dividends

↑ 9.0%

Share Price adjusted for dividends

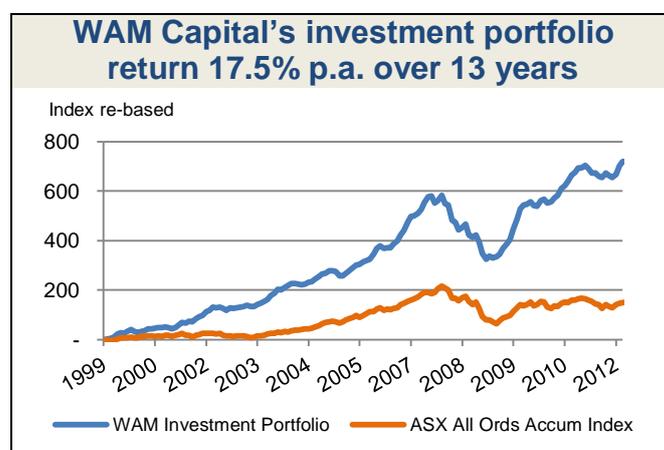
Summary of Results FY2012

WAM Capital's operating profit before tax is \$3.6m (2011: \$24.8m) and an operating profit after tax of \$4.3m (2011: \$20.4m) for the year to 30 June 2012. The after tax profit was boosted by a \$0.7m income tax benefit resulting from franking credit offsets. The decrease in profit in comparison to the previous year is a reflection of the investment portfolio returning 4.2% compared to 17.9% in FY2011.

WAM Capital's investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 11.2% for the year to 30 June 2012.

The Board declared a fully franked final dividend of 5.5 cents per share which brings the full year fully franked dividend to 11.0 cents per share. This is a 10% increase on the previous year.

At a glance as at 30 June 2012	
Inception Date	August 1999
Market Cap (\$m)	\$164.6m
Share price at 30 June 2012	\$1.54
Shares on issue (WAM)	106,863,028
Options on issue (WAMO)	106,776,880
NTA (pre-tax)	\$1.60
NTA (post-tax)	\$1.56
Fund size (\$m)	\$173.1m
Full Year Dividend FY2012	11.0 cents
Full Year Dividend FY2011	10.0 cents
Fully franked annualised dividend yield	7.1%



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WAM CAPITAL LIMITED

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Firstly I would like to thank you for your support during another volatile year for Australian and global equities.

WAM Capital Limited (WAM Capital) was established in 1999 and since that time we have consistently applied our investment philosophy resulting in an investment portfolio return of 17.5% p.a. which is 10.6% greater than the S&P/ASX All Ordinaries Accumulation Index. This return has enabled WAM Capital to pay an average annualised fully franked dividend yield on the initial public offering price of 10.7% p.a. over the last 13 years.

WAM Capital's investment portfolio increased 4.2% for the 12 months to 30 June 2012 while the S&P/ASX All Ordinaries Accumulation Index fell 7.0% and the S&P/ASX Small Ordinaries Accumulation Index fell 14.6%. This represents an outperformance of 11.2% and 18.8% respectively. This outperformance was achieved with an average equity weighting of 57.1% for the year.

Our Objectives and Investment Process

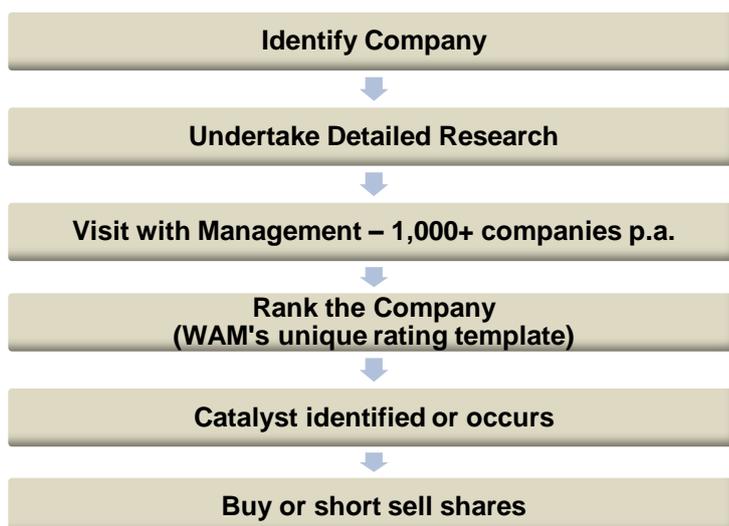
The investment objectives of the Company are:

- to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the Directors; and
- to preserve the capital of the Company.

We employ the following two investment processes to achieve these objectives:

Research Driven investing

We undertake extensive research, focusing on free cash flow, return on equity and the quality of the business. Then we rate each company with respect to management, earnings growth potential, valuation and industry position. We buy when we can identify a catalyst or an event that will change the valuation the market gives to the company. We sell once the company reaches our valuation. This process is very labour intensive with over 1,000 company meetings each year.



In the Research Driven part of the portfolio, we do not favour investing in mining companies due to their unpredictability, the volatility of revenue and the unfavourable risk reward equation. This does not apply to the Market Driven part of the portfolio where we look for trading opportunities.

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Market Driven investing

We take advantage of relative short-term arbitrages and mis-pricings in the Australian Equities market, rather than investing in any individual companies or portfolio of companies for a prolonged period of time. This part of the portfolio is traded actively.

We scour the market for opportunities:

- initial public offerings
- capital raisings
- block trades
- oversold positions
- takeovers
- Listed Investment Companies (LIC) discount to net tangible assets (NTA) plays
- stocks trading at a discount to their NTA
- earnings momentum / surprises
- short selling
- market themes and trends

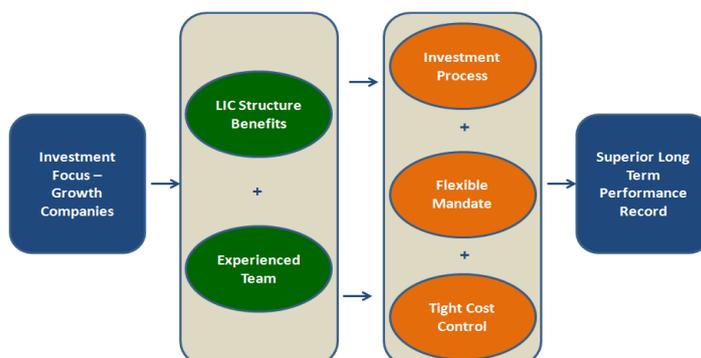
The Manager may make investments that result in the Company retaining positions in entities that have been delisted. While the Manager's mandate generally limits investment to listed entities or in Initial Public Offerings (IPOs), from time to time the Board may authorise the Manager to retain such investments.

Our Approach and Business Model

Our focus is to invest in growth companies with an emphasis on identifying stocks that are under researched and undervalued. These companies have strong earnings growth, trade on low price to earnings multiples and have an experienced management team. They are well positioned in their industry and tend to be small to medium sized industrial companies listed on the ASX. We believe small cap stocks outperform their big cap rivals for a number of reasons:

- small companies tend to grow at a higher rate than their larger peers;
- the dilution of the Efficient Market Hypothesis (EMH) as you move from large cap stocks to small cap stocks;
- the increased possibility of corporate activity.

Our disciplined approach is to provide the maximum return possible while taking the minimum amount of risk. WAM Capital has a relatively low risk profile for a number of reasons. If we do not identify a catalyst under the Research Driven approach or a trading opportunity under the Market Driven approach, we revert to cash. The average net cash position held over the last 13 years is 33.4%. The Company also has a low exposure to the resources sector because we consider this sector is subject to extreme volatility and is difficult to value according to conservative accounting and investment principles.



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Our investment team has over 50 years of collective experience in the Australian sharemarket with a high degree of street smarts. The team comprises of Chris Stott and myself as Portfolio Managers. Matthew Haupt our Equity Analyst, focuses on the Research Driven part of the portfolio. Martin Hickson, our Analyst/Dealer focuses on the Market Driven part and Mark Tobin our Assistant Analyst. We all spend as much time as possible meeting with the management of investee companies - during the past year we've had over 1,000 meetings.

Our Style

- Fundamental bottom up approach
- Absolute return focus, benchmark unaware
- Quick decision making resulting from a flat structure
- Increased flexibility due to the relatively small funds under management
- A focus on risk adjusted returns with above average cash positions

Three key performance measures

1. How the investment manager performed

This is before all costs and is compared to the index which is also before tax and costs. WAM Capital's investment portfolio increased 4.2% for the 12 months to 30 June 2012, while the S&P/ASX All Ordinaries Accumulation Index fell by 7.0% and the S&P/ASX Small Ordinaries Accumulation Index fell 14.6%. This represents an outperformance of 11.2% and 18.8% respectively.

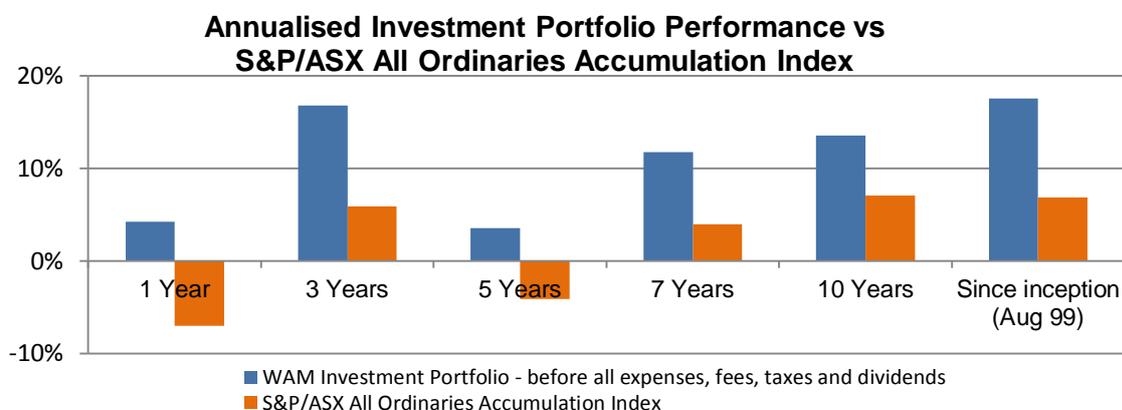
2. The movement in underlying assets (NTA) after taxes, management fees and all other costs

This performance shows the change in the value of the assets that belong to the shareholders over the 12 month period. Corporate tax, being 30%, is the most significant item of difference between the investment portfolio and the net asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. WAM Capital's after tax NTA, adjusted for dividends, increased 5.2% for the previous 12 months to 30 June 2012.

3. The share price return

The share price, adjusted for dividends rose 9.0% for the 12 months to 30 June 2012. This outperformed the NTA performance due to the closing of the discount to NTA over the previous 12 months.

All the above performance numbers were achieved while holding an average of 42.9% in cash during the year. The return on our cash was 5.6% and the return on our equity portion of the portfolio was 3.2%. The performance was achieved by utilising our two investment processes: Research Driven and Market Driven.



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The Research Driven portion of the portfolio performed strongly for the year. The best performing research stocks for FY2012 were Ainsworth Game Technology Limited (AGI), Breville Group Limited (BRG) and McMillan Shakespeare Limited (MMS). In recent months, we have found more value has presented itself given the negative market sentiment in Australia. We believe opportunities are, and continue to be, available irrespective of the direction of the overall equity market. The last six months has seen us establishing new positions in stocks such as Webjet Limited (WEB), Flexigroup Limited (FXL), 1300 Smiles Limited (ONT) and Magellan Financial Group Limited (MFG), whilst taking profits and rotating out of existing positions that have reached our valuation targets.

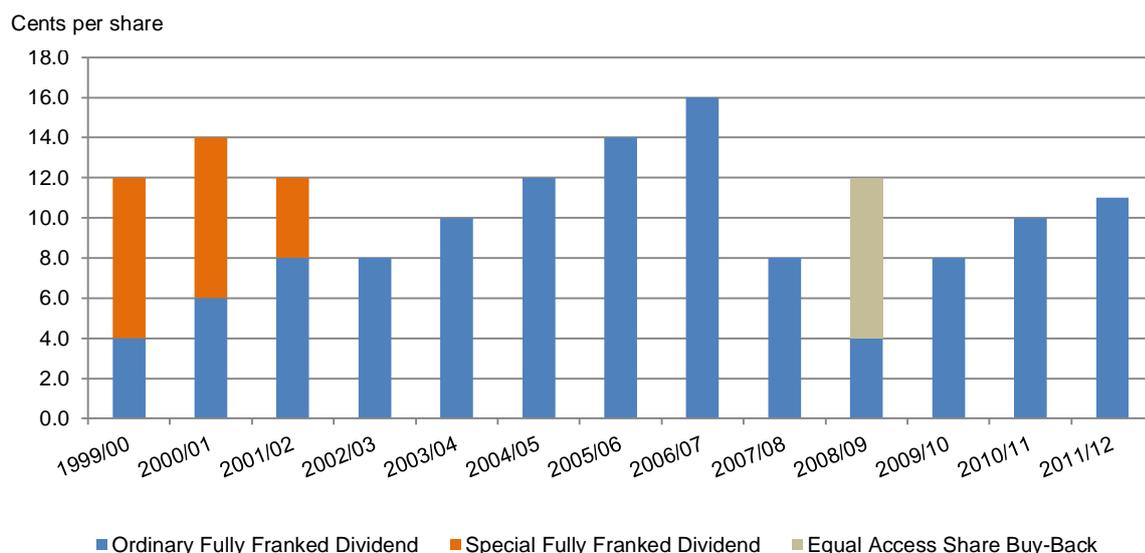
Over the course of the year, the best performing Market Driven strategies employed were trades based on valuation (low price to earnings multiple [PE] or discount to NTA) followed by Listed Investment Company (LIC) NTA arbitrage and takeover arbitrage. Top contributors based on this Market Driven strategy for FY2012 were Signature Capital Investments Limited (SGI), Contango Capital Partners Limited (CCQ) and the Ethane Pipeline Income Fund (EPX). The equity component of this Market Driven portfolio turned over 6.5 times.

Moving into FY2013, our defensive stance has reduced slightly with our cash weightings dropping 46.0% at 30 June 2012 to 39.4% as at the end of July 2012. Further clarity around the economic situation in Europe, the US and Chinese growth are three areas of focus in the coming year. Any improvement in these areas along with further monetary policy loosening in Australia would provide positive catalysts for the Australian equity market.

Dividends

On 23 July 2012, the Board announced a fully franked final dividend of 5.5 cents per share. This brings the FY2012 full year fully franked dividend to 11.0 cents per share, an increase of 10% on the previous year.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis. Dividend payments will also be made with consideration to cash flow, cash holdings and available franking credits.



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CHAIRMAN'S LETTER

Capital Management

One of the objectives of the Board is to continue to grow the Company's NTA and capital base, which will lead to an increase in liquidity of the Company's shares. The Board aims to achieve this objective while maintaining the Company's strong performance track record.

Options

On 2 April 2012, the Board announced a one for one bonus issue of options to acquire ordinary shares in the capital of the Company. The options have an exercise price of \$1.60 per share and can be exercised at any time on or before 31 July 2013. The options are currently trading on the ASX under the code WAMO.

Placement

On 31 July 2012, shareholders approved the placement of up to 15% of issued capital (16,026,915 ordinary shares) with attaching options on a one for one basis. The placement is available to retail investors and existing shareholders via a prospectus. The issue price of \$1.6159 is the pre-tax NTA per share as at 31 July 2012.

The placement has arisen as a response to demand from interested parties. The Board considers the placement to be a positive initiative for WAM Capital and does not expect the placement to have an impact on the Board's dividend policy.

The offer is currently open and will close at 5pm 24 August 2012.

It is intended that proceeds from the placement will be invested in accordance with WAM Capital's investment process using the Research Driven and Market Driven strategies.

The Option Issue and the Placement Offer aim to achieve the following:

- A reduction in the fixed administrative expense ratio by spreading the Company's administrative expenses across a larger pool of assets;
- An increase in the liquidity of WAM Capital's shares which will make it easier for shareholders to buy and sell them; and
- An increase in the size of WAM Capital, thereby making it more significant in the market and potentially improving the coverage of research firms, dealer groups and financial advisers. The Future of Financial Advice (FOFA) reforms have had a significant positive impact on the awareness of the Listed Investment Company (LIC) sector. These reforms ban conflicted remuneration, including commissions. LICs will then be on a level playing field with managed funds for the first time ever. Already the Company is experiencing the benefit of these reforms.

Market Outlook

The S&P/ASX All Ordinaries Accumulation Index finished down 7.0% for the financial year. This marks the third time in the last five years that the index has finished in negative territory. The European sovereign debt crisis dominated news which negatively impacted both investor and consumer sentiment throughout the year. Concerns about growth prospects in Australia and globally impacted the Australian equity market. The resources and retail sectors of the market were particularly affected.

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We have a conservative view on equity markets for the next 12 months. We believe analyst earnings forecasts are too high for FY2013 given the current low growth environment. These earnings forecast will be revised downward by analysts over the coming period. The 1.25% cut in interest rates by the RBA in the last financial year will assist investor and consumer confidence. We believe there is the prospect of one or two more interest rate cuts to come during the current year.

The global economy is in a period of deleveraging which we think will continue over the medium term. As a result, equity market returns may not be as high as experienced in previous time periods. We are strongly of the view that we can continue to find opportunities irrespective of market conditions. WAM Capital has achieved outperformance through up and down markets since inception.

We continue to research actively for individual stock opportunities and believe we will see a heightened level of takeover activity in the small to mid cap space over the next 6-12 months.

Shareholder Communication

We take an active approach to keeping shareholders informed about WAM Capital's activities and performance including monthly investment updates and NTA announcements, yearly and half yearly profit announcements, semi-annual shareholder briefings and access to all relevant information on our website. Also included on our website are regular audios which discuss important market issues and address common questions. These audios together with independent research reports and media articles are posted under the Media section on our website: www.wamfunds.com.au.

We encourage shareholders and interested investors to use the "Subscribe Here" feature on our website to receive weekly market updates and notification when announcements and other important information become available.

During the year we continued the successful and well-attended shareholder briefings, with seminars held in Sydney, Melbourne, Adelaide, Brisbane, Perth, Ballarat and Canberra. The team at Wilson Asset Management enjoys the opportunity to meet with you and are committed to maintaining shareholder briefings as a semi-annual event.

In March, shareholders were sent the latest edition of the six monthly investor newsletters. The next edition is due out in September. We hope you enjoyed the content and would encourage feedback on how we can improve this newsletter and our overall communication with our shareholders.

Thank you for your continuing support.



Geoff Wilson
Chairman

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CORPORATE GOVERNANCE STATEMENT

To ensure the Company operates effectively and in the best interests of shareholders, the Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) for the 2012 financial year, subject to the exceptions noted below.

Role of the Board (Recommendations: 1.1 to 1.3)

The Company has a Board but no full time employees. Subject at all times to any written guidelines issued by the Board of Directors of WAM Capital Limited, the day-to-day management and investment of funds is carried out by Wilson Asset Management (International) Pty Limited (the Manager) pursuant to a management agreement. Consequently, there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives under recommendations 1.1, 1.2 and 1.3.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:

- To oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- Ensuring significant business risks are identified and appropriately managed;
- Approving the interim and final financial statements and related reports and other communications to the ASX and shareholders; and
- Setting appropriate business standards and code for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board aims to act in a manner designed to create and build sustainable value for shareholders.

Composition & Operation of the Board (Recommendations: 2.1 to 2.6)

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term in office are detailed in the Directors' Report on page 12.

The Board has two independent Directors and two non-independent Directors. The names of the Directors considered to be independent are:

- James Chirside
- Paul Jensen

These Directors are considered independent as per the criteria outlined in the Board of Directors Charter which includes the Company's criteria for independence of Directors, and can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au. The criteria is in accordance with ASX Corporate Governance Council's Principles.

Whilst the Company agrees with the benefits of a majority of independent Directors, under Recommendation 2.1, it believes that it can better achieve the results of the Company with the current Boards' level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

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The Chairman is not an independent Director. The Company believes that an independent Chairman, under Recommendations 2.2, does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, as is the case with this Company, it adds value to the Company for all shareholders. The Company does not employ a Chief Executive Officer, consequently recommendation 2.3 is not applicable.

Given the size of the Board, a Nomination Committee has not been formed under recommendation 2.4. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and diversity.

Under the Board of Directors Charter, the performance of each Director was reviewed by the Chairman during the year and the Board undertook the annual review of the performance of the Chairman to ensure the Board's activities continue to be efficiently organised and conducted. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

Code of Conduct (Recommendations: 3.1 and 3.5)

The Company has established a Directors Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company. The Directors Code of Conduct can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Diversity Policy (Recommendations: 3.2 to 3.5)

As the Company has no full time employees and given the size of the Board, a diversity policy has not been established under Recommendations 3.2 to 3.5. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will include diversity in its nomination process. Currently, there are no women on the Board, however, 44% of the Manager's staff are women, including the CEO and Company Secretary.

Audit & Risk Committee (Recommendations: 4.1 to 4.4)

The Company has formed an Audit & Risk Committee consisting of three non-executive Directors of whom two are independent as defined by the ASX Corporate Governance Council's Principles. This is considered adequate given the size of the Board (4 members) and the nature of the Company. The members of the Audit & Risk Committee are:

- | | |
|------------------|--|
| ➤ James Chirside | Chairman, independent director |
| ➤ Paul Jensen | Non-Executive Director, independent director |
| ➤ Matthew Kidman | Non-Executive Director, non-independent director |

The Committee's responsibilities are to:

- Oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
- Oversee the financial reporting process;
- Review the annual and half-year financial reports and recommend them for approval by the Board of Directors;

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- Nominate external auditors; and
- Review the existing external audit arrangements.

The Audit & Risk Committee Charter can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

The Committee formally reports to the Board after each of its meetings. Details of the number of meetings of the Audit & Risk Committee during the 2012 year are set out in the Directors' Report.

The external audit firm partner responsible for the Company audit attends meetings of the Board and Audit & Risk Committee by invitation.

The Company's external audit is undertaken by Moore Stephens Sydney and the audit engagement partner is required to be changed at regular intervals. Scott Whiddett, a partner of Moore Stephens Sydney, is the partner responsible for the external audit of the Company for the 2012 financial year.

ASX Listing Rule Compliance (Recommendations: 5.1 and 5.2)

The Company has established a continuous disclosure policy to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*. The policy aims to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way. The Continuous Disclosure Policy can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Under the Securities Dealing Policy, which can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au, Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current relevant interests in the Company's shares are shown in the Directors' Report. Directors must not deal in shares of the Company if they are in possession of price sensitive or inside information. The Board has also nominated they may not deal in shares of the Company the 5 business days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price.

In addition, the Company has established a Conflict of Interest Policy, in accordance with the *Corporations Act 2001*. Under this policy, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Shareholder Rights & Communication (Recommendations: 6.1 and 6.2)

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

Information is communicated to shareholders through the:

- Website;
- ASX Company Announcements platform;
- Annual Report;
- Investor newsletters;
- Investor presentations;
- Monthly Investment Updates and Net Tangible Assets (NTA) releases; and

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- Other correspondence regarding matters impacting shareholders.

Monthly NTA releases and semi-annual investor newsletters contain additional information concerning the underlying investment portfolio of the Company in an effort to give investors a better understanding of the Company.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholder information sessions are also held twice a year in May and November following the AGM. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

The Communications Policy can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Risk Management (Recommendations: 7.1 to 7.4)

The Company has an established enterprise risk management program in accordance with the International Risk Standard AS/NZS ISO 31000:2009. It also has an established internal control program based upon the principles set out in the Australian Compliance Standard AS 3806:2006.

The Company's enterprise risk management program addresses its material business risks. Each identified risk is individually assessed in terms of the likelihood of the risk event occurring and the potential consequences in the event that the risk event was to occur. The CompliSpace Assurance software has been implemented through which material business risks and the mitigating controls can be monitored in real time. It also ensures transparency of data and ease of reporting to the Board on the performance of its enterprise risk and compliance programs.

The Manager has provided to the Board a report as to the overall effectiveness of the Company's management of its material business risks.

The Board has received assurance from the Director and CEO of the Manager that in their view:

- the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board requires the Manager to report annually on the operation of internal controls to manage the Company's material business risk, reviews any external audit commentary in respect to internal controls and conducts any other investigations it requires in order to report on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

There are two main areas of risk that have been identified:

- Market risk
- Operational risk

Market Risk

The Manager is primarily responsible for recognising and managing market related risk as per the management agreement. The Manager provides periodic reports to the Board regarding this area of risk. By its nature, as a listed investment company, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate. However, the Company seeks to reduce and manage market risk by not being overly exposed to one investee company or

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one particular sector of the market. The Manager reviews the relative weightings of individual securities and the relevant market sectors regularly. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector. Wilson Asset Management (International) Pty Limited, the Manager, is required to act in accordance with the management agreement and reports to the Board regularly on the Fund's performance and any material actions that have occurred in the period.

Operational Risk

The Manager is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and outsourcing risk. The Company outsource its administrative functions to service providers: Wilson Asset Management (International) Pty Limited (investment management, accounting and compliance), RBC Investor Services (custody) and Boardroom Pty Limited (share registry) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures.

Wilson Asset Management (International) Pty Limited, the Manager provides a declaration to the Board twice a

year to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001.

Remuneration of Directors (Recommendations: 8.1 to 8.3)

Given the size of the Board, a Remuneration Committee has not been formed under recommendation 8.1. The Board believes that such a committee would not serve to protect or enhance the interests of the shareholders. The Board as a whole considers the issue of remuneration.

The maximum total remuneration of the Directors of the Company has been set at \$100,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

The Board has made no distinction between the remuneration of non-executive directors from executive directors under recommendation 8.3. All directors of WAM Capital are non-executive directors.

The Chairman of WAM Capital Limited is the sole Director of Wilson Asset Management (International) Pty Limited and is further remunerated by that Company. Further detail is provided in the Directors' Report.

WAM CAPITAL LIMITED
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DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2012

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the financial year ended 30 June 2012.

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 year or is likely in the future.

Operating and Financial Review

Investment operations over the year resulted in an operating profit before tax of \$3,629,272 (2011: \$24,758,644) and an operating profit after tax of \$4,307,262 (2011: \$20,352,870). The decrease in profit in comparison to the previous year is a reflection of the investment portfolio returning 4.2% compared to 17.9% in FY2011.

Under Accounting Standards, realised gains and losses 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, adjusted for dividends. The after tax NTA, adjusted for dividends, increased 5.2% for the 12 months to 30 June 2012. The share price, adjusted for dividends rose 9.0% for the 12 months to 30 June 2012.

Net Tangible Assets for each ordinary share as at 30 June 2012 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.56 per share (2011: \$1.63). Net Tangible Assets after tax on realised gains but before tax on unrealised gains was \$1.59 per share (2011: \$1.67).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on pages 1 to 6 of the Annual Report.

Financial Position

The net asset value of the Company for the current financial year was \$167,219,826 (2011: \$171,346,450).

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2012.

Dividends Paid or Recommended

Dividends paid or declared are as follows:

	\$
Fully franked 2011 final dividend of 5.0 cents per share was paid on 15 September 2011	5,253,158
Fully franked 2012 interim dividend of 5.5 cents per share was paid on 23 March 2012	5,824,478

Since year end the Board has declared a final dividend of 5.5 cents per share fully franked to be paid on 28 September 2012.

Options

On 2 April 2012, the Board announced a 1 for 1 bonus issue of options to acquire ordinary shares in the capital of the Company. A total of 106,819,954 options were allotted to shareholders on 3 May 2012. The options have an exercise price of \$1.60 per share and can be exercised at any time on or before 31 July 2013.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2012

The options are currently trading on the ASX under the code WAMO.

As at 30 June 2012, 43,074 options have been exercised for a total consideration of \$68,918 with a remaining balance of outstanding options being 106,776,880.

Directors

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

G.J. Wilson
M.J. Kidman
P.D.K Jensen
J.M. Chirnside

Information on Directors

Geoffrey Wilson (Chairman – Non-independent)

Experience and expertise

Geoffrey Wilson has had 32 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Fellow of the Securities Institute of Australia.

Geoffrey has been Chairman of the Company since March 1999.

Other current directorships

Geoffrey Wilson is currently Chairman of WAM Research Limited (appointed June 2003), WAM Active Limited (appointed July 2007) and Australian Stockbrokers Foundation. He is a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Cadence Capital Limited (appointed February 2005), Incubator Capital Limited (appointed February 2000), the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also a Director of investment management companies Wilson Asset Management (International) Pty Limited, MAM Pty Limited, Boutique Investment Management Pty Limited and Boutique Asset Management Pty Limited.

Former directorships in the last 3 years

Geoffrey Wilson has not held any other directorships of listed companies within the last three years.

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoffrey Wilson's interests in the Company are included later in this report.

Interests in contracts

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

Matthew Kidman (Non-Executive Director – Non-independent)

Experience and expertise

Matthew Kidman worked as a portfolio manager at Wilson Asset Management (International) Pty Limited for 13 years between 1998 and 2011. Prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997 he was made business

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2012

editor of the paper and was charged with the responsibility of company coverage. He has degrees in Law and Economics and a Graduate Diploma in Applied Finance.

Matthew Kidman has been a Director of the Company since March 1999.

Other current directorships

Matthew Kidman is a Director of WAM Active Limited (appointed July 2007), WAM Research Limited (appointed May 2002), Incubator Capital Limited (appointed February 2000) and financial planning group, Centrepoint Alliance Limited (appointed February 2012). He is also a Director of the investment management company Boutique Asset Management Pty Limited.

Former directorships in the last 3 years

Matthew Kidman is a former Director of Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (October 2003 to January 2010).

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Matthew Kidman's interests in the Company are included later in this report.

Interests in contracts

Details of Matthew Kidman's interests in contracts of the Company are included later in this report.

James Chirnside (Non-Executive Director – Independent)

Experience and expertise

James Chirnside has been exclusively focused in Emerging Markets and Australian investment management for twenty-five years in Melbourne, London, Hong Kong, and Sydney. James is Managing Director of Asia Pacific Asset Management, a specialist emerging market investment firm based in Sydney.

James previously worked for Challenger Financial Group in Sydney and prior to this he was Senior Fund Manager for Asia Equity specialist, Regent Fund Management, in Hong Kong. During this time he was country head for India, Indonesia and Australia. From 1989 to 1992 James worked for County NatWest in London as head of proprietary trading for Asia and specifically focused on Country Fund and equity derivatives arbitrage strategies.

As well as managing fund investments in Asia and Australia, James advises a number of Australian domestic investment groups on investment strategies in the resources and life sciences sectors.

James Chirnside has been a Director of the Company since February 2003.

Other current directorships

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005) and Mercantile Investments Company Limited (appointed November 2010).

Former directorships in the last 3 years

James Chirnside has not held any other directorships of listed companies within the last three years.

Special responsibilities

Chairman of the Audit & Risk Committee.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2012

Interests in shares of the Company

Details of James Chirnside's interests in shares of the Company are included later in the report.

Interests in contracts

James Chirnside has no interests in contracts of the Company.

Paul Jensen (Non-Executive Director – Independent)

Experience and expertise

Paul Jensen is a Fellow of the Australian Institute of Company Directors and holds a Bachelor degree in Accounting and Commercial Law. Paul has over 25 years of international experience in institutional banking and investment management. He has held several senior positions including; Managing Director, Clime Investment Management Limited; Managing Director, HFA Holdings Limited; Director, Lend Lease Corporate Services Limited and has held a range of senior positions with the Lloyds TSB banking group in New Zealand, United Kingdom and Australia.

Paul Jensen has been a Director of the Company since June 2004.

Other current directorships

Paul Jensen is a Director of RHG Limited (appointed April 2011).

Former directorships in the last 3 years

Paul Jensen is a former Director of Clime Investment Management Limited (August 2008 to May 2012)

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Paul Jensen's interests in shares of the Company are included later in this report.

Interests in contracts

Paul Jensen has no interests in contracts of the Company.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Kate Thorley – CPA and holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment and Graduate Diploma of Applied Corporate Governance. Kate has worked in the funds management industry the past 7½ years with the Wilson Asset Management group initially as a Financial Accountant, CFO, and more recently CEO of Wilson Asset Management. Kate is Company Secretary for WAM Active Limited and WAM Research Limited. Kate Thorley was appointed Company Secretary on 6 November 2007.

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DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2012

Remuneration Report

This report details the nature and amount of remuneration for each Director of WAM Capital Limited.

a) Remuneration of Directors

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders at the Annual Shareholders Meeting. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently \$100,000 per annum. Non-Executive Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2012:

Director	Position	Directors' Fees	Post-employment Superannuation	Total
		\$	\$	\$
G.J. Wilson	Chairman	9,174	826	10,000
	Non-Executive			
M.J. Kidman	Director	27,523	2,477	30,000
	Non-Executive			
J.M. Chirnside	Director	27,523	2,477	30,000
	Non-Executive			
P.D.K. Jensen	Director	27,523	2,477	30,000
	Non-Executive			
		91,743	8,257	100,000

Non-Executive Directors receive a superannuation guarantee contribution required by the government, which is currently 9% of individuals benefits and do not receive any retirement benefits.

The following table compares the Company performance and Non-Executive Directors' remuneration over five years:

	2012	2011	2010	2009	2008
Operating profit/(loss) after tax (\$)	4,307,262	20,352,870	24,383,192	(4,083,239)	(31,619,033)
Dividends (cents per share)	11.0	10.0	8.0	4.0	8.0
Equal Access Share Buy-Back (\$1.38 per share x 5.8% holding)	-	-	-	8.0	-
Net tangible asset (\$ per share)	1.56	1.63	1.52	1.37	1.41
Total Directors' remuneration (\$)	100,000	80,000	80,000	80,000	80,000

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2012

Remuneration Report (cont'd)

b) Director Related Entities Remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Geoffrey Wilson is the sole Director and beneficial owner of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital Limited. Wilson Asset Management (International) Pty Limited operates a funds management business which employs a number of investment personnel, research analysts, accountants and other administrative staff. The core duties of the Manager in addition to managing the investment portfolio include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the Corporations Act; liaison with the share registrar of the Company; investor relations; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$1,897,494 inclusive of GST (2011: \$1,977,110). As at 30 June 2012 the balance payable to the Manager was \$477,895 (2011: \$163,708).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase; or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the value of the portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. For the year ended 30 June 2012, a performance fee of \$1,139,258 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2011: \$1,546,328).

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

c) Remuneration of Executives

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the investment manager of the Company, remunerated Geoffrey Wilson and Kate Thorley as employees and/or as a Director of the Company during the financial year. The Manager is appointed to also provide day-to-day management of the Company and is remunerated as outlined above.

d) Equity Instruments Disclosures of Directors and Related Parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares	Options
G.J. Wilson	3,596,896	3,578,194
M.J. Kidman	217,564	217,564
P.D.K. Jensen	108,722	108,722
J.M. Chirnside	26,828	-

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders. The Directors have not,

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DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED 30 JUNE 2012

during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Directors' Meetings

Director	No. eligible to attend	Attended
G.J. Wilson	10	10
M.J. Kidman	10	10
P.D.K. Jensen	10	10
J.M. Chirnside	10	10

Audit & Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance Statement on pages 7-11 of the Annual Report.

Director	No. eligible to attend	Attended
M.J. Kidman	3	3
P.D.K. Jensen	3	3
J.M. Chirnside	3	3

After Balance Date Events

Since year end the Company declared a final dividend of 5.5 cents per share fully franked to be paid on 28 September 2012.

On 31 July 2012, shareholders approved the placement of up to 15% of issued capital (16,026,915 ordinary shares) with attaching options on a one for one basis. The placement is available to retail investors and existing shareholders and will be via a prospectus. The issue price of \$1.6159 is the pre-tax net tangible assets (NTA) per share as at 31 July 2012.

The placement has arisen as a response to demand from interested parties. The Board considers the placement to be a positive initiative for the Company and does not expect the placement to have an impact on the Board's dividend policy.

The offer is currently open and will close at 5pm 24 August 2012.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Future Developments

The Company will continue to pursue its policy of investment during the next financial year, investing its current fixed interest and cash holdings into the equity market as opportunities arise.

Environmental Issues

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

WAM CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2012

Indemnification and Insurance of Officers or Auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Limited, a related party of the Company's auditor, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditory independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 20 of this Annual Report.

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



G.J. Wilson
Chairman

Dated at Sydney this 24th day of August 2012

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Sydney NSW 2000

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**Auditor's Independence Declaration
to the Directors of WAM Capital Limited**

As lead auditor for the review of WAM Capital Limited for the year ended 30 June 2012, 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 24th day of August 2012

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Proceeds from sale of investments		341,626,298	320,917,471
Cost of investments sold		<u>(340,269,595)</u>	<u>(306,334,170)</u>
Realised gains on financial assets		1,356,703	14,583,301
Unrealised (losses)/gains on financial assets		(4,907,123)	95,577
Other revenue from operating activities	2	11,649,293	14,819,200
Management fees		(1,768,119)	(1,842,307)
Performance fees		(1,061,581)	(1,440,896)
Directors fees		(100,000)	(80,000)
Brokerage expense on share purchases		(999,006)	(929,656)
Custody fees		(91,520)	(115,025)
ASX listing and chess fees		(68,144)	(61,828)
Share registry fees		(81,070)	(69,318)
Option issue expenses		(102,441)	-
Other expenses from ordinary activities		<u>(197,720)</u>	<u>(200,404)</u>
Profit before income tax		3,629,272	24,758,644
Income tax benefit/(expense)	3(a)	<u>677,990</u>	<u>(4,405,774)</u>
Profit attributable to members of the Company	12	<u>4,307,262</u>	<u>20,352,870</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>4,307,262</u>	<u>20,352,870</u>
Basic earnings per share	15	<u>4.1 cents</u>	<u>19.1 cents</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
Assets			
Cash and cash equivalents	13	78,494,624	81,676,377
Trade and other receivables	6	7,674,818	5,741,684
Financial assets	7	94,819,931	94,175,124
Deferred tax assets	3(b)	33,222	10,108
Total Assets		181,022,595	181,603,293
Liabilities			
Trade and other payables	9	7,132,471	3,791,935
Financial liabilities	8	2,455,694	799,710
Current tax liabilities	3(c)	843,315	816,172
Deferred tax liabilities	3(d)	3,371,289	4,849,026
Total Liabilities		13,802,769	10,256,843
Net Assets		167,219,826	171,346,450
Equity			
Issued capital	10	152,974,641	150,330,891
Reserves	11	16,054,184	20,111,111
Retained earnings	12	(1,808,999)	904,448
Total Equity		167,219,826	171,346,450

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Total Equity as at 1 July		171,346,450	158,746,626
Profit for the year attributable to members of the Company	12	4,307,262	20,352,870
Total other comprehensive income for the year		-	-
Shares issued via DRP during the year	10(b)	2,574,832	1,628,302
Shares issued via exercise of options during the year	10(b)	68,918	-
		<u>178,297,462</u>	<u>180,727,798</u>
Dividends paid	4(a)	<u>(11,077,636)</u>	<u>(9,381,348)</u>
Total Equity as at 30 June attributable to members of the Company		<u>167,219,826</u>	<u>171,346,450</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Cash Flows from Operating Activities			
Dividends received		6,511,388	10,018,601
Interest received		4,116,647	4,544,203
Other investment income received		891,780	339,042
Investment management fee (inclusive GST)		(1,583,308)	(1,964,911)
Investment performance fee (inclusive GST)		(1,546,328)	(4,445,012)
Brokerage expense on share purchases (inclusive GST)		(1,072,105)	(997,679)
Payments for administration expenses (inclusive GST)		(623,073)	(578,231)
Income tax paid		(795,718)	(972,394)
GST on brokerage expense on share sales		(64,583)	(73,930)
Net GST received from ATO		407,356	595,371
Net cash provided by operating activities	14	6,242,056	6,465,060
Cash Flows from Investing Activities			
Proceeds from sale of investments		339,780,070	328,669,248
Payments for purchase of investments		(340,769,993)	(326,371,286)
Net cash (used in)/provided by investing activities		(989,923)	2,297,962
Cash Flows from Financing Activities			
Dividends paid – net of reinvestment		(8,502,804)	(7,753,047)
Options exercised		68,918	-
Net cash used in financing activities		(8,433,886)	(7,753,047)
Net (decrease)/increase in cash and cash equivalents held		(3,181,753)	1,009,975
Cash and cash equivalents at beginning of financial year		81,676,377	80,666,402
Cash and cash equivalents at end of financial year	13	78,494,624	81,676,377

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement 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 financial report was authorised for issue on 24th August 2012 by the Board of Directors.

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

Australian Accounting Standards set out the 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 of the company also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated.

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

i. Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by market convention. Trade date is the date on which the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to instruments classified "at fair value through profit or loss" are expensed to the Statement of Comprehensive Income immediately. Financial instruments are classified and measured as set out below.

ii. Classification and Subsequent Measurement

Investments consist of shares in publicly listed and unlisted companies, exchange traded call and put options and investments in fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the Statement of Financial Position on a liquidity basis.

The Company may short sell securities in anticipation of a decline in the market value of that security, or it may short sell securities for various arbitrage transactions. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the Statement of Comprehensive Income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont'd)

a) Financial Instruments (cont'd)

iii. 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.

iv. Financial Liabilities

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 the period in which they arise.

v. Fair Value

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

vi. 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 Statement of Financial Position liability 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont'd)

b) Income Tax (cont'd)

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.

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 fixed interest securities maturing within three 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. Revenue from the writing of options are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 [refer Note 1(g)].

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 tangible 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 assets' carrying value. Any excess of the assets' 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 the 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 an item 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 part of receivables or payables in the Statement of Financial Position.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Statement of Significant Accounting Policies (cont'd)

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 Judgments

The Directors evaluate estimates and judgments 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 judgments that have a material impact on the financial results of the Company for the year ended 30 June 2012.

k) New Standards and Interpretations not yet Adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards 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. The new and amended pronouncements that are assessed as being relevant to the company in future reporting periods are AASB 9: Financial Instruments and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 and AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13. These standards do not materially impact the Company

l) Profits Reserve

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

2. Other Revenue

	2012	2011
	\$	\$
Australian sourced dividends	6,444,262	9,900,434
Interest	4,330,887	4,476,031
Trust distributions	846,964	407,587
Underwriting fees	27,180	85,731
Foreign sourced dividends	-	19,859
Losses from options trading	-	(70,442)
	<u>11,649,293</u>	<u>14,819,200</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

3. Taxation

a) Income Tax (Benefit)/Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2012	2011
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	1,088,782	7,427,594
Imputation credit gross up	755,609	1,239,439
Franking credit offset	(2,518,696)	(4,131,464)
Other non-assessable items	16,769	44,373
Over under provision in prior period	(20,454)	(174,168)
	<u>(677,990)</u>	<u>4,405,774</u>
Total income tax (benefit)/expense results in a:		
Current tax liability	843,315	5,103,373
Deferred tax liability	(1,477,737)	(522,848)
Deferred tax asset	(23,114)	(583)
Over provision in prior period	(20,454)	(174,168)
	<u>(677,990)</u>	<u>4,405,774</u>

b) Deferred Tax Assets

Provisions	<u>33,222</u>	<u>10,108</u>
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Movement in deferred tax assets

Balance at the beginning of the period	10,108	2,635,083
Transfer tax losses from current tax liability	-	(2,625,558)
Credited to the Statement of Comprehensive Income	23,114	583
At reporting date	<u>33,222</u>	<u>10,108</u>

c) Current Tax liabilities

Balance at the beginning of the year	816,172	-
Current year income tax expense on operating profit	843,315	5,103,373
Over provision in prior period	(20,454)	(186,045)
Transfer tax losses from deferred tax asset	-	(2,625,558)
Income tax paid	(795,718)	(1,475,598)
At reporting date	<u>843,315</u>	<u>816,172</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3. Taxation (cont'd)

d) Deferred Tax Liabilities	2012	2011
	\$	\$
Fair value adjustments	3,364,422	4,846,945
Income provisions	6,867	2,081
	<u>3,371,289</u>	<u>4,849,026</u>

Movement in deferred tax liabilities

Balance at the beginning of the year	4,849,026	5,359,997
Charged to the Statement of Comprehensive Income	(1,477,737)	(522,848)
Under provision in prior year	-	11,877
At reporting date	<u>3,371,289</u>	<u>4,849,026</u>

4. Dividends

a) Ordinary Dividends Paid During the Year	2012	2011
	\$	\$
Final dividend FY2011: 5.0 cents per share fully franked at 30% tax rate paid 15 September 2011 (Final dividend FY2010: 4.0 cents per share fully franked)	5,253,158	4,157,247
Interim dividend FY2012: 5.5 cents per share fully franked at 30% tax rate paid 23 March 2012 (Interim dividend FY2011: 5.0 cents per share fully franked)	<u>5,824,478</u>	<u>5,224,101</u>
Dividends paid by the Company	<u>11,077,636</u>	<u>9,381,348</u>

b) Dividends not Recognised at Year End

In addition to the above dividends, since the end of the year, the Directors have declared a 5.5 cent per share fully franked dividend which has not been recognised as a liability at the end of the financial year:

	<u>5,877,467</u>	<u>5,253,158</u>
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c) Dividend Franking Account

Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.

3,071,530	4,510,318
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Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in b) above as follows:

(2,518,914)	(2,251,353)
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<u>552,616</u>	<u>2,258,965</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

4. Dividends (cont'd)

c) Dividend Franking Account (cont'd)

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 \$3,371,289 (2011: \$4,849,026).

5. Auditor's Remuneration

Remuneration of the auditor of the Company for:	2012 \$	2011 \$
Auditing or reviewing the financial report	32,150	30,971
Other services provided by a related practice of the auditor:		
Taxation Services	<u>2,750</u>	<u>10,450</u>
	<u>34,900</u>	<u>41,421</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.

6. Trade and Other Receivables

	2012 \$	2011 \$
Outstanding settlements	6,357,071	4,510,843
Income receivable	1,170,148	1,040,669
GST receivable	<u>147,599</u>	<u>190,172</u>
	<u>7,674,818</u>	<u>5,741,684</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

	2012 \$	2011 \$
Listed investments at fair value	90,531,858	93,592,087
Unlisted investments at fair value	2,971,898	-
Unlisted investments at cost	<u>1,316,175</u>	<u>583,037</u>
	<u>94,819,931</u>	<u>94,175,124</u>

The market values of individual investments as at 30 June 2012 are disclosed on pages 46 to 48 of the Annual Report.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

8. Financial Liabilities

	2012 \$	2011 \$
Borrowed stock	2,455,694	799,710

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 net asset value of the Company as outlined in the Company's Management Agreement.

9. Trade and Other Payables

	2012 \$	2011 \$
Outstanding settlements	5,408,045	2,012,497
Management fee payable	477,895	163,708
Performance fee payable	1,139,258	1,546,328
Sundry payables	107,273	69,402
	7,132,471	3,791,935

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.

10. Issued Capital

a) Paid-up Capital

	2012 \$	2011 \$
106,863,028 ordinary shares fully paid (2011: 105,063,158)	152,974,641	150,330,891

b) Ordinary Shares

Balance at the beginning of the year	150,330,891	148,702,589
43,074 ordinary shares issued from the exercise of options allotted May 2012 to June 2012 exercise price \$1.60	68,918	-
836,339 ordinary shares issued on 15 September 2011 under a dividend reinvestment plan	1,152,970	-
920,457 ordinary shares issued on 23 March 2012 under a dividend reinvestment plan	1,421,862	-
550,833 ordinary shares issued on 17 September 2010 under a dividend reinvestment plan	-	705,508
581,133 ordinary shares issued on 11 March 2011 under a dividend reinvestment plan	-	922,794
At reporting date	152,974,641	150,330,891

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

10. Issued Capital (cont'd)

b) Ordinary Shares (cont'd)

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 employs 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 options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.

d) Options

During the year to 30 June 2012, the Company issued 106,819,954 options to acquire fully paid ordinary shares exercisable at \$1.60 per option (2011: \$nil). The options were allotted on the 3 May 2012 and are listed on the Australian Securities Exchange (ASX Code: WAMO). As at the 30 June 2012, 43,074 options had been exercised (2011: nil). The remaining options are due to expire in 31 July 2013.

11. Reserves

	2012	2011
	\$	\$
Profits Reserve	16,054,184	15,061,865
Asset Revaluation Reserve	-	5,049,246
Total Reserves	16,054,184	20,111,111

The profits reserve details an amount preserved for future dividend payments as outlined in accounting policy Note 1l) of the annual financial report. The asset revaluation reserve was previously used to record increments and decrements on the revaluation of the investments, net of potential tax as described in accounting policy Note 1a) iii) of the annual financial report. We do not intend to retain the asset revaluation reserve account going forward.

	2012	2011
	\$	\$
Movement in Profits Reserve		
Balance at the beginning of the year	15,061,865	-
Transfer from retained earnings	12,069,955	20,285,966
Final dividend FY2011 paid (refer to note 4a)	(5,253,158)	-
Interim dividend FY2012 paid (refer to note 4a)	(5,824,478)	(5,224,101)
At reporting date	16,054,184	15,061,865

	2012	2011
	\$	\$
Movement in Asset Revaluation Reserve		
Balance at the beginning of the year	5,049,246	4,526,169
Transfer (to)/from retained earnings	(5,049,246)	523,077
At reporting date	-	5,049,246

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

12. Retained Earnings

	2012	2011
	\$	\$
Balance at the beginning of the year	904,448	5,517,868
Profit for the year attributable to members of the Company	4,307,262	20,352,870
Transfer to profits reserve	(12,069,955)	(20,285,966)
Transfer from/(to) asset revaluation reserve	5,049,246	(523,077)
Final dividend FY2010 paid (refer to note 4a)	-	(4,157,247)
At reporting date	<u>(1,808,999)</u>	<u>904,448</u>

13. Cash and Cash Equivalents

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

	2012	2011
	\$	\$
Cash at bank and on hand	1,212,784	1,527,417
Fixed interest securities	<u>77,281,840</u>	<u>80,148,960</u>
	<u>78,494,624</u>	<u>81,676,377</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2012 is 5.35% (2011: 6.03%). The fixed interest securities have an average maturity of 67 days (2011: 101 days). The majority of fixed interest securities are invested with institutions that have Standard & Poor's A-1+ rating. The fixed interest securities include the cash collateral for the borrowed stock (refer Note 8).

14. Cash Flow Information

	2012	2011
	\$	\$
Reconciliation of Operating Profit after Income Tax:		
Cash Flow from operations after income tax	4,307,262	20,352,870
(Less)/add items classified as investing/financing Activities:		
Realised gains on sale of investments	(1,356,703)	(14,583,301)
Add non-cash items:		
Unrealised losses/(gains) on investments	4,907,123	(95,577)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(86,906)	275,579
(Increase)/decrease in deferred tax assets	(23,114)	2,624,975
Increase/(decrease) in payables	(55,012)	(2,917,892)
Increase in current tax liabilities	27,143	1,319,376
Decrease in deferred tax liabilities	(1,477,737)	(510,971)
Cash flow from operating activities	<u>6,242,056</u>	<u>6,465,060</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

15. Earnings Per Share

	2012	2011
	\$	\$
Profit after income tax used in the calculation of basic earnings per share	4,307,262	20,352,870
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	106,014,378	106,584,246

16. Financial Risk Management

The Company's financial instruments consist of listed and unlisted investments, trade receivables, trade payables and borrowed stock. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks from the previous period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis the investment team meet on a weekly basis to monitor and manage the below risks as appropriate.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled three days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk.

Credit risk is not considered to be a major risk to the Company as any cash and fixed interest securities held by the Company or in its portfolios are invested with financial institutions that have a Standard and Poor's short rating of A-1+ and long term rating of AA-. Also the majority of maturities are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

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NOTES TO THE FINANCIAL STATEMENTS
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16. Financial Risk Management (cont'd)

b) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Manager.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received and the exercise of Company options that may be on issue from time to time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and fixed interest securities sufficient to ensure that it has cash readily available to meet all payments. Furthermore the assets of the Company are largely in the form of tradeable securities which if liquidity is available, can be sold on market if necessary.

The table following analyses the Company's liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date to the reporting date. The amounts in the following table are contractual undiscounted cash flows.

30 June 2012	>1 month	<1 months	Total
	\$	\$	\$
Trade and Other Payables	-	7,132,471	7,132,471
Financial Liabilities	-	2,455,694	2,455,694
Current Tax Liability	-	843,315	843,315
Deferred Tax Liability	3,371,289	-	3,371,289
Total Liabilities	3,371,289	10,431,480	13,802,769
30 June 2011	>1 month	<1 months	Total
	\$	\$	\$
Trade and Other Payables	-	3,791,935	3,791,935
Financial Liabilities	-	799,710	799,710
Current Tax Liability	-	816,172	816,172
Deferred Tax Liability	4,849,026	-	4,849,026
Total Liabilities	4,849,026	5,407,817	10,256,843

c) Market Risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16. Financial Risk Management (cont'd)

c) Market Risk (cont'd)

(i) Interest Rate Risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and fixed interest securities mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

As at 30 June 2012, the Company's exposure to interest rate risk and the effective weighted average interest rate is set out in the following table:

	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
30 June 2012				
Assets				
Cash and cash equivalents	5.35%	78,494,624	-	78,494,624
Trade and other receivables		-	7,674,818	7,674,818
Financial assets		-	94,819,931	94,819,931
Deferred tax assets		-	33,222	33,222
Total		78,494,624	102,527,971	181,022,595
Liabilities				
Trade and other payables		-	7,132,471	7,132,471
Financial liabilities		-	2,455,694	2,455,694
Current tax liabilities		-	843,315	843,315
Deferred tax liabilities		-	3,371,289	3,371,289
Total		-	13,802,769	13,802,769

As at 30 June 2011, the company's exposure to interest rate risk and the effective weighted average interest rate is set out in the following table:

	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
30 June 2011				
Assets				
Cash and cash equivalents	6.03%	81,676,377	-	81,676,377
Trade and other receivables		-	5,741,684	5,741,684
Financial assets		-	94,175,124	94,175,124
Deferred tax assets		-	10,108	10,108
Total		81,676,377	99,926,916	181,603,293

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

16. Financial Risk Management (cont'd)

c) Market Risk (cont'd)

(i) Interest Rate Risk (cont'd)

	Interest bearing \$	Non-interest bearing \$	Total \$
30 June 2011			
Liabilities			
Trade and other payables	-	3,791,935	3,791,935
Financial liabilities	-	799,710	799,710
Current tax liabilities	-	816,172	816,172
Deferred tax liabilities	-	4,849,026	4,849,026
Total	-	10,256,843	10,256,843

(ii) Other Price Risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect net investment income.

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a daily basis. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of the gross assets as at 30 June 2012 is as below:

Industry Sector	2012 %	2011 %
Financials	23.7%	14.6%
Industrials	11.7%	8.9%
Consumer Discretionary	6.2%	13.6%
Utilities	2.9%	0.1%
Telecommunication Services	2.8%	3.6%
Information Technology	2.2%	5.2%
Materials	2.1%	1.7%
Consumer Staples	1.7%	1.1%
Health Care	1.5%	3.7%
Energy	0%	0.2%
Total	54.8%	52.7%

There were no securities that represented over 5 per cent of the gross assets of the company at 30 June 2012 (2011:nil).

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NOTES TO THE FINANCIAL STATEMENTS
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16. Financial Risk Management (cont'd)

c) Market Risk (cont'd)

(ii) Other Price Risk (cont'd)

Sensitivity Analysis

For Investments held by the Company at balance sheet date, a sensitivity analysis was performed relating to its exposure to market risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables to remain constant.

Investments represent 54.8% (2011: 52.7%) of gross assets at year end. A 5% movement in the market value of each of the companies within the portfolio would result in a 2.7% (2011: 2.6%) movement in the net assets after tax. This would result in the 30 June 2012 net asset backing after tax moving by 0.04 cents per share (2011: 0.04 cents per share).

d) Financial Instruments Measured at Fair Value

The financial assets and liabilities recognised at fair value in the Statement of Financial Position have been analysed and classified 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 value of these financial assets and liabilities have been based on the closing quoted bid prices at the end of the reporting period, excluding transaction cost.

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 valued of these investments.

30 June 2012	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	90,531,858	4,288,073	-	94,819,931
Financial liabilities	(2,455,694)	-	-	(2,455,694)
Total	88,076,164	4,288,073	-	92,364,237
<hr/>				
30 June 2011	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	93,592,087	583,037	-	94,175,124
Financial liabilities	(799,710)	-	-	(799,710)
Total	92,792,377	583,037	-	93,375,414

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17. Events Subsequent to Reporting Date

Since year end the Directors declared a final dividend of 5.5 cents per share fully franked to be paid on 28 September 2012.

On 31 July 2012, shareholders approved the placement of up to 15% of issued capital (16,026,915 ordinary shares) with attaching options on a one for one basis. The placement is available to retail investors and existing shareholders and will be via a prospectus. The issue price of \$1.6159 is the pre-tax net tangible assets (NTA) per share as at 31 July 2012.

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.

18. Investment Transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 4,137 (2011: 4,288). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,881,464 (2011: \$1,917,370).

19. Segment Reporting

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

20. Capital Commitments

There are no capital commitments for placements entered into before year end which settle after year end (2011: nil).

21. Contingent Liabilities

There are no contingent liabilities as at 30 June 2012 (2011: \$230,553 in relation to the underwriting of a placement for Thorn Group Limited).

22. Key Management Personnel Compensation

The names and position held of the Company's key management personnel including Directors in office at any time during the financial year are:

G.J. Wilson	Chairman
M.J. Kidman	Non-Executive Director
P.D.K. Jensen	Non-Executive Director
J.M. Chirnside	Non-Executive Director

a) Remuneration

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the Manager of the Company, remunerated Geoffrey Wilson as an employee and/or Director of the Company during the financial year to 30 June 2012.

Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 16, as permitted by Corporations Regulations 2M.3.03 and 2M.6.04.

WAM CAPITAL LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

22. Key Management Personnel Compensation (cont'd)

a) Remuneration (cont'd)

	Directors' Fees	Post-employment Superannuation \$	Total \$
	\$		
Total Directors remuneration paid by the Company for the year ended 30 June 2012	91,743	8,257	100,000
Total Directors remuneration paid by the Company for the year ended 30 June 2011	55,872	24,128	80,000

b) Share and Option holdings

As at 30 June 2012 the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary Shares held

	Balance at 30 June 2011	Acquisitions	Disposals	Balance at 30 June 2012
Directors				
G.J. Wilson	3,596,896	-	-	3,596,896
M.J. Kidman	202,731	14,833	-	217,564
P.D.K. Jensen	101,358	7,414	-	108,772
J.M. Chirnside	12,500	914	-	13,414
	3,913,485	23,161	-	3,936,646

Options held

	Balance at 30 June 2011	Acquisitions	Disposals	Balance at 30 June 2012
Directors				
G.J. Wilson	-	3,596,896	18,702*	3,578,194
M.J. Kidman	-	217,564	-	217,564
P.D.K. Jensen	-	108,772	-	108,772
J.M. Chirnside	-	13,414	-	13,414
	-	3,936,646	18,702	3,917,944

* *Related party*

As at 30 June 2011 the Company's key management personnel and their related parties held the following interests in the Company:

Ordinary Shares held

	Balance at 30 June 2010	Acquisitions	Disposals	Balance at 30 June 2011
Directors				
G.J. Wilson	3,556,896	40,000	-	3,596,896
M.J. Kidman	190,590	12,141	-	202,731
P.D.K. Jensen	69,232	32,126	-	101,358
J.M. Chirnside	-	12,500	-	12,500
	3,816,718	96,767	-	3,913,485

Directors and Director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

23. Related Party Transactions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

Geoffrey Wilson is the Director and beneficial owner of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio. Wilson Asset Management (International) Pty Limited operates a funds management business which employs a number of investment personnel, research analysts, accountants and other administrative staff. The core duties of the Manager in addition to managing the investment portfolio include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the Corporations Act; liaison with the share registrar of the Company; investor relations; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$1,897,494 inclusive of GST (2011: \$1,977,110). As at 30 June 2012, the balance payable to the Manager was \$477,895 (2011: \$163,708).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the value of the portfolio exceeds this increase;
- or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in value of the portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. For the year ended 30 June 2012, a performance fee of \$1,139,258 inclusive of GST was payable to Wilson Asset Management (International) Pty Limited (2011: \$1,546,328).

Wilson Asset Management (International) Pty Limited employs accounting personnel to provide accounting services to WAM Capital Limited. These services are provided on commercial terms and include a standard charge of \$2,750 inclusive of GST per month and an additional charge of \$5,500 inclusive of GST is charged for preparing the half year and full year financial statements. These accounting services total \$38,500 inclusive of GST for the financial year 2012 (2011: \$38,500).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

WAM CAPITAL LIMITED
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DIRECTORS' DECLARATION

The Directors of WAM Capital Limited declare that:

- 1) The financial report as set out in pages 21 to 42 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 16 and 18, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2012 and of its performance, as represented by the results of the operations and the cash flows, for the year ended on that date; and
- 2) The sole Director of the Manager, Wilson Asset Management (International) Pty Limited has declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, 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.

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

G.J. Wilson, Chairman

Dated at Sydney this 24th day of August 2012.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WAM CAPITAL LIMITED
ABN 34 086 587 395**

We have audited the accompanying financial report of WAM Capital Limited ("the Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of WAM Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the Directors' Report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of WAM Capital Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney this 24th day of August 2012

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2012

Company Name	Code	Quantity	Market Value \$	% of Gross Portfolio
Financials				
Ask Funding Limited	AKF	2,383,860	357,579	0.2%
CBA Perpetual Exc Resale Listed Sec - PERLS IV	CBAPB	25,516	5,103,200	2.9%
Cedar Woods Properties Limited	CWP	131,894	469,543	0.3%
Centrepont Alliance Limited	CAF	1,717,233	317,688	0.2%
Century Australia Investments Limited	CYA	4,122,869	2,473,721	1.4%
Clime Investment Management Limited	CIW	3,846,346	1,692,392	1.0%
Contango Capital Partners Limited	CCQ	3,128,314	2,971,898	1.7%
Contango Microcap Limited	CTN	1,507,826	1,492,748	0.9%
Emerging Leaders Investments Limited	ELI	5,829,273	4,430,247	2.5%
FlexiGroup Limited	FXL	728,882	1,895,093	1.1%
Homeloans Limited	HOM	1,192,569	685,727	0.4%
IMF (Australia) Limited 10.25% Conv Note Dec 2014	IMFG	848,636	1,468,140	0.8%
ING Private Equity Access Limited	IPE	1,096,150	361,730	0.2%
Ingenia Communities Group	INA	10,150,623	1,979,371	1.1%
Ironbark Capital Limited	IBC	7,984,381	3,952,269	2.3%
Keybridge Capital Limited	KBC	2,062,584	257,823	0.1%
Merricks Capital Special Opportunity Fund Limited	MEF	508,283	228,727	0.1%
Mystate Limited	MYS	513,846	1,567,230	0.9%
Platinum Capital Limited	PMC	1,468,280	1,416,890	0.8%
Premium Investors Limited	PRV	2,248,499	1,439,039	0.8%
RHG Limited	RHG	5,437,006	2,201,987	1.3%
Signature Capital Investments Limited	SGI	229,979	60,944	0.0%
Sunland Group Limited	SDG	2,721,160	2,530,679	1.4%
Thakral Holdings Group	THG	724,708	550,778	0.3%
Tidewater Investments Limited	TDI	925,322	101,785	0.1%
Trafalgar Corporate Group	TGP	1,421,382	739,119	0.4%
Wentworth Mutual Limited	WWM	5,501,744	297,094	0.2%
Westoz Investment Company Limited	WIC	78,264	73,568	0.0%
			41,117,012	23.4%
Industrials				
Australian Infrastructure Fund	AIX	861,400	2,067,360	1.2%
Chandler Macleod Group Limited	CMG	1,620,656	688,779	0.4%
Clarius Group Limited	CND	2,409,379	1,036,033	0.6%
Clough Limited	CLO	2,281,470	1,699,695	1.0%
Coffey International Limited	COF	3,845,407	1,345,892	0.8%
Coventry Group Limited	CYG	855,347	2,266,670	1.3%
Dolomatrix International Limited	DMX	11,154,756	122,702	0.1%
Logicamms Limited	LCM	656,303	721,933	0.4%
McMillan Shakespeare Limited	MMS	239,959	2,836,315	1.6%
Norfolk Group Limited	NFK	420,405	426,711	0.2%
RCR Tomlinson Limited	RCR	288,827	517,000	0.3%
Service Stream Limited	SSM	216,931	75,926	0.0%
Skilled Group Limited	SKE	846,091	2,005,236	1.1%
Spotless Group Limited	SPT	362,425	924,184	0.5%
Talent2 International Limited	TWO	3,335,308	2,534,834	1.4%
WHK Group Limited	WHG	1,156,361	971,343	0.6%
			20,240,614	11.5%

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INVESTMENTS AT MARKET VALUE
AS AT 30 JUNE 2012

Company Name	Code	Quantity	Market Value \$	% of Gross Portfolio
Consumer Discretionary				
ARB Corporation Limited	ARP	53,619	487,933	0.3%
Breville Group Limited	BRG	675,334	2,957,963	1.7%
Corporate Travel Management Limited	CTD	535,866	1,039,580	0.6%
Fantastic Holdings Limited	FAN	583,245	1,341,464	0.8%
Funtastic Limited	FUN	2,631,034	381,500	0.2%
Integrated Legal Holdings Limited	IAW	1,902,622	190,262	0.1%
JB Hi-Fi Limited	JBH	114,450	1,014,027	0.6%
Macquarie Radio Limited	MRN	539,636	356,160	0.2%
Noni B Limited	NBL	1,061,704	706,033	0.4%
Webjet Limited	WEB	546,659	1,847,707	1.1%
Wotif.Com Holdings Limited	WTF	89,314	376,012	0.2%
Convertible Note Concept Sport		-	14,700	0.0%
			10,713,341	6.1%
Utilities				
Australian Power and Gas Company Limited	APK	1,358,527	692,849	0.4%
Challenger Infrastructure Fund	CIF	1,526,109	1,999,203	1.1%
Ethane Pipeline Income Fund	EPX	995,851	2,260,582	1.3%
			4,952,633	2.8%
Telecommunication Services				
Amcom Telecommunications Limited	AMM	1,781,183	1,923,678	1.1%
iiNet Limited	IIN	496,089	1,527,954	0.9%
NEXTDC Limited	NXT	760,779	1,361,794	0.8%
			4,813,426	2.7%
Information Technology				
Dyesol Limited	DYE	2,209,969	243,097	0.1%
iProperty Group Limited	IPP	1,812,943	1,550,066	0.9%
Objective Corporation Limited	OCL	43,512	15,664	0.0%
Reckon Limited	RKN	933,764	1,960,904	1.1%
			3,769,732	2.2%
Materials				
Bisalloy Steel Group Limited	BIS	293,776	411,286	0.2%
Dragon Mountain Gold Limited	DMG	2,951,598	1,682,411	1.0%
Murchison Metals Limited	MMX	3,001,490	1,410,700	0.8%
Tribune Resources Limited	TBR	92,319	110,783	0.1%
			3,615,180	2.1%
Consumer Staples				
Blackmores Limited	BKL	17,594	461,843	0.3%
Metcash Limited	MTS	267,050	934,675	0.5%
Select Harvests Limited	SHV	1,188,922	1,545,599	0.9%
			2,942,116	1.7%

WAM CAPITAL LIMITED

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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2012

Health Care

1300 Smiles Limited	ONT	184,147	1,103,041	0.6%
Australian Pharmaceutical Industries Limited	API	2,289,000	801,150	0.5%
Clover Corporation Limited	CLV	398,551	151,449	0.1%
REVA Medical Inc.	RVA	311,076	192,867	0.1%
Vision Eye Institute Limited	VEI	1,314,095	407,369	0.2%
			2,655,876	1.5%

Total Long Portfolio

94,819,931 **54.0%**

Total Cash and cash equivalents, income receivable and net outstanding settlements

80,776,678 **46.0%**

Total Short Portfolio

(2,455,694)

Gross Assets

173,140,915

WAM CAPITAL LIMITED
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ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Shareholdings

Substantial shareholders (as at 31 July 2012)

There are currently no substantial shareholders of WAM Capital Limited.

On-market buy back (as at 31 July 2012)

There is no current on-market buy back.

Distribution of shareholders (as at 31 July 2012)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	291	281
1,001 – 5,000	1,047	978
5,001 – 10,000	893	808
10,001 – 100,000	1,880	1,704
100,001 and over	145	147
	4,256	3,918

The number of shareholdings held in less than marketable parcels is 124.

Twenty largest shareholders – Ordinary shares (as at 31 July 2012)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Victor John Plummer	4,622,500	4.3
Entities Associated with Mr Geoffrey Wilson	3,531,094	3.3
Mrs Fay Cleo Martin-Weber	1,463,068	1.4
Marbear Holdings Pty Limited	1,440,300	1.3
VBS Investments Pty Limited	1,386,437	1.3
Vilo Finance Pty Limited	1,318,800	1.2
HSBC Custody Nominees (Australia) Limited	1,044,939	1.0
Pineross Pty Limited	904,987	0.8
Eneber Investment Company Limited	881,000	0.8
VBS Investments Pty Limited	744,180	0.7
Trophy Components Distributors Pty Limited	554,798	0.5
Mr F Piper & Mr I Storey (Est Late Thomas Storey A/C)	550,000	0.5
Dr and Mrs English (N English SF No 1 A/C)	533,015	0.5
Lonceta Pty Limited (Hancock Super Fund A/C)	493,909	0.5
Sanolu Pty Limited	465,000	0.4
Mr and Mrs Heathers (Heathers Family S/F A/C)	429,098	0.4
AR & MK Mclean Pty Limited (Mclean Family Super Fund A/C)	405,430	0.4
Solana Pty Limited	405,000	0.4
M & H Nominees Pty Limited	387,600	0.4
Edington Pty Limited (Herring Super Fund A/C)	385,851	0.4
	21,947,006	20.5

WAM CAPITAL LIMITED
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ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Stock Exchange Listing

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.



WILSON
ASSET MANAGEMENT

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