

WAM CAPITAL LIMITED

ABN 34 086 587 395

Appendix 4D Half Year Report

for the half year ended 31 December 2018

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2017

	\$	up/down	% mvmt
Revenue from ordinary activities	(129,735,505)	down	198.6%
Profit/(loss) from ordinary activities before income tax expense	(139,722,694)	down	217.1%
Net profit/(loss) from ordinary activities after income tax expense	(91,478,039)	down	204.6%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2019 Interim dividend cents per share	7.75c	7.75c	30%
2018 Final dividend cents per share	7.75c	7.75c	30%

Interim dividend dates

Ex dividend date	10 April 2019
Record date	11 April 2019
Last election date for the DRP	15 April 2019
Payment date	26 April 2019

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully franked interim dividend of 7.75 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price, calculated as the VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date.

	31 Dec 18	31 Dec 17
Net tangible asset backing (after tax) per share	\$1.80	\$1.99

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Financial Report.



W | A | M *Capital*

Financial Report

For the half year ended 31 December 2018

WAM Capital Limited

WAM Capital Limited (WAM Capital or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Dr Philippa Ryan
James Chirnside
Lindsay Mann
Chris Stott
Kate Thorley

Company Secretary

Linda Vo

Investment Manager

Wilson Asset Management
(International) Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Contact Details

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Sydney NSW 2001
T: (02) 9247 6755
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E: info@wilsonassetmanagement.com.au
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Share Registry

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

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

Australian Securities Exchange

WAM Capital Limited
Ordinary Shares (WAM)

Contents

Directors' Report to shareholders	4
Auditor's Independence Declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' Declaration	17
Independent Auditor's Review Report	18

Directors' Report to shareholders for the half year ended 31 December 2018

The Directors present their report together with the financial report of WAM Capital Limited for the half year ended 31 December 2018.

Directors

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

Geoff Wilson AO (Chairman – Non-independent)

Dr Philippa Ryan (Director – Independent)

James Chirnside (Director – Independent)

Lindsay Mann (Director – Independent)

Chris Stott (Director – Non-independent)

Kate Thorley (Director – Non-independent)

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a rising stream of fully franked dividends, provide capital growth and preserve capital. No change in this activity took place during the period or is likely in the future.

Operating and financial review

Investment operations during the half year resulted in an operating loss before tax of \$139,722,694 (2017: operating profit before tax of \$119,369,008) and an operating loss after tax of \$91,478,039 (2017: operating profit after tax of \$87,416,376). The loss for the period is reflective of the heightened volatility in the Australian equity market and the performance of the investment portfolio over the six months to 31 December 2018. The investment portfolio decreased 9.3% in the six months to 31 December 2018, while the S&P/ASX All Ordinaries Accumulation Index fell by 7.3%. The investment portfolio held an average cash weighting of 31.3% during the period and as at 31 December 2018, the cash weighting was 43.9%. Given the cautious outlook at the end of the period, we held high levels of cash in WAM Capital to manage risk and ensure liquidity as we entered 2019.

The operating loss for the period includes unrealised gains or losses arising from changes in the market value of the investments held in the portfolio during the period. This movement in the market value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. Because of this treatment under the Accounting Standards, this can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

WAM Capital's before tax NTA decreased 10.2% for the six months to 31 December 2018, including the 7.75 cents per share fully franked dividend paid to shareholders during the period. This decrease is after corporate tax paid of 2.9 cents per share or 1.5%. Corporate tax payments made throughout the period was the major item of difference between the investment portfolio decrease of 9.3% and the net tangible asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the period were management fees of 0.5%, other company related and capital raising expenses of 0.1%, being offset by capital raising accretion of 1.2%.

The NTA before tax as at 31 December 2018 amounted to \$1.75 per share (June 2018: \$2.03). The NTA after tax was \$1.80 per share (June 2018: \$1.98). These figures are after the 7.75 cents per share fully franked dividend paid to shareholders during the period.

The total shareholder return for the Company was reflective of the heightened volatility in the Australian equity market and the underlying performance of the investment portfolio, offset by the increase in the share price premium to NTA during the period, decreasing 6.0% for the half year to 31 December 2018. This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

During the period, the Company successfully completed its takeover offer for Wealth Defender Equities Limited (WDE). WAM Capital has a relevant interest in 100.0% of the shares in WDE, which was delisted from the ASX on 12 December 2018. As a result of the takeover offer, 41.4 million new WAM Capital shares were issued as scrip consideration for the acquisition of WDE. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all shareholders. This issue of shares was accretive to the Company's pre-tax NTA by approximately 1.1% and generated over \$15 million in value for WAM Capital shareholders as a result.

A final dividend of 7.75 cents per share fully franked was paid during the period and an interim dividend of 7.75 cents per share fully franked has been declared by the Board and will be paid on 26 April 2019.

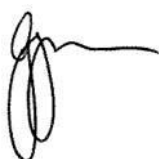
Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 6 of this Financial Report.

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



Geoff Wilson AO
Chairman

Dated in Sydney this 26th day of February 2019

**Auditor's Independence Declaration
To the Directors of WAM Capital Limited
ABN 34 086 587 395**

In relation to the independent auditor's review for the half year ended 31 December 2018, to the best of my knowledge and belief there have been:

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

This declaration is in respect of WAM Capital Limited during the period.



Scott Whiddett
Partner

Pitcher Partners
Sydney

26 February 2019

Statement of comprehensive income for the half year ended 31 December 2018

	Note	December 2018 \$	December 2017 \$
Net realised and unrealised (losses)/gains on financial assets		(155,950,162)	111,371,167
Other revenue from operating activities	2	26,214,657	20,207,226
Management fees		(6,937,297)	(6,613,600)
Performance fees		-	(1,364,984)
Directors fees		(75,000)	(75,000)
Brokerage expense on share purchases		(1,992,939)	(2,596,065)
Expenses paid on borrowed stock		(93,367)	(844,159)
Custody fees		(51,853)	(48,312)
ASX listing and chess fees		(163,740)	(160,567)
Share registry fees		(191,987)	(113,351)
Disbursements, mailing and printing		(204,811)	(135,104)
Legal and professional fees		(107,104)	(96,412)
Other expenses from ordinary activities		(169,091)	(161,831)
(Loss)/profit before income tax		(139,722,694)	119,369,008
Income tax benefit/(expense)		48,244,655	(31,952,632)
(Loss)/profit after income tax attributable to members of the Company	6	(91,478,039)	87,416,376
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)/income for the period		(91,478,039)	87,416,376
Basic and diluted (loss)/earnings per share		(13.39) cents	13.66 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2018

	Note	December 2018 \$	June 2018 \$
Current assets			
Cash and cash equivalents		539,739,092	389,675,066
Trade and other receivables		8,348,390	33,758,932
Financial assets		708,260,894	973,929,383
Current tax provision		15,420,168	-
Total current assets		1,271,768,544	1,397,363,381
Non-current assets			
Deferred tax assets		23,164,025	2,598,344
Total non-current assets		23,164,025	2,598,344
Total assets		1,294,932,569	1,399,961,725
Current liabilities			
Trade and other payables		1,436,031	31,383,915
Financial liabilities		7,894,110	9,851,683
Current tax liabilities		-	20,094,479
Total current liabilities		9,330,141	61,330,077
Non-current liabilities			
Deferred tax liabilities		-	14,798,434
Total non-current liabilities		-	14,798,434
Total liabilities		9,330,141	76,128,511
Net assets		1,285,602,428	1,323,833,214
Equity			
Issued capital	4	1,329,375,306	1,221,306,473
Profits reserve	5	109,854,544	130,146,739
Accumulated losses	6	(153,627,422)	(27,619,998)
Total equity		1,285,602,428	1,323,833,214

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2018

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2017		1,139,486,184	(27,619,998)	103,032,272	1,214,898,458
Profit for the half year			87,416,376	-	87,416,376
Transfer to profits reserve			(87,416,376)	87,416,376	-
Other comprehensive income for the half year			-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	8,189,396	-	-	8,189,396
Shares issued via DRP shortfall placement	4(b)	43,377,487	-	-	43,377,487
Share issue costs (net of tax)	4(b)	(352,473)	-	-	(352,473)
Dividends paid	3(a)	-	-	(47,500,699)	(47,500,699)
Balance at 31 December 2017		1,190,700,594	(27,619,998)	142,947,949	1,306,028,545
Balance at 1 July 2018		1,221,306,473	(27,619,998)	130,146,739	1,323,833,214
Loss for the half year		-	(91,478,039)	-	(91,478,039)
Transfer to profits reserve	5	-	(34,529,385)	34,529,385	-
Other comprehensive income for the half year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	8,149,614	-	-	8,149,614
Shares issued via scrip consideration for acquisition	4(b)	99,976,817	-	-	99,976,817
Share issue costs (net of tax)	4(b)	(57,598)	-	-	(57,598)
Dividends paid	3(a)	-	-	(54,821,580)	(54,821,580)
Balance at 31 December 2018		1,329,375,306	(153,627,422)	109,854,544	1,285,602,428

The accompanying notes form part of these financial statements.

Statement of cash flows for the half year ended 31 December 2018

	December 2018 \$	December 2017 \$
Cash flows from operating activities		
Proceeds from sale of investments	1,748,908,806	1,529,320,630
Payments for purchase of investments	(1,549,054,894)	(1,660,189,526)
Dividends received	20,516,609	14,780,481
Interest received	4,078,854	3,862,540
Other investment income received	3,385,326	7,409,552
Management fees (GST inclusive)	(7,545,292)	(6,997,037)
Performance fees (GST inclusive)	(364,295)	-
Brokerage expense on share purchases (GST inclusive)	(2,136,736)	(2,785,690)
Payments for administration expenses (GST inclusive)	(1,176,456)	(2,000,261)
Income tax paid	(20,530,214)	(14,711,805)
GST on brokerage expense on share sales	(175,264)	(167,489)
Net GST received from ATO	911,830	830,604
Net cash provided by/(used in) operating activities	196,818,274	(130,648,001)
Cash flows from financing activities		
Proceeds from issue of shares	-	43,377,487
Dividends paid – net of reinvestment	(46,671,966)	(39,311,302)
Share issue costs	(82,282)	(503,532)
Net cash (used in)/provided by financing activities	(46,754,248)	3,562,653
Net increase/(decrease) in cash and cash equivalents held	150,064,026	(127,085,348)
Cash and cash equivalents at the beginning of the half year	389,675,066	420,024,801
Cash and cash equivalents at the end of the half year	539,739,092	292,939,453
Non- cash transactions:		
Shares issued via dividend reinvestment plan	8,149,614	8,189,396
Shares issued via scrip consideration for acquisition	99,976,817	-

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2018

1. Summary of significant accounting policies

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

The half year financial report was authorised for issue on 26 February 2019 by the Board of Directors.

Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Reporting Standard IAS 34: *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2018 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

In accordance with ASIC Corporations (rounding in financial reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2018 Annual Financial Report.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The Company has applied AASB 9: *Financial Instruments* from 1 July 2018. All of the Company's investments in financial assets continued to be accounted for at fair value through profit or loss under AASB 9. Accordingly, first time application of AASB 9 had no impact on the Company's accounting for its investments in financial assets.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a significant impact on the Company's financial statements.

Investment entity

WAM Capital owns 100% of the shares on issue in Wealth Defender Equities Limited and an unlisted investment entity. The Directors have assessed the requirements of *AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities* and have applied the criteria set out in that standard to the operations of the Company. WAM Capital is therefore considered to be an investment entity and as a result, the wholly owned entities of the Company are not consolidated into the financial statements, but rather are accounted for as financial assets at fair value through profit or loss.

2. Other revenue

	December 2018 \$	December 2017 \$
Australian sourced dividends	20,516,608	13,937,831
Interest	3,749,038	3,551,774
Trust distributions	1,761,249	2,252,927
Underwriting fees	166,844	108,468
Other income	20,918	-
Foreign sourced dividends	-	356,226
	26,214,657	20,207,226

3. Dividends

a) Ordinary dividends paid during the period

	December 2018 \$	December 2017 \$
Final dividend FY2018: 7.75 cents per share fully franked at 30% tax rate paid 26 November 2018 (Final dividend FY2017: 7.5 cents per share fully franked)	54,821,580	47,500,699

b) Dividends not recognised the period

	December 2018 \$	December 2017 \$
Since the end of the period, the Directors have declared an interim fully franked dividend of 7.75 cents per share, payable on 26 April 2019 (Interim dividend FY2018: 7.75 cents per share fully franked)	55,304,693	50,782,469

4. Issued capital

a) Paid-up capital

	December 2018 \$	June 2018 \$
713,608,947 ordinary shares fully paid (June 2018: 668,363,006)	1,329,375,306	1,221,306,473

b) Ordinary shares

	December 2018 \$	June 2018 \$
Balance at the beginning of the period	1,221,306,473	1,139,486,184
39,011,851 ordinary shares issued on 31 October 2018 as scrip consideration for acquisition of WDE	94,798,798	-
3,891,095 ordinary shares issued on 26 November 2018 under a dividend reinvestment plan	8,149,614	-
2,342,995 ordinary shares issued on 10 December 2018 as scrip consideration for acquisition of WDE	5,178,019	-
3,480,336 ordinary shares issued on 27 October 2017 under a dividend reinvestment plan	-	8,189,396
18,434,971 ordinary shares issued on 10 November 2017 under a dividend reinvestment plan shortfall placement	-	43,377,487
3,412,813 ordinary shares issued on 27 April 2018 under a dividend reinvestment plan	-	8,020,822
9,692,878 ordinary shares issued on 30 April 2018 under a DRP shortfall placement	-	22,778,263
Share issue costs (net of tax)	(57,598)	(545,679)
At reporting date	1,329,375,306	1,221,306,473

c) Acquisition of Wealth Defender Equities Limited

During the period, WAM Capital successfully completed its takeover offer for Wealth Defender Equities Limited (WDE). The offer consideration for the takeover bid was 1 WAM Capital share for every 2.5 WDE shares. The Non-Executive Directors of WDE recommended that WDE shareholders accept the takeover offer on 26 September 2018.

On 18 October 2018, the takeover bid was declared free of the defeating conditions and the offer closed on 26 October 2018 with WAM Capital receiving acceptances for 95.26% of the shares on issue in WDE. The Company subsequently proceeded with the compulsory acquisition of the remaining WDE shares that it did not hold. As a result, WAM Capital has a relevant interest in 100.0% of the shares in WDE, which was delisted from the ASX on 12 December 2018.

4. Issued Capital (cont'd)

c) Acquisition of Wealth Defender Equities Limited (cont'd)

WDE is a wholly owned subsidiary of WAM Capital. The investment in WDE has been accounted for as a financial asset at fair value through profit or loss (FVTPL), consistent with the Company's accounting policies. See Note 7 for further information.

The successful takeover bid of WDE resulted in the issuance of 41,354,846 new WAM Capital shares at a premium to its pre-tax NTA to the benefit of all shareholders.

5. Profits reserve

	December 2018 \$	June 2018 \$
Profits reserve	109,854,544	130,146,739

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

	December 2018 \$	June 2018 \$
Movement in profits reserve		
Balance at the beginning of the period	130,146,739	103,032,272
Transfer of profits during the period	34,529,385	125,397,635
Final dividend paid (refer to note 3a)	(54,821,580)	(47,500,699)
Interim dividend paid (refer to note 3b)	-	(50,782,469)
At reporting date	109,854,544	130,146,739

6. Accumulated losses

	December 2018 \$	June 2018 \$
Balance at the beginning of the period	(27,619,998)	(27,619,998)
(Loss)/profit for the period attributable to members of the Company	(91,478,039)	125,397,635
Transfer to profits reserve	(34,529,385)	(125,397,635)
At reporting date	(153,627,422)	(27,619,998)

7. Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Included within Level 2 of the hierarchy are WAM Capital's investments in unlisted investment companies. The fair value of these investments has been based on their respective net asset backing, being the underlying value of their cash and cash equivalents and investment portfolio values at the end of the reporting period.

WAM Capital's wholly owned investment in WDE, included in Level 2 of the hierarchy, was acquired as a result of the successful takeover bid completed during the period. WDE was delisted from the ASX on 12 December 2018. The investment has been valued at its underlying net asset backing at the end of the reporting period, in accordance with the above. WAM Capital's initial interest in WDE before the completion of the takeover bid, representing its holding in the entity previously listed on the ASX, was historically included in Level 1 of the hierarchy and valued using its quoted last price on the ASX. As a result of the takeover bid, the investment was transferred from Level 1 to Level 2 in the hierarchy during the period upon completion of the takeover offer.

The remaining balance of the investments in Level 2 of the hierarchy, include unlisted investments which have used valuation techniques to determine fair value such as comparisons to similar investments for which market observable prices are available or the last price. Initial Public Offerings or Placements valued at fair value which settle after the relevant period end, are also included in Level 2 of the hierarchy.

7. Financial instruments measured at fair value (cont'd)

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2018:

31 December 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	597,869,921	110,390,973	-	708,260,894
Financial liabilities	(7,894,110)	-	-	(7,894,110)
Total	589,975,811	110,390,973	-	700,366,784

30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	971,572,828	2,356,555	-	973,929,383
Financial liabilities	(9,851,683)	-	-	(9,851,683)
Total	961,721,145	2,356,555	-	964,077,700

8. Segment reporting

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

9. Capital commitments

There were no capital commitments entered into by the Company before period end which settle after period end (June 2018: nil).

10. Contingent liabilities

There were no contingent liabilities for the Company as at 31 December 2018 (June 2018: nil).

11. Events subsequent to reporting date

Since the end of the period, the Directors declared an interim dividend of 7.75 cents per share fully franked to be paid on 26 April 2019.

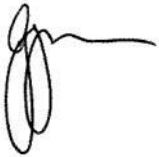
No other matter or circumstance has arisen since the end of the period, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of WAM Capital Limited declare that:

- 1) The financial statements and notes, as set out on pages 7 to 16, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 31 December 2018 and of its performance for the half year ended on that date.
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Geoff Wilson AO
Chairman

Dated in Sydney this 26th day of February 2019

**Independent Auditor's Review Report
to the Members of WAM Capital Limited
ABN 34 086 587 395**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of WAM Capital Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporation Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of WAM Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.



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