

WAM CAPITAL LIMITED
ABN 34 086 587 395
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2009

	\$	Up/Down	% Mvmt
Revenue from ordinary activities	27,014,919	down	33.3%
Profit from ordinary activities before tax attributable to members	24,929,085	down	34.4%
Profit from ordinary activities after tax attributable to members	18,917,037	down	30.9%
Net profit for the period attributable to members	18,917,037	down	30.9%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2011 Interim dividend per share	5.0c	5.0c	30%
2010 Final dividend per share	4.0c	4.0c	30%

Interim dividend dates

Ex dividend date	28 February 2011
Record Date	4 March 2011
Payment Date	11 March 2011

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended Interim Dividend of 5.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at no discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date).

	31 Dec 10	31 Dec 09
Net tangible asset backing after tax	\$1.66	\$1.59

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2010 Annual Financial Report.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

COMPANY PARTICULARS

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

WAM Capital Limited is a Listed Investment Company and is a reporting entity. It is an investor in equities and similar securities on the stock market primarily in Australia.

DIRECTORS:	Geoffrey Wilson (Chairman) Matthew Kidman James Chirnside Paul Jensen
SECRETARY:	Katherine Thorley
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:	Mail Address: GPO Box 4658 Sydney NSW 2001 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: info@wami.com.au Website: www.wilsonassetmanagement.com.au
SHARE REGISTRAR:	Registries Limited Level 7, 207 Kent Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664
	For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.
STOCK EXCHANGE:	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code for ordinary shares: WAM

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

The Directors present their report together with the financial report of WAM Capital Limited (the Company) for the half year ended 31 December 2010.

Directors

The names of the Directors in office at any time during or since the end of the half year are as follows:

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

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Operating and Financial Review

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

Investment operations over the half year resulted in an operating profit before tax of \$24,929,085 (2009: operating profit before tax of \$37,998,460) and operating profit after tax of \$18,917,037 (2009: operating profit after tax of \$27,363,374).

The Company's main contributor to its profits is the change in value of its underlying portfolio over each period. The profit was down on the prior period's comparative figure because the change in the portfolio in dollar terms was less than the prior period. In the 6 months to December 2009 the fund increased +30.1%, while in the 6 month to December 2010 the fund increased +16.8%.

Asset backing for each ordinary share at 31 December 2010 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.66 per share (2009: \$1.59). The equivalent asset backing before tax was \$1.75 per share (2009: \$1.64). This after the payment of 8.0 cents in fully franked dividends and a tax refund of 0.5 cents a share.

A fully franked dividend of 4.0 cents per share has been paid in the period to 31 December 2010 and an interim fully franked dividend of 5.0 cents per share has been declared by the Board and will be paid on 11 March 2011.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 2.

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



Geoffrey Wilson, Chairman
Dates at Sydney this 20th day of January 2011

Level 7, 20 Hunter Street
Sydney NSW 2000

GPO Box 473, Sydney NSW 2001

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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 half-year ended 31 December 2010, 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

Moore Stephens Sydney
Chartered Accountants

J Webster

Jenelle Webster
Partner

Dated in Sydney this 20th day of January 2011

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	December 2010 \$	December 2009 \$
Proceeds from sale of investments		132,713,359	157,997,476
Cost of investments sold		(124,411,572)	(139,527,634)
Realised gains on financial assets		8,301,787	18,469,842
Unrealised gains on financial assets		11,855,902	18,121,916
Other revenue from operating activities	2	6,857,230	3,882,705
Performance fees		(486,516)	(979,548)
Management fees		(895,213)	(828,326)
Directors fees		(40,000)	(40,000)
Brokerage expense on share purchases		(433,431)	(413,145)
Other expenses from ordinary activities		(230,674)	(214,984)
Profit before income tax		24,929,085	37,998,460
Income tax expense		6,012,048	10,635,086
Profit attributable to members of the Company	4d	18,917,037	27,363,374
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		18,917,037	27,363,374
Basic earnings per share		18.00 cents	26.40 cents
Diluted earnings per share		18.00 cents	26.40 cents

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	December 2010 \$	June 2010 \$
Assets			
Cash and cash equivalents		63,292,161	80,666,402
Trade and other receivables		4,504,578	14,272,244
Financial assets		118,074,993	75,079,790
Deferred tax assets		7,803	2,635,083
Total Assets		185,879,535	172,653,519
Liabilities			
Trade and other payables		1,727,896	5,685,989
Financial liabilities		1,194,952	2,860,907
Current tax liabilities		499,954	-
Deferred tax liabilities		8,244,810	5,359,997
Total Liabilities		11,667,612	13,906,893
Net Assets		174,211,923	158,746,626
Equity			
Issued capital	4(a)	149,408,097	148,702,589
Reserve	4(c)	13,331,633	4,526,169
Retained earnings	4(d)	11,472,193	5,517,868
Total Equity		174,211,923	158,746,626

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	December 2010 \$	December 2009 \$
Total equity as at 1 July		158,746,626	141,178,888
Profit for the half year attributable to members of the Company	4(d)	18,917,037	27,363,374
Total other comprehensive income for the period		-	-
Shares issued in the period	4(b)	705,508	713,087
		178,369,171	169,255,349
Dividends paid	3(a)	(4,157,248)	(4,111,415)
Total equity as at 31 December attributable to members of the Company		174,211,923	165,143,934

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 \$	December 2009 \$
Cash Flows from Operating Activities		
Dividends received	4,703,339	2,580,623
Interest received	2,389,550	1,132,450
Other investment income received	77,973	465,141
Investment management fees	(879,571)	(653,829)
Investment performance fees	(4,141,943)	-
Brokerage expense on share purchases	(433,431)	(413,145)
Payments for administration expenses	(299,407)	(274,670)
Income tax refund	503,204	313,224
Net Cash provided by Operating Activities	1,919,714	3,149,794
Cash Flows from Investing Activities		
Proceeds from sale of investments	141,393,159	157,754,820
Payments for purchases of investments	(157,235,375)	(148,056,509)
Net Cash (used in)/provided by Investing Activities	(15,842,216)	9,698,311
Cash Flow from Financing Activities		
Dividends paid	(3,451,739)	(3,398,328)
Net Cash used in Financing Activities	(3,451,739)	(3,398,328)
Net Decrease/Increase in Cash and Cash Equivalents	(17,374,241)	9,449,777
Cash and cash equivalents at the beginning of the half year	80,666,402	52,024,614
Cash and Cash Equivalents at the End of Half Year	63,292,161	61,474,391

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

1. Statement of Significant Accounting Policies

Basis of Preparation

The half year financial statements are a general purpose financial statement prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue on 20th January 2011 by the Board of Directors.

It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2010 and any public announcements made by WAM Capital Limited ("the Company") during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

The half year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2010 Annual Financial Report.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non current. All balances are generally expected to be recovered or settled within twelve months.

Details of Reporting Period

The current reporting period is the half year ended 31 December 2010. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the half year ended 31 December 2009. For the Statement of Financial Position, the previous corresponding date is 30 June 2010.

	December 2010 \$	December 2009 \$
2. Other Revenue from operating activities		
Australian sourced dividends	4,438,897	2,439,639
Interest	2,346,250	1,051,107
Foreign sourced dividends	19,859	60,386
Underwriting fees	47,477	111,020
Trust distributions	4,747	220,553
	6,857,230	3,882,705

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 \$	December 2009 \$
3. Dividends		
(a) Ordinary dividends paid during the period		
4.0 cents per share fully franked dividend paid 17 September 2010 (2009: 4.0 cents).	<u>4,157,248</u>	<u>4,111,415</u>
(b) Dividends not recognised during the period		
Since the end of the half year, the Directors have declared an interim fully franked dividend of 5.0 cents per share payable on 11 March 2011.	<u>5,224,101</u>	<u>4,134,683</u>
	December 2010 \$	June 2010 \$
4. Issued Capital		
(a) Paid-up Capital		
104,482,025 ordinary shares fully paid (2009: 103,931,192)	<u>149,408,097</u>	<u>148,702,589</u>
(b) Ordinary Shares		
Balance at the beginning of the reporting period	148,702,589	147,271,945
- 550,833 ordinary shares issued on 17 September 2010 under a dividend reinvestment plan	705,508	-
- 564,129 ordinary shares issued on 25 February 2010 under a dividend reinvestment plan	-	717,557
- 581,680 ordinary shares issued on 17 August 2009 under a dividend reinvestment plan	-	713,087
At reporting date	<u>149,408,097</u>	<u>148,702,589</u>
(c) Movements in Asset Revaluation Reserve		
Balance at the beginning of the reporting period	4,526,169	-
Transfer from retained earnings	8,805,464	4,526,169
At reporting date	<u>13,331,633</u>	<u>4,526,169</u>
(d) Movements in Retained Earnings/(Accumulated Losses)		
Balance at the beginning of the reporting period	5,517,868	(6,093,057)
Profit for the period attributable to members of the Company	18,917,037	24,383,192
Transfer to asset revaluation reserve	(8,805,464)	(4,526,169)
Dividends paid (refer Note 3)	(4,157,248)	(8,246,098)
At reporting date	<u>11,472,193</u>	<u>5,517,868</u>

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

5. **Contingent Liabilities**

An estimated contingent liability of \$740,000 is not provided for in the accounts, arising from a sub-underwriting agreement entered into during the period of which the offer closes after reporting date (June 2010: nil).

6. **Capital Commitments**

Capital commitments exist for placements \$341,270 (June 2010: \$156,816) entered into before period end, which settle after period end in January 2011.

7. **Segment Reporting**

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

8. **Events Subsequent to Reporting Date**

On 10 January 2011, the Directors declared a fully franked interim dividend of 5.0 cents per share payable on 11 March 2011.

No other matters have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2010

The Directors of WAM Capital Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 9, are in accordance with the *Corporations Act 2001*, including:
 - a) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) Giving a true and fair view of the financial position of the Company as at 31 December 2010 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.

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

G.J. Wilson, Chairman

Dated at Sydney this 20th day of January 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF WAM CAPITAL LIMITED
A.B.N. 34 086 587 395**

Level 7, 20 Hunter Street
Sydney NSW 2000

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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 condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of WAM Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on the website of WAM Capital Limited. The directors of the company are responsible for the integrity of the that website and we have not been engaged to report on this integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

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 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

JR Webster

Jenelle Webster
Partner

Dated in Sydney this 20th day of January 2011