

WAM CAPITAL LIMITED
ABN 34 086 587 395
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2010

	\$	Up/Down	% Mvmt
Revenue from ordinary activities	(3,629,767)	down	113.4%
Loss from ordinary activities before tax attributable to members	(5,232,002)	down	121.0%
Loss from ordinary activities after tax attributable to members	(2,568,053)	down	113.6%
Loss for the period attributable to members	(2,568,053)	down	113.6%

Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2012 Interim dividend per share	5.5c	5.5c	30%
2011 Final dividend per share	5.0c	5.0c	30%

Interim dividend dates

Ex dividend date	9 March 2012
Record Date	16 March 2012
Payment Date	23 March 2012

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended interim dividend of 5.5 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a 2.5% discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date less the discount (if any)).

	31 Dec 11	31 Dec 10
Net tangible asset backing after tax	\$1.55	\$1.66

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 2011 Annual Financial Report.



WAM Capital Limited (WAM)

ABN 34 086 587 395

Financial Report

for the half year ending 31 December 2011

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 primarily an investor in equities listed on the Australian stock market.

DIRECTORS: Geoffrey Wilson (Chairman)
Matthew Kidman
James Chirnside
Paul Jensen

SECRETARY: Katherine 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
(Formerly known as: 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.

AUSTRALIAN STOCK EXCHANGE: Ordinary Shares (WAM)

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the half year ended 31 December 2011.

Directors

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

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

Principal Activity

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

Operating and Financial Review

Investment operations over the half year resulted in an operating loss before tax of \$5,232,002 (2010: operating profit before tax of \$24,929,085) and an operating loss after tax of \$2,568,053 (2010: operating profit after tax of \$18,917,037). The dividend and interest revenue received was in line with the prior period. The resulting loss is mainly due to the reduction in the value of the Company's listed investments over the period. The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 7.4% for the 6 months to 31 December 2011. During that period, WAM Capital's portfolio declined 2.2% while the S&P/ASX All Ordinaries Accumulation Index fell by 9.6%.

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 or losses. In the 6 months to 31 December 2011, the unrealised market value of the portfolio declined by \$5,985,810. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA), adjusted for dividends. The after tax NTA, adjusted for dividends, decreased 1.6% for the 6 months to 31 December 2011. The share price, adjusted for dividends, decreased 1.4% for the 6 months to 31 December 2011.

Net Tangible Assets for each ordinary share as at 31 December 2011 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.55 per share (2010: \$1.66). Net Tangible Assets after tax on realised gains but before tax on unrealised gains was \$1.58 per share (2010: \$1.74). This is after the payment of 10.0 cents in fully franked dividends over the 12 month period.

A fully franked dividend of 5.0 cents per share was paid in the period to 31 December 2011 and an interim fully franked dividend of 5.5 cents per share has been declared by the Board and will be paid on 23 March 2012.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 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 3.

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

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

Geoffrey Wilson, Chairman

Dated at Sydney this 1st day of February 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 half year ended 31 December 2011, 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 1st day of February 2012.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	December 2011 \$	December 2010 \$
Proceeds from sale of investments		178,119,468	132,713,359
Cost of investments sold		<u>(182,553,044)</u>	<u>(124,411,572)</u>
Realised (losses)/gains on financial assets		(4,433,576)	8,301,787
Unrealised (losses)/gains on financial assets		(5,985,810)	11,855,902
Other revenue from operating activities	2	6,789,619	6,857,230
Performance fees		-	(486,516)
Management fees		(875,982)	(895,213)
Directors fees		(50,000)	(40,000)
Brokerage expense on share purchases		(442,140)	(433,431)
Other expenses from ordinary activities		<u>(234,113)</u>	<u>(230,674)</u>
(Loss)/profit before income tax		(5,232,002)	24,929,085
Income tax (benefit)/expense		<u>(2,663,949)</u>	<u>6,012,048</u>
(Loss)/profit attributable to members of the Company	6	<u>(2,568,053)</u>	<u>18,917,037</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		<u>(2,568,053)</u>	<u>18,917,037</u>
Basic earnings per share		<u>(2.39) cents</u>	<u>18.00 cents</u>
Diluted earnings per share		<u>(2.39) cents</u>	<u>18.00 cents</u>

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 2011

	Notes	December 2011 \$	June 2011 \$
Assets			
Cash and cash equivalents		80,951,068	81,676,377
Trade and other receivables		8,878,381	5,741,684
Financial assets		79,009,714	94,175,124
Deferred tax assets		1,089,706	10,108
Total Assets		169,928,869	181,603,293
Liabilities			
Trade and other payables		619,878	3,791,935
Financial liabilities		1,345,653	799,710
Current tax liabilities		-	816,172
Deferred tax liabilities		3,285,128	4,849,026
Total Liabilities		5,250,659	10,256,843
Net Assets		164,678,210	171,346,450
Equity			
Issued capital	4	151,483,862	150,330,891
Reserves	5	13,194,348	20,111,111
Retained earnings	6	-	904,448
Total Equity		164,678,210	171,346,450

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 2011

	Notes	December 2011 \$	December 2010 \$
Total Equity as at 1 July		171,346,450	158,746,626
(Loss)/profit for the half year attributable to members of the Company	6	(2,568,053)	18,917,037
Total other comprehensive income for the period		-	-
Shares issued via DRP during the period	4(b)	1,152,971	705,508
		169,931,368	178,369,171
Dividends paid	3(a)	(5,253,158)	(4,157,248)
Total Equity as at 31 December attributable to members of the Company		164,678,210	174,211,923

The accompanying notes form part of these financial statements

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	December 2010 \$
Cash Flows from Operating Activities		
Dividends received	4,300,733	4,698,591
Interest received	2,230,472	2,389,551
Other investment income received	446,464	82,721
Investment management fee (inclusive of GST)	(637,919)	(943,930)
Investment performance fee (inclusive of GST)	(1,546,328)	(4,445,012)
Brokerage expense on share purchases (inclusive of GST)	(474,492)	(465,146)
Payments for administration expenses (inclusive of GST)	(285,902)	(315,301)
Income tax (paid)/refund	(795,719)	503,203
GST on brokerage expense on share sales	(28,442)	(27,144)
Net GST received from ATO	253,900	442,182
Net Cash provided by operating activities	3,462,767	1,919,715
Cash Flows from Investing Activities		
Proceeds from sale of investments	174,675,012	141,393,159
Payments for purchases of investments	(174,762,901)	(157,235,375)
Net Cash used in investing activities	(87,889)	(15,842,216)
Cash Flows from Financing Activities		
Dividends paid – net of reinvestment	(4,100,187)	(3,451,740)
Net Cash used in financing activities	(4,100,187)	(3,451,740)
Net decrease in cash and cash equivalents held	(725,309)	(17,374,241)
Cash and cash equivalents at the beginning of the half year	81,676,377	80,666,402
Cash and cash equivalents at the end of half year	80,951,068	63,292,161

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 2011

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 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 1st February 2012 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 2011 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 2011 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 2011. 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 2010. For the Statement of Financial Position, the previous corresponding date is 30 June 2011.

	December 2011 \$	December 2010 \$
2. Other Revenue		
Australian sourced dividends	4,181,435	4,438,897
Interest	2,259,246	2,346,250
Foreign sourced dividends	-	19,859
Underwriting fees	967	47,477
Trust distributions	347,971	4,747
	6,789,619	6,857,230

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	December 2010 \$
3. Dividends		
(a) Ordinary Dividends Paid During the Period 5.0 cents per share final fully franked dividend paid on 15 September 2011 (2010: 4.0 cents).	<u>5,253,158</u>	<u>4,157,248</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 5.5 cents per share payable on 23 March 2012 (2010: 5.0 cents).	<u>5,824,472</u>	<u>5,224,101</u>
	December 2011 \$	June 2011 \$
4. Issued Capital		
(a) Paid-up Capital 105,899,497 ordinary shares fully paid (2011: 105,063,158)	<u>151,483,862</u>	<u>150,330,891</u>
(b) Ordinary Shares		
Balance at the beginning of the reporting period	150,330,891	148,702,589
836,339 ordinary shares issued on 15 September 2011 under a dividend reinvestment plan	1,152,971	-
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	<u>151,483,862</u>	<u>150,330,891</u>
	December 2011 \$	June 2011 \$
5. Reserves		
Profits Reserve	13,194,348	15,061,865
Asset Revaluation Reserve	-	5,049,246
Total Reserves	<u>13,194,348</u>	<u>20,111,111</u>

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	June 2011 \$
5. Reserves (cont'd)		
Movement in Profits Reserve		
Balance at the beginning of the reporting period	15,061,865	-
Transfer from retained earnings	3,385,641	20,285,966
Final dividend FY2011 paid (refer note 3(a))	(5,253,158)	-
Interim dividend FY2011 paid (refer note 3(b))	-	(5,224,101)
At reporting date	<u>13,194,348</u>	<u>15,061,865</u>

Movement in Asset Revaluation Reserve

Balance at the beginning of the reporting period	5,049,246	4,526,169
Transfer (to)/from retained earnings	(5,049,246)	523,077
At reporting date	<u>-</u>	<u>5,049,246</u>

	December 2011 \$	June 2011 \$
6. Retained Earnings		
Balance at the beginning of the reporting period	904,448	5,517,868
(Loss)/profit for the period attributable to members of the Company	(2,568,053)	20,352,870
Transfer to profits reserve	(3,385,641)	(20,285,966)
Transfer from/(to) asset revaluation reserve	5,049,246	(523,077)
Final dividend FY2010 paid (refer Note 3a)	-	(4,157,247)
At reporting date	<u>-</u>	<u>904,448</u>

7. Contingent Liabilities

There are no outstanding contingent liabilities as at 31 December 2011 (June 2011: \$230,553).

8. Capital Commitments

There are no outstanding capital commitments as at 31 December 2011 (June 2011: nil).

9. Segment Reporting

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

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

10. Events Subsequent to Reporting Date

Since the end of the half year, the Directors declared a fully franked interim dividend of 5.5 cents per share payable on 23 March 2012.

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 2011

The Directors of WAM Capital Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 11, 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 2011 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



G.J. Wilson, Chairman

Dated at Sydney this 1st day of February 2012

Level 7, 20 Hunter Street
Sydney NSW 2000

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WAM Capital Limited (the company), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it 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 *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Independence

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

Conclusion

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

- (i) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

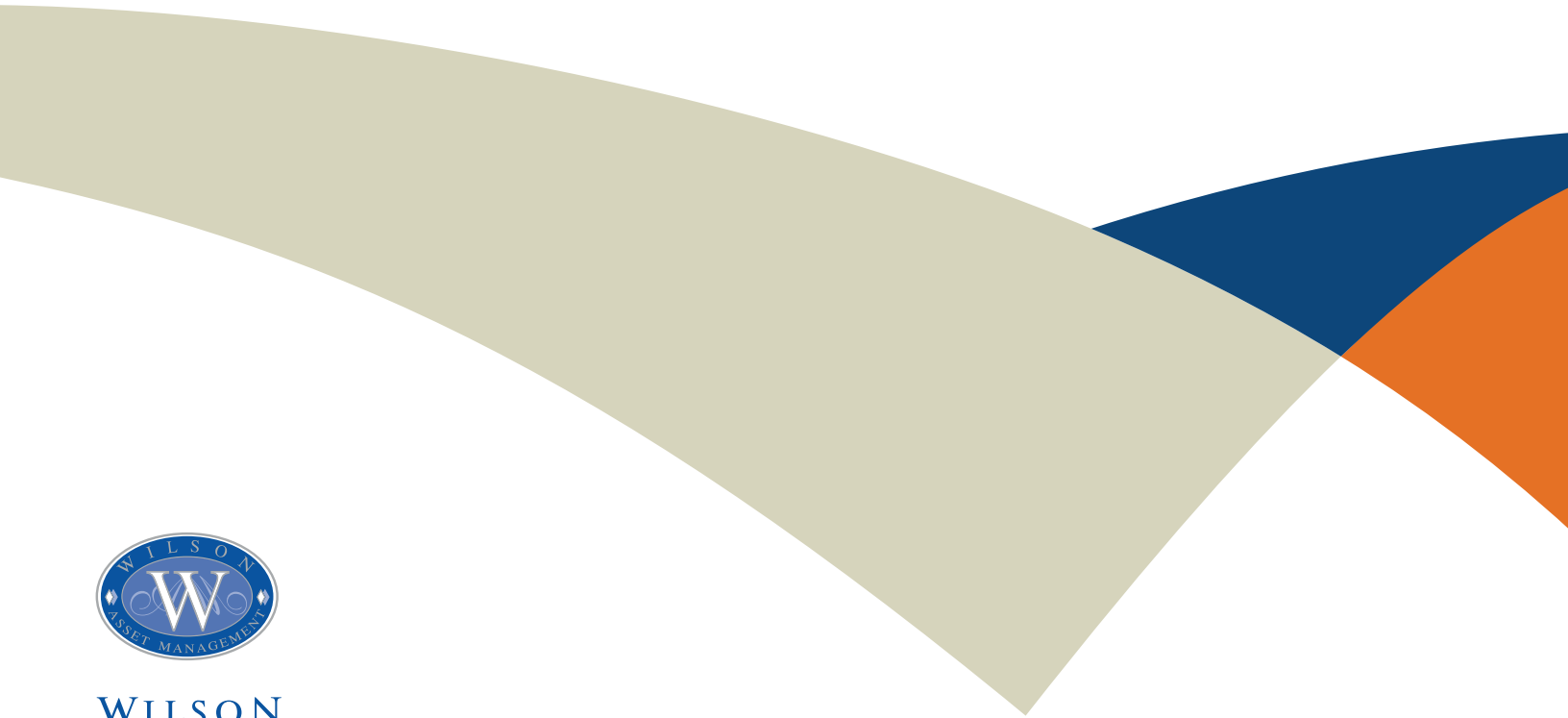


Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 1st day of February 2012



WILSON
ASSET MANAGEMENT

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