

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2004

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2003

	\$	up/down	% mvmt
Revenue from ordinary activities	12,028,886	down	21.5%
Profit from ordinary activities before tax attributable to members	11,399,975	down	14.4%
Profit from ordinary activities after tax attributable to members	8,216,069	down	18.1%
Net profit for the period attributable to members	5,172,838	down	1.9%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2004 Final dividend per share	5.0c	5.0c	30%
2005 Interim dividend per share	6.0c	6.0c	30%
Interim dividend dates			
Ex dividend date			14 April 2005
Record date			20 April 2005
Payment date			29 April 2005
		31 Dec 2004	31 Dec 2003
Net tangible asset backing after tax		\$1.49	\$1.40
<i>This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2004 Annual Financial Report.</i>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2004

COMPANY PARTICULARS

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

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

DIRECTORS:

G. Wilson (Chairman)
M. Kidman
J. Chirnside
P. Jensen

SECRETARY:

M. Kidman

AUDITORS:

Moore Stephens WI

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 131 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

Mail Address: Lv 11, 131 Macquarie St Sydney NSW 2000
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wami.com.au
Website: www.wamcapital.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Stock Exchange) refer to www.asx.com.au or call (02) 9247 6755

SHARE REGISTRAR:

Registries Limited
Mail Address: PO Box R67 Royal Exchange
Sydney NSW 1223
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 Stock Exchange (ASX)
The home exchange is Sydney.
ASX code: WAM Ordinary shares
WAMO Options Expiring 17 Jun 2005

WAM CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the half year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the Company is making investments in listed and unlisted companies. No change in this activity took place during the half year or is likely in the future.

REVIEW OF OPERATIONS AND OPERATING RESULTS

Investment operations over the half year resulted in an operating profit before tax of \$11,399,975 (2003: \$13,322,042) and an operating profit after tax of \$8,216,069 (2003: \$10,036,961)

Investments are revalued monthly to market value. For the half year ended 31 December 2004, investments were revalued by \$4,398,591 (2003: \$8,399,460), after an adjustment for deferred tax on unrealised gains, a net increment of \$3,043,231 (2003: \$4,958,594) was transferred to an Unrealised Capital Profits Reserve.

Asset backing for each ordinary share at 31 December 2004 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.49 per share (2003: \$1.40). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.58 (2003: \$1.48) per share. The equivalent asset backing before tax was \$1.61 per share (2003: \$1.52).

DIRECTORS

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

Geoffrey J. Wilson – Chairman

Matthew J. Kidman – Non Executive Director and Secretary

Paul D. K. Jensen – Non-executive Director

James M. Chirnside – Non-executive Director

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

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 9.

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



M.J. KIDMAN, Director

Dated at Sydney this 25 February 2005

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Notes	December 2004 \$	December 2003 \$
Proceeds from sale of investments		53,152,209	59,528,111
Cost of investments sold		<u>(47,516,328)</u>	<u>(54,260,082)</u>
Gross profit		5,635,881	5,268,029
Unrealised gain on investments		4,398,591	8,399,460
Other revenue from ordinary activities	2	1,994,414	1,649,266
Performance fee		-	(1,434,132)
Management fee		(479,988)	(377,546)
Other expenses from ordinary activities		<u>(148,923)</u>	<u>(183,035)</u>
Profit from ordinary activities before related income tax expense		11,399,975	13,322,042
Income tax expense relating to ordinary activities		<u>(3,183,906)</u>	<u>(3,285,081)</u>
Net profit from ordinary activities after related income tax expense attributable to members of the company		8,216,069	10,036,961
Changes in equity other than those resulting from transactions with owners as owners			
Amount transferred to unrealised capital profits reserve		<u>(3,043,231)</u>	<u>(4,958,594)</u>
Total changes in equity other than those resulting from transactions with owners as owners		5,172,838	5,078,367
Basic earnings per share		13.5 cents	19.2 cents
Diluted earnings per share		13.3 cents	19.2 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 2004

	Notes	December 2004 \$	June 2004 \$
ASSETS			
Cash assets		32,578,469	27,777,802
Receivables		1,354,457	1,568,078
Investments		63,190,992	58,186,570
Tax assets		74,546	56,923
TOTAL ASSETS		97,198,464	87,589,373
LIABILITIES			
Payables		225,114	1,419,284
Current tax liabilities		1,439,277	2,715,571
Deferred tax liabilities		5,303,533	4,401,445
TOTAL LIABILITIES		6,967,924	8,536,300
NET ASSETS		90,230,540	79,053,073
EQUITY			
Contributed equity	4	71,933,486	65,987,988
Reserves		10,685,995	7,642,764
Retained profits		7,611,059	5,422,321
TOTAL EQUITY		90,230,540	79,053,073

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	December 2004 \$	December 2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	820,873	967,347
Interest received	1,109,032	509,174
Other investment income received	100,444	245,476
Payments to suppliers	(1,118,680)	(2,381,997)
Income tax (payment)/refund	(1,301,668)	241,170
NET CASH USED IN OPERATING ACTIVITIES	(389,999)	(418,830)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	53,797,558	59,534,490
Payments for purchase of investments	(49,310,174)	(58,382,708)
Income tax paid	(2,258,118)	(814,106)
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,229,266	337,676
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,903,506)	(1,333,250)
Options exercised	4,864,906	3,488,314
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,961,400	2,155,064
NET INCREASE IN CASH HELD	4,800,667	2,073,910
Cash at beginning of the half year	27,777,802	12,739,894
CASH AT END OF HALF YEAR	32,578,469	14,813,804

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2004 and any public announcements made by WAM Capital Limited during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2004 Annual Financial Report.

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

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2004. For the Statement of Financial Performance and the Statement of Cash Flows, the previous corresponding period is the half year ended 31 December 2003. For the Statement of Financial Position, the previous corresponding date is 30 June 2004.

(c) Segment Reporting

The half year financial report is for the individual entity WAM Capital Limited. It is a publicly listed company limited by shares, incorporated and domiciled in Australia.

The Company is engaged in investment activities conducted predominantly in Australia and derives revenue and investment income from listed and unlisted securities and fixed interest securities.

	December 2004	December 2003
	\$	\$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends received	841,794	846,360
Interest received	1,033,537	520,796
Underwriting fees received	59,096	146,426
Trust distributions received	57,269	125,159
Stock lending rebate received	2,718	10,525
	<u>1,994,414</u>	<u>1,649,266</u>

3. DIVIDENDS

Dividends paid fully franked at 30% tax rate:

Final dividend at 5 cents per ordinary share paid on 29 November 2004 (2003: 4 cents)	<u>2,984,099</u>	<u>2,009,909</u>
Total dividends paid by the Company	<u>2,984,099</u>	<u>2,009,909</u>

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

3. DIVIDENDS (Continued)

Subsequent Event

Since the end of the half year, the Directors have declared an interim dividend of 6.0 cents per share fully franked at 30% payable 26 April 2005.

The interim dividend has not been brought to account in the financial statements for the half year ended 31 December 2004 but will be recognised in subsequent financial reports.

	December 2004 \$	June 2004 \$
4. CONTRIBUTED EQUITY		
(a) Issued and Paid-up Capital		
60,408,746 ordinary shares fully paid (June 2004: 56,545,036)	<u>71,933,486</u>	<u>65,987,988</u>
(b) Movement in Ordinary Share Capital		
At the beginning of the reporting period	65,987,988	52,918,037
- 449,350 ordinary shares issued on 6 November 2003 under a dividend reinvestment plan	-	677,313
- 656,426 ordinary shares issued on 27 April 2004 under a dividend reinvestment plan	-	998,377
- 7,350,436 ordinary shares issued from the exercise of options issued 10 October 2003, with an exercise price of \$1.55 per share	-	11,394,261
- 3,139,345 ordinary shares issued from the exercise of options issued 10 October 2003, with an exercise price of \$1.55 per share	4,864,905	-
- 724,365 ordinary shares issued on 29 November 2004 under a dividend reinvestment plan	1,080,593	-
At reporting date	<u>71,933,486</u>	<u>65,987,988</u>

5. EVENTS SUBSEQUENT TO REPORTING DATE

No 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

The Directors of WAM Capital Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 7, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 1029: 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 2004 and of its performance for the half year ended on that date; and
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.



M.J. KIDMAN, Director

Dated at Sydney this 25 February 2005.

Auditors' Independence Declaration

As lead auditor for the review of WAM Capital Limited for the half year ended 31 December 2004, 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.



S.M. WHIDDETT
Partner

Dated in Sydney this day 25 February 2005

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
WAM CAPITAL LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for WAM Capital Limited for the half-year ended 31 December 2004.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", and the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the Company, and in order for the Company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of Company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

A review is limited primarily to inquiries of Company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, 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.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

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

- a. the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position of the Company at 31 December 2004 and of its performance for the period ended on that date; and
 - ii. complying with Accounting Standard AASB 1029 "*Interim Financial Reporting*" and the *Corporations Regulations 2001*; and
- b. other mandatory financial reporting requirements in Australia.



S. M. WHIDDETT
Partner



MOORE STEPHENS WI
Sydney

Dated 25 February 2005