

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2004

	\$	up/down	% mvmt
Revenue from ordinary activities	13,500,791	up	12.2%
Profit from ordinary activities before tax attributable to members	12,477,915	up	9.5%
Profit from ordinary activities after tax attributable to members	9,232,288	up	12.4%
Net profit for the period attributable to members	9,232,288	up	12.4%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2005 Final dividend per share	6.0c	6.0c	30%
2006 Interim dividend per share	7.0c	7.0c	30%
Interim dividend dates			
Ex dividend date			13 April 2006
Record date			21 April 2006
Payment date			28 April 2006
		31 Dec 2005	31 Dec 2004
Net tangible asset backing after tax		\$1.51	\$1.49
<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 2005 Annual Financial Report.</i>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

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 Sydney

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 139 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

Mail Address: Lv 11, 139 Macquarie St Sydney NSW 2000
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wami.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

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the half year ended 31 December 2005.

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 \$12,477,915 (2004: \$11,399,975) and an operating profit after tax of \$9,232,288 (2004: \$8,216,069)

Investments are revalued monthly to market value. For the half year ended 31 December 2005, investments were revalued upwards by \$3,302,748 (2004: \$4,398,591), after an adjustment for deferred tax on unrealised gains, a net increment of \$2,358,122 (2004: \$3,043,231) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share at 31 December 2005 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.51 per share (2004: \$1.49). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.58 (2004: \$1.58) per share. The equivalent asset backing before tax was \$1.61 per share (2004: \$1.61).

Dividends of 12 cents per share have been paid in the period from 31 December 2004 to 31 December 2005.

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 2.

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



M.J. KIDMAN, Director
Dated at Sydney this 2 February 2006

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	December 2005 \$	December 2004 \$
Proceeds from sale of investments		82,549,470	53,152,209
Cost of investments sold		(75,016,036)	(47,516,328)
Unrealised gain on investments		3,302,748	4,398,591
Other revenue from ordinary activities	2	2,664,609	1,994,414
Management fee		(547,973)	(479,988)
Brokerage expense		(301,736)	-
Other expenses from ordinary activities		<u>(173,167)</u>	<u>(148,923)</u>
Profit from ordinary activities before related income tax expense		12,477,915	11,399,975
Income tax expense relating to ordinary activities		<u>(3,245,627)</u>	<u>(3,183,906)</u>
Net profit from ordinary activities after related income tax expense attributable to shareholders of the Company	5	<u>9,232,288</u>	<u>8,216,069</u>
Basic earnings per share		<u>13.4 cents</u>	<u>13.5 cents</u>
Diluted earnings per share		<u>N/A</u>	<u>13.3 cents</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	December 2005 \$	June 2005 \$
ASSETS			
Cash assets		13,205,777	44,059,136
Receivables		941,320	843,267
Investments		94,362,620	58,737,612
Tax assets		47,448	35,960
TOTAL ASSETS		<u>108,557,165</u>	<u>103,675,975</u>
LIABILITIES			
Payables		807,248	2,602,150
Current tax liabilities		1,749,680	2,382,294
Deferred tax liabilities		4,798,176	3,893,725
TOTAL LIABILITIES		<u>7,355,104</u>	<u>8,878,169</u>
NET ASSETS		<u>101,202,061</u>	<u>94,797,806</u>
EQUITY			
Contributed equity	4	81,568,836	80,438,960
Reserves	5	8,263,258	5,905,136
Retained profits	5	11,369,967	8,453,710
TOTAL EQUITY		<u>101,202,061</u>	<u>94,797,806</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	December 2005 \$	December 2004 \$
Total equity as at 1 July 2005		94,797,806	79,053,073
Net profit for the half year attributable to shareholders of the Company	5(c)	9,232,288	8,216,069
Shares issued in the period	5(a)	<u>1,129,876</u>	<u>5,945,498</u>
		105,159,970	93,214,639
Dividends paid or provided for	3	<u>(3,957,909)</u>	<u>(2,984,099)</u>
Total equity as at 31 December 2005 attributable to shareholders of the Company		<u>101,202,061</u>	<u>90,230,540</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	December 2005 \$	December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	1,707,112	820,873
Interest received	789,258	1,109,032
Other investment income received	105,522	100,444
Payments to suppliers	(1,073,738)	(1,118,680)
Income tax paid	(254,275)	(1,301,668)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	<u>1,273,879</u>	<u>(389,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	82,722,700	53,797,558
Payments for purchase of investments	(109,303,611)	(49,310,174)
Income tax paid	(2,718,294)	(2,258,118)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	<u>(29,299,205)</u>	<u>2,229,266</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,828,033)	(1,903,506)
Options exercised	-	4,864,906
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	<u>(2,828,033)</u>	<u>2,961,400</u>
NET (DECREASE)/INCREASE IN CASH HELD	(30,853,359)	4,800,667
Cash at beginning of the half year	44,059,136	27,777,802
CASH AT END OF HALF YEAR	<u><u>13,205,777</u></u>	<u><u>32,578,469</u></u>

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 2005

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 134: 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 2005 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 Company's financial statements until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain aspects from AIFRS. This report is the first to be prepared in accordance with AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards. The Company has taken the exemption available under AASB 1 to only apply AASB 132: Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement from 1 July 2005.

Had AASB 132 and AASB 139 been applied to the comparative period, transaction costs related to the acquisition of investments would be excluded from Investments in the Balance Sheet and expensed in the Income Statement as incurred.

No comparative figures have needed to be restated as a consequence of adopting AIFRS.

The financial statements have been prepared using historical cost with the exception of "held for trading" 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.

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2005. For the Income Statement, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the half year ended 31 December 2004. For the Balance Sheet, the previous corresponding date is 30 June 2005.

(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 2005	December 2004
2. OTHER REVENUE FROM ORDINARY ACTIVITIES	\$	\$
Dividends	1,702,117	841,794
Interest	777,333	1,036,255
Underwriting fees	65,228	59,096
Trust distributions	116,372	57,269
Other income	3,559	-
	<u><u>2,664,609</u></u>	<u><u>1,994,414</u></u>

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	December 2005	December 2004
	\$	\$
3. DIVIDENDS		
Dividends paid fully franked at 30% tax rate:		
Final dividend at 6 cents per ordinary share paid on 17 October 2005 (2004: 5 cents)	3,957,909	2,984,099

Subsequent Event

Since the end of the half year, the Directors have declared an interim dividend of 7.0 cents per share fully franked at 30% payable 28 April 2006.

The interim dividend has not been brought to account in the financial statements for the half year ended 31 December 2005 but will be recognised in subsequent financial reports.

	December 2005	June 2005
	\$	\$
4. CONTRIBUTED EQUITY		
Issued and Paid-up Capital		
66,756,926 ordinary shares fully paid (June 2005: 65,965,144)	<u>81,568,836</u>	<u>80,438,960</u>

	December 2005	December 2004
	\$	\$
5. MOVEMENTS IN EQUITY		
(a) Movements in ordinary share capital		
Balance at the beginning of the half year	80,438,960	65,987,988
- 3,139,345 ordinary shares issues 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
- 791,782 ordinary shares issued on 17 October 2005 under a dividend reinvestment plan	1,129,876	-
At reporting date	<u>81,568,836</u>	<u>71,933,486</u>

(b) Movements in asset revaluation reserve		
Balance at the beginning of the half year	5,905,136	7,642,764
Transfer from retained profits	2,358,122	3,043,231
At reporting date	<u>8,263,258</u>	<u>10,685,995</u>

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	December 2005 \$	December 2004 \$
5. MOVEMENTS IN EQUITY (CONTINUED)		
(c) Movements in retained profits		
Balance at the beginning of the half year	8,453,710	5,422,321
Net profit for the half year attributable to shareholders of the Company	9,232,288	8,216,069
Transfer to asset revaluation reserve	(2,358,122)	(3,043,231)
Dividends paid (refer Note 3)	(3,957,909)	(2,984,099)
At reporting date	<u>11,369,967</u>	<u>7,611,059</u>

6. 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

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DIRECTORS' DECLARATION

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 Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2005 and of its performance, as represented by the results of the operations and the cashflows, 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 2 February 2006

