

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2006

	\$	up/down	% mvmt
Revenue from ordinary activities	(9,223,595)	down	35.9%
Loss from ordinary activities before tax attributable to members	(10,855,336)	down	47.7%
Loss from ordinary activities after tax attributable to members	(7,005,581)	down	42.7%
Net loss for the period attributable to members	(7,005,581)	down	42.7%
Dividend Information	Amt per share	Franked amount per share	Tax rate for franking
2007 Final dividend per share	8.0c	8.0c	30%
2008 Interim dividend per share	8.0c	8.0c	30%
<p>The Dividend Reinvestment Plan is in operation and the recommended Interim Dividend of 8.0 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).</p>			
Interim dividend dates			
Ex dividend date			29 Feb 2008
Record date			6 Mar 2008
Payment date			11 Mar 2008
		31 Dec 2007	31 Dec 2006
Net tangible asset backing after tax		\$1.72	\$1.74
<p><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 2007 Annual Financial Report.</i></p>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2007**

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:	N. Cuffe
AUDITORS:	Moore Stephens Sydney
COUNTRY OF INCORPORATION:	Australia
REGISTERED OFFICE:	Level 11, 139 Macquarie Street Sydney NSW 2000
CONTACT DETAILS:	Mail Address: Level 11, 139 Macquarie Street Sydney NSW 2000 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: info@wami.com.au Website: www.wilsonassetmanagement.com.au
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 Securities 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 2007

The Directors present their report together with the financial report of WAM Capital Limited (the Company) for the half year ended 31 December 2007.

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 loss before tax of \$10,855,336 (December 2006: profit \$22,756,107) and an operating loss after tax of \$7,005,581 (December 2006: profit \$16,420,540)

Investments are revalued monthly to market value. For the half year ended 31 December 2007, investments were revalued downwards by \$24,398,170 (December 2006: upwards \$13,600,274), after an adjustment for deferred tax on unrealised gains, a net decrement of \$17,077,475 (December 2006: increment \$9,520,192) was transferred to an Asset Revaluation Reserve.

Net tangible asset backing for each ordinary share at 31 December 2007 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.72 per share (December 2006: \$1.74). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.78 per share (December 2006: \$1.89). The equivalent asset backing before tax was \$1.80 per share (December 2006: \$1.93).

Dividends of 16 cents per share have been paid in the period from 31 December 2006 to 31 December 2007.

On 24 October 2006, the Directors of WAM Capital Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 1st December 2006 and were issued at no cost to shareholders. The options had an exercise price of \$1.80 per option and were exercisable any time up until the expiry date of 17 December 2007.

On 17 December 2007, a total of 35,144,307 options had been exercised for a total consideration of \$63,259,753. The remaining balance of 33,066,464 options lapsed.

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

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 26 February 2008

PARTNERS:

Howard Badger CA
Andrew Blackwell CA
Chris Chandran CA
Martin Fowler CA
Stephen Humphrys FCA
Garry Leyshon FCA
Allan Mortel CA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Scott Whiddett CA

CONSULTANTS:

Anja Dorrell CA
Brett Sato CA
Bob Webster FCA

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 2007, 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

C. Chandran

C. Chandran
Partner

Dated in Sydney this 26th day of February 2008.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Notes	December 2007 \$	December 2006 \$
Proceeds from sale of investments		150,537,749	105,522,40
Cost of investments sold		(141,075,727)	(96,225,150)
Unrealised (loss)/gain on investments		(24,398,170)	13,600,274
Other revenue from ordinary activities	2	5,712,553	2,775,774
Management and performance fees		(966,659)	(2,339,143)
Brokerage expense on share purchases		(409,661)	(331,537)
Other expenses from ordinary activities		<u>(255,421)</u>	<u>(246,511)</u>
(Loss)/Profit before income tax		(10,855,336)	22,756,107
Income tax benefit/(expense)		<u>3,849,755</u>	<u>(6,335,567)</u>
(Loss)/Profit attributable to members of the Company	5(c)	<u>(7,005,581)</u>	<u>16,420,540</u>
Basic earnings per share		<u>(0.07) cents</u>	<u>24.2 cents</u>
Diluted earnings per share		<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

BALANCE SHEET AS AT 31 DECEMBER 2007

	Notes	December 2007 \$	June 2007 \$
ASSETS			
Cash and cash equivalents		60,731,455	40,548,144
Trade and other receivables		5,084,629	10,698,453
Financial assets		126,276,630	136,384,110
Deferred tax assets		2,610	4,125
TOTAL ASSETS		192,095,324	187,634,832
LIABILITIES			
Trade and other payables		2,602,823	7,351,755
Current tax liabilities		1,986,104	4,200,970
Deferred tax liabilities		6,104,888	12,197,885
TOTAL LIABILITIES		10,693,815	23,750,610
NET ASSETS		181,401,509	163,884,222
EQUITY			
Issued capital	4	150,393,568	117,706,977
Reserve	5(b)	9,061,254	26,138,729
Retained earnings	5(c)	21,946,687	20,038,516
TOTAL EQUITY		181,401,509	163,884,222

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 2007

	Notes	December 2007 \$	December 2006 \$
Total equity as at 1 July 2007		163,884,222	106,542,783
(Loss)/Profit for the half year attributable to members of the Company	5(c)	(7,005,581)	16,420,540
Shares issued in the period	5(a)	<u>32,686,591</u>	<u>1,233,070</u>
		189,565,232	124,196,393
Dividends paid or provided for	3	<u>(8,163,723)</u>	<u>(4,726,058)</u>
Total equity as at 31 December 2007 attributable to members of the Company		<u>181,401,509</u>	<u>119,470,335</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 2007

	December 2007 \$	December 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	2,778,579	1,866,905
Interest received	1,964,282	734,365
Other investment income received	451,424	296,074
Investment management fees	(461,685)	(544,163)
Investment performance fees	(2,954,800)	(229,364)
Brokerage expense on share purchases	(409,661)	(331,537)
Payments for administration expenses	(182,397)	(140,904)
Income tax paid	(4,456,594)	(2,222,310)
NET CASH USED IN OPERATING ACTIVITIES	(3,270,852)	(570,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	156,155,215	108,320,815
Payments for purchase of investments	(157,223,920)	(113,764,133)
NET CASH USED IN INVESTING ACTIVITIES	(1,068,705)	(5,443,318)
CASH FLOWS FROM FINANCING ACTIVITIES		
Options exercised	31,147,808	-
Dividends paid	(6,624,940)	(3,492,988)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	24,522,868	(3,492,988)
NET INCREASE/(DECREASE) IN CASH HELD	20,183,311	(9,507,240)
Cash at beginning of the half year	40,548,144	20,367,060
CASH AT END OF HALF YEAR	60,731,455	10,859,820

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 2007

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, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue on 26 February 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 2007 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 accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2007 Annual Financial Report.

The financial statements have been prepared on an accruals basis and are based on historical costs 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 2007. 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 2006. For the Balance Sheet, the previous corresponding date is 30 June 2007.

(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 2007	December 2006
	\$	\$
2. OTHER INVESTMENT INCOME RECEIVED		
Dividends	3,319,635	1,764,136
Interest	1,991,058	685,411
Underwriting fees	19,460	94,386
Trust distributions	270,147	231,841
Other income	112,253	-
	<u>5,712,553</u>	<u>2,775,774</u>

3. DIVIDENDS

Dividends paid fully franked at 30% tax rate:

Final dividend at 8 cents per ordinary share paid on 26 October
2007 (2006: 7 cents)

<u>8,163,723</u>	<u>4,726,058</u>
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WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

3. DIVIDENDS (CONTINUED)

Subsequent Event

Since the end of the half year, the Directors have declared an interim dividend of 8.0 cents per share, fully franked at 30%, payable 11 March 2008.

The interim dividend has not been brought to account in the financial statements for the half year ended 31 December 2007 but will be recognised in subsequent financial reports.

	December 2007 \$	June 2007 \$
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4. ISSUED CAPITAL

Paid-up Capital

105,052,502 ordinary shares fully paid (June 2007: 86,902,811)	<u>150,393,568</u>	<u>117,706,977</u>
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	December 2007 \$	December 2006 \$
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5. MOVEMENTS IN EQUITY

(a) Movements in ordinary share capital

Balance at the beginning of the reporting period	117,706,977	82,773,313
- 695,659 ordinary shares issued on 27 October 2006 under a dividend reinvestment plan	-	1,233,070
- 17,304,337 ordinary shares issues from the exercise of options issued 24 October 2006, exercise price of \$1.80 per share	31,147,808	-
- 845,354 ordinary shares issued on 26 October 2007 under a dividend reinvestment plan	1,538,783	-
At reporting date	<u>150,393,568</u>	<u>84,006,383</u>

(b) Movements in asset revaluation reserve

Balance at the beginning of the reporting period	26,138,729	11,812,949
Transfer from retained earnings	<u>(17,077,475)</u>	<u>9,520,192</u>
At reporting date	<u>9,061,254</u>	<u>21,333,141</u>

(c) Movements in retained earnings

Balance at the beginning of the half year	20,038,516	11,956,521
Profit for the period attributable to members of the Company	(7,005,581)	16,420,540
Transfer to asset revaluation reserve	17,077,475	(9,520,192)
Dividends paid (refer Note 3)	<u>(8,163,723)</u>	<u>(4,726,058)</u>
At reporting date	<u>21,946,687</u>	<u>14,130,811</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

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 8, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with 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 2007 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.



M.J. KIDMAN, Director

Dated at Sydney this 26 February 2008

PARTNERS:

Howard Badger CA
 Andrew Blackwell CA
 Chris Chandran CA
 Martin Fowler CA
 Stephen Humphrys FCA
 Garry Leyshon FCA
 Allan Mortel CA
 Wayne Morton FCA
 Joe Shannon CA
 Robert Southwell CA
 Spiro Tzannes FCA
 Charlie Viola (Affiliate ICAA)
 Scott Whiddett CA

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

CONSULTANTS:

Anja Dorrell CA
 Brett Sato CA
 Bob Webster FCA

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 balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement 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 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 controls 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 2007 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.

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

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 2007 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



C. Chandran
Partner

Dated in Sydney, the 26th day of February 2008.