

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2007

	\$	up/down	% mvmt
Revenue from ordinary activities	(23,479,092)	down	154.6%
Loss from ordinary activities before tax attributable to members	(24,714,176)	down	127.7%
Loss from ordinary activities after tax attributable to members	(16,686,989)	down	138.2%
Net loss for the period attributable to members	(16,686,989)	down	138.2%
There is no interim dividend proposed for the half year ended 31 December 2008.			
		31 Dec 2008	31 Dec 2007
Net tangible asset backing after tax		\$1.25	\$1.72
<i>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 2008 Annual Financial Report.</i>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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:

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

SECRETARY:

K. Thorley

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: WAM Ordinary shares

WAM CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

The Directors present their report together with the financial report of WAM Capital Limited (the Company) for the half year ended 31 December 2008.

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 \$24,714,176 (December 2007: \$10,855,336) and an operating loss after tax of \$16,686,989 (December 2007: \$7,005,581)

Investments are valued continuously to market value. For the half year ended 31 December 2008, investments were revalued downwards by \$3,795,244 (December 2007: downwards \$24,398,170). For the half year ended 31 December 2008, there was no transfer to or from an Asset Revaluation Reserve (December 2007: after an adjustment for deferred tax on unrealised gains, a net decrement of \$17,077,475 was transferred to an Asset Revaluation Reserve).

Net tangible asset backing for each ordinary share at 31 December 2008 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.25 per share (December 2007: \$1.72). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.26 per share (December 2007: \$1.78). The equivalent asset backing before tax payable and after tax assets was \$1.26 per share (December 2007: \$1.80).

On 28 August 2008, the Board announced an equal access share buy-back. Eligible shareholders could tender up to 5.8% of their shareholding at the record date at a price of \$1.38 per share. The record date for participation was 8 October 2008. Shares traded on an "ex" basis 1 October 2008. No shareholder was obliged to participate in the buy-back. On 30 October 2008, a total of 3,373,557 ordinary shares (55% of shares accepted) were tendered to be bought back at \$1.38 per share totalling \$4,655,509. Payment for shares bought back was made on 7 November 2008.

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 – Non-independent

Matthew J. Kidman – Non Executive Director - Non-independent

Paul D. K. Jensen – Non Executive Director - Independent

James M. Chirnside – Non Executive Director - Independent

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 26th day of February 2009

**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 2008, 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



S.M. Whiddett
Partner

Dated in Sydney this 26th day of February 2009.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
Proceeds from sale of investments		111,026,063	150,537,749
Cost of investments sold		(135,602,995)	(141,075,727)
Unrealised (loss)/gain on investments		(3,795,244)	(24,398,170)
Other revenue from ordinary activities	2	4,893,084	5,712,553
Management fees		(672,870)	(966,659)
Brokerage expense on share purchases		(347,675)	(409,661)
Other expenses from ordinary activities		<u>(214,539)</u>	<u>(255,421)</u>
Loss before income tax		(24,714,176)	(10,855,336)
Income tax benefit		<u>8,027,187</u>	<u>3,849,755</u>
Loss attributable to members of the Company	4(d)	<u>(16,686,989)</u>	<u>(7,005,581)</u>
Basic earnings per share		<u>(0.16) cents</u>	<u>(0.07) 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 2008

	Notes	December 2008 \$	June 2008 \$
ASSETS			
Cash and cash equivalents		70,687,738	65,824,103
Trade and other receivables		1,785,071	14,929,621
Financial assets		45,198,224	69,324,116
Deferred tax assets		12,298,914	5,220,434
TOTAL ASSETS		<u>129,969,947</u>	<u>155,298,274</u>
LIABILITIES			
Financial liabilities		-	1,816,207
Trade and other payables		473,358	1,694,272
Deferred tax liabilities		921,451	1,870,159
TOTAL LIABILITIES		<u>1,394,809</u>	<u>5,380,638</u>
NET ASSETS		<u>128,575,138</u>	<u>149,917,636</u>
EQUITY			
Issued capital	4(a)	147,271,945	151,927,454
Reserve	4(c)	-	-
(Accumulated losses)/retained earnings	4(d)	(18,696,807)	(2,009,818)
TOTAL EQUITY		<u>128,575,138</u>	<u>149,917,636</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	December 2008 \$	December 2007 \$
Total equity as at 1 July 2008		149,917,636	163,884,222
Loss for the half year attributable to members of the Company	4(d)	(16,686,989)	(7,005,581)
Shares (bought back)/issued in the period	4(b)	<u>(4,655,509)</u>	<u>32,686,591</u>
		128,575,138	189,565,232
Dividends paid or provided for	3	<u>-</u>	<u>(8,163,723)</u>
Total equity as at 31 December 2008 attributable to members of the Company		<u>128,575,138</u>	<u>181,401,509</u>

The accompanying notes form part of these financial statements.

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CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	December 2008 \$	December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	2,158,154	2,778,579
Interest received	2,701,641	1,964,282
Other investment income received	88,124	451,424
Investment management fees	(492,646)	(461,685)
Investment performance fees	-	(2,954,800)
Brokerage expense on share purchases	(347,675)	(409,661)
Payments for administration expenses	(199,395)	(182,397)
Income tax paid	-	(4,456,594)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	3,908,203	(3,270,852)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	123,935,200	156,155,215
Payments for purchase of investments	(118,324,259)	(157,223,920)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	5,610,941	(1,068,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares bought back	(4,655,509)	-
Options exercised	-	31,147,808
Dividends paid	-	(6,624,940)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(4,655,509)	24,522,868
NET INCREASE IN CASH HELD	4,863,635	20,183,311
Cash at beginning of the half year	65,824,103	40,548,144
CASH AT END OF HALF YEAR	70,687,738	60,731,455

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 2008

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 2009 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 2008 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 2008 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 2008. 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 2007. For the Balance Sheet, the previous corresponding date is 30 June 2008.

(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 in Australia and derives revenue and investment income from listed, unlisted securities and fixed interest securities.

	December 2008 \$	December 2007 \$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Australian sourced dividends	1,996,250	2,706,063
Foreign sourced dividends	122,113	613,572
Interest	2,608,188	1,991,058
Underwriting fees	11,791	19,460
Trust distributions	154,742	270,147
Other income	-	112,253
	<u>4,893,084</u>	<u>5,712,553</u>

3. DIVIDENDS

Dividends paid fully franked at 30% tax rate:

No dividends were paid during the period (2007: 8.0 cents)	-	<u>8,163,723</u>
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WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	December 2008 \$	June 2008 \$
4. ISSUED CAPITAL		
(a) Paid-up Capital		
102,785,383 ordinary shares fully paid (June 2008: 106,158,940)	<u>147,271,945</u>	<u>151,927,454</u>
	December 2008 \$	December 2007 \$
(b) Movements in Ordinary Share Capital		
Balance at the beginning of the reporting period	151,927,454	117,706,977
- 3,373,557 ordinary shares bought back on 30 October 2008 under a 5.8% equal access buy-back at a price of \$1.38 per share	(4,655,509)	-
- 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>147,271,945</u>	<u>150,393,568</u>
(c) Movements in Asset Revaluation Reserve		
Balance at the beginning of the reporting period	-	26,138,729
Transfer from retained earnings	-	(17,077,475)
At reporting date	<u>-</u>	<u>9,061,254</u>
(d) Movements in (Accumulated Losses)/Retained Earnings		
Balance at the beginning of the half year	(2,009,818)	20,038,516
Loss for the period attributable to members of the Company	(16,686,989)	(7,005,581)
Transfer to asset revaluation reserve	-	17,077,475
Dividends paid (refer Note 3)	-	(8,163,723)
At reporting date	<u>(18,696,807)</u>	<u>21,946,687</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 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 2008 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 26th day of February 2009

**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 balance sheet as at 31 December 2008, 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 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 2008 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 2008 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



S.M. Whiddett
Partner

Dated in Sydney this 26th day of February 2009.