

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2008

	\$	up/down	% mvmt
Revenue from ordinary activities	40,474,463	up	272.4%
Profit from ordinary activities before tax attributable to members	37,998,460	up	253.8%
Profit from ordinary activities after tax attributable to members	27,363,374	up	264.0%
Net profit for the period attributable to members	27,363,374	up	264.0%
Dividend Information			
	Amt per share	Franked amount per share	Tax rate for franking
2009 Final dividend per share	4.0c	4.0c	30%
2010 Interim dividend per share	4.0c	4.0c	30%
<p>The Dividend Reinvestment Plan is in operation and the recommended Interim Dividend of 4.0 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			12 Feb 2010
Record date			18 Feb 2010
Payment date			25 Feb 2010
		31 Dec 2009	31 Dec 2008
Net tangible asset backing after tax		\$1.59	\$1.25
<p><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 2009 Annual Financial Report.</i></p>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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
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:	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 for Ordinary shares: WAM

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the financial report of WAM Capital Limited (the Company) for the half year ended 31 December 2009.

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 \$37,998,460 (2008: operating loss before tax of \$24,714,176) and an operating profit after tax of \$27,363,374 (2008: operating loss after tax of \$16,686,989)

Investments are valued continuously to market value. For the half year ended 31 December 2009, investments were revalued upwards by \$18,121,916 (2008: downwards \$3,795,244), after an adjustment for potential tax charges, a net increase of \$9,545,620 (2008: nil) was transferred to an Asset Revaluation Reserve.

Net tangible asset backing for each ordinary share at 31 December 2009 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.59 per share (2008: \$1.25). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.67 (2008: \$1.26) The equivalent asset backing before tax was \$1.64 per share (2008: \$1.26).

A fully franked dividend of 4.0 cents per share has been paid in the period to 31 December 2009 and an interim fully franked dividend of 4.0 cents per share has been declared by the Board and will be paid on 25 February 2010.

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 3rd day of February 2010

**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 2009, 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

JR Webster

Jenelle Webster
Principal

Dated in Sydney this 3rd day of February 2010

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	December 2009 \$	December 2008 \$
Proceeds from sale of investments		158,043,282	111,026,063
Cost of investments sold		(139,527,634)	(135,602,995)
Unrealised gain/(loss) on held for trading financial assets		18,121,916	(3,795,244)
Other revenue from ordinary activities	2	3,836,899	4,893,084
Performance fees		(979,548)	-
Management fees		(828,326)	(672,870)
Directors fees		(40,000)	(40,000)
Brokerage expense on share purchases		(413,145)	(347,675)
Other expenses from ordinary activities		(214,984)	(174,539)
Profit/(Loss) before income tax		37,998,460	(24,714,176)
Income tax (expense)/benefit		(10,635,086)	8,027,187
Profit/(Loss) attributable to members of the Company	4(d)	27,363,374	(16,686,989)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		27,363,374	(16,686,989)
Basic earnings per share		26.40 cents	(15.89) cents
Diluted earnings per share		26.40 cents	(15.89) 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 2009

	Notes	December 2009 \$	June 2009 \$
ASSETS			
Cash and cash equivalents		61,474,391	52,024,614
Trade and other receivables		3,833,454	4,151,414
Held for trading financial assets		109,717,494	81,797,475
Deferred tax assets		3,358,241	9,721,346
TOTAL ASSETS		178,383,580	147,694,849
LIABILITIES			
Held for trading financial liabilities		2,474,714	436,840
Trade and other payables		2,968,255	2,554,425
Deferred tax liabilities		7,796,677	3,524,696
TOTAL LIABILITIES		13,239,646	6,515,961
NET ASSETS		165,143,934	141,178,888
EQUITY			
Issued capital	4(a)	147,985,032	147,271,945
Reserve	4(c)	9,545,620	-
Retained earnings/(Accumulated losses)	4(d)	7,613,282	(6,093,057)
TOTAL EQUITY		165,143,934	141,178,888

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 2009

	Notes	December 2009 \$	December 2008 \$
Total equity as at 1 July 2009		141,178,888	149,917,636
Profit/(Loss) for the half year attributable to members of the Company	4(d)	27,363,374	(16,686,989)
Total other comprehensive income for the period		-	-
Shares issued/(bought back) in the period	4(b)	<u>713,087</u>	<u>(4,655,509)</u>
		169,255,349	128,575,138
Dividends paid (4.0 cents per share)	3	<u>(4,111,415)</u>	<u>-</u>
Total equity as at 31 December 2009 attributable to members of the Company		<u>165,143,934</u>	<u>128,575,138</u>

The accompanying notes form part of these financial statements.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	December 2009 \$	December 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	2,580,623	2,158,154
Interest received	1,132,450	2,701,641
Other investment income received	465,141	88,124
Investment management fees	(653,829)	(492,646)
Brokerage expense on share purchases	(413,145)	(347,675)
Payments for administration expenses	(274,670)	(199,395)
Income tax refund	313,224	-
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,149,794	3,908,203
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	157,829,283	123,935,200
Payments for purchase of investments	(148,056,509)	(118,324,259)
Revenue from options written	(74,463)	-
	<hr/>	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,698,311	5,610,941
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares bought back	-	(4,655,509)
Payment of dividends	(3,398,328)	-
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	(3,398,328)	(4,655,509)
	<hr/>	<hr/>
NET INCREASE IN CASH HELD	9,449,777	4,863,635
Cash at beginning of the half year	52,024,614	65,824,103
	<hr/>	<hr/>
CASH AT END OF HALF YEAR	61,474,391	70,687,738
	<hr/>	<hr/>

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 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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*, 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 3rd February 2010 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 2009 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 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.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2009 Annual Financial Report apart from those outlined below.

Accounting Standards not previously applied

The Company has adopted the following new and revised Australian Accounting Standard issued by the Australian Accounting and Standards Board which is mandatory to apply to the current interim period. Disclosures required by this Standard that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

(b) Details of Reporting Period

The current reporting period is the half year ended 31 December 2009. For the Statement of Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, the previous corresponding period is the half year ended 31 December 2008. For the Statement of Financial Position, the previous corresponding date is 30 June 2009.

(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.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	December 2009 \$	December 2008 \$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Australian sourced dividends	2,439,639	1,996,250
Foreign sourced dividends	60,386	122,113
Interest	1,051,107	2,608,188
Underwriting fees	111,020	11,791
Trust distributions	220,553	154,742
Other gains/losses from options trading	(45,806)	-
	<u>3,836,899</u>	<u>4,893,084</u>
3. DIVIDENDS		
(a) Ordinary dividends paid during the period		
4.0 cents per share fully franked dividend paid 17 August 2009 (2008: nil)	<u>4,111,415</u>	<u>-</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 4.0 cents per share payable on 25 February 2010	<u>4,134,683</u>	<u>-</u>
	December 2009 \$	June 2009 \$
4. ISSUED CAPITAL		
(a) Paid-up Capital		
103,367,063 ordinary shares fully paid (2008: 102,785,383)	<u>147,985,032</u>	<u>147,271,945</u>
(b) Movements in Ordinary Share Capital		
Balance at the beginning of the reporting period	147,271,945	151,927,454
- 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)
- 581,680 ordinary shares issued on 17 August 2009 under a dividend reinvestment plan	713,087	-
At reporting date	<u>147,985,032</u>	<u>147,271,945</u>
(c) Movements in Asset Revaluation Reserve		
Balance at the beginning of the reporting period	-	-
Transfer from retained earnings	9,545,620	-
At reporting date	<u>9,545,620</u>	<u>-</u>
(d) Movements in Retained Earnings/(Accumulated Losses)		
Balance at the beginning of the reporting period	(6,093,057)	(2,009,818)
Profit for the period attributable to members of the Company	27,363,374	(4,083,239)
Transfer to asset revaluation reserve	(9,545,620)	-
Dividends paid (refer Note 3)	(4,111,415)	-
At reporting date	<u>7,613,282</u>	<u>(6,093,057)</u>

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

5. CONTINGENT LIABILITIES

No material amounts of contingent liabilities exists as of balance date arising from sub-underwriting agreements entered into during the period of which the offer closes after balance date.

6. CAPITAL COMMITMENTS

No material amount of capital commitments exists as of balance date arising from placements entered into during the period of which the offer closes after balance date.

7. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2010, the Directors declared a fully franked interim dividend of 4.0 cents per ordinary share payable on 25 February 2010. 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

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 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 2009 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 3rd day of February 2010

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 condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed cash flow statement for the half-year ended on that date, the accounting policies and 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 establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that 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 *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2009 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 a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the company for the half-year ended 31 December 2009 included on the website of WAM Capital Limited. The directors of the company are responsible for the integrity of the that website and we have not been engaged to report on this integrity, This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with the 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 2009 and of its performance for the half-year ended on that date; and
- (ii) complying with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

JR Webster

Jenelle Webster
Principal

Dated in Sydney this 3rd day of February 2010