

WAM CAPITAL LIMITED
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2005

	\$	up/down	% mvmt
Revenue from ordinary activities	25,673,298	up	90.2%
Profit from ordinary activities before tax attributable to members	22,756,107	up	82.4%
Profit from ordinary activities after tax attributable to members	16,420,540	up	77.9%
Net profit for the period attributable to members	16,420,540	up	77.9%
		Franked amount per share	Tax rate for franking
Dividend Information	Amt per share		
2006 Final dividend per share	7.0c	7.0c	30%
2007 Interim dividend per share	8.0c	8.0c	30%
Interim dividend dates			
Ex dividend date			16 April 2007
Record date			20 April 2007
Payment date			27 April 2007
		31 Dec 2006	31 Dec 2005
Net tangible asset backing after tax		\$1.74	\$1.51
<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 2006 Annual Financial Report.</i>			

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

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: Lv 11, 139 Macquarie St Sydney NSW 2000
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wami.com.au
Website: www.wilsonassetmanagement.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities 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 Securities Exchange (ASX)
The home exchange is Sydney.
ASX code: WAM Ordinary shares
WAMO Options

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

The Directors present their report together with the financial report of WAM Capital Limited (the Company) for the half year ended 31 December 2006.

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 \$22,756,107 (2005: \$12,477,915) and an operating profit after tax of \$16,420,540 (2005: \$9,232,288)

Investments are revalued monthly to market value. For the half year ended 31 December 2006, investments were revalued upwards by \$13,600,274 (2005: \$3,302,748), after an adjustment for deferred tax on unrealised gains, a net increment of \$9,520,192 (2005: \$2,358,122) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share at 31 December 2006 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.74 per share (2005: \$1.51). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.89 per share (2005: \$1.58). The equivalent asset backing before tax was \$1.93 per share (2005: \$1.61).

Dividends of 14 cents per share have been paid in the period from 31 December 2005 to 31 December 2006.

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 6 February 2007

PARTNERS:

Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leyshon FCA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA

Auditors' Independence Declaration

As auditor for the review of WAM Capital Limited for the half year ended 31 December 2006 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.



C CHANDRAN
Partner

Dated in Sydney this 6th day of February 2007

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Notes	December 2006 \$	December 2005 \$
Proceeds from sale of investments		105,522,40	82,549,470
Cost of investments sold		(96,225,150)	(75,016,036)
Unrealised gain on investments		13,600,274	3,302,748
Other revenue from ordinary activities	2	2,775,774	2,664,609
Management and performance fees		(2,339,143)	(547,973)
Brokerage expense on share purchases		(331,537)	(301,736)
Other expenses from ordinary activities		<u>(246,511)</u>	<u>(173,167)</u>
Profit before income tax		22,756,107	12,477,915
Income tax expense		<u>(6,335,567)</u>	<u>(3,245,627)</u>
Profit attributable to members of the Company	5(c)	<u>16,420,540</u>	<u>9,232,288</u>
Basic earnings per share		<u>24.2 cents</u>	<u>13.4 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 2006

	Notes	December 2006 \$	June 2006 \$
ASSETS			
Cash and cash equivalents		10,859,820	20,367,060
Trade and other receivables		2,124,906	5,762,143
Financial assets		121,286,541	90,289,910
Deferred tax assets		2,295	3,465
TOTAL ASSETS		<u>134,273,562</u>	<u>116,422,578</u>
LIABILITIES			
Trade and other payables		2,414,758	1,603,414
Current tax liabilities		2,608,038	1,716,756
Deferred tax liabilities		9,780,431	6,559,625
TOTAL LIABILITIES		<u>14,803,227</u>	<u>9,879,795</u>
NET ASSETS		<u>119,470,335</u>	<u>106,542,783</u>
EQUITY			
Issued capital	4	84,006,383	82,773,313
Reserve	5(b)	21,333,141	11,812,949
Retained earnings	5(c)	14,130,811	11,956,521
TOTAL EQUITY		<u>119,470,335</u>	<u>106,542,783</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 2006

	Notes	December 2006 \$	December 2005 \$
Total equity as at 1 July 2006		106,542,783	94,797,806
Profit for the half year attributable to members of the Company	5(c)	16,420,540	9,232,288
Shares issued in the period	4	<u>1,233,070</u>	<u>1,129,876</u>
		124,196,393	105,159,970
Dividends paid or provided for	3	<u>(4,726,058)</u>	<u>(3,957,909)</u>
Total equity as at 31 December 2006 attributable to members of the Company		<u>119,470,335</u>	<u>101,202,061</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 2006

	December 2006 \$	December 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	1,866,905	1,707,112
Interest received	734,365	789,258
Other investment income received	296,074	105,522
Investment management fees	(544,163)	(581,995)
Investment performance fees	(229,364)	-
Brokerage expense on share purchases	(331,537)	(301,736)
Payments for administration expenses	(140,904)	(190,007)
Income tax paid	(2,222,310)	(2,972,569)
NET CASH USED IN OPERATING ACTIVITIES	(570,934)	(1,444,415)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	108,320,815	82,722,700
Payments for purchase of investments	(113,764,133)	(109,303,611)
NET CASH USED IN INVESTING ACTIVITIES	(5,443,318)	(26,580,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,492,988)	(2,828,033)
NET CASH USED IN FINANCING ACTIVITIES	(3,492,988)	(2,828,033)
NET DECREASE IN CASH HELD	(9,507,240)	(30,853,359)
Cash at beginning of the half year	20,367,060	44,059,136
CASH AT END OF HALF YEAR	10,859,820	13,205,777

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 2006

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 Interpretations 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 2006 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 2006 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 2006. 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 2005. For the Balance Sheet, the previous corresponding date is 30 June 2006.

(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 2006	December 2005
	\$	\$
2. OTHER INVESTMENT INCOME RECEIVED		
Dividends	1,764,136	1,702,117
Interest	685,411	777,333
Underwriting fees	94,386	65,228
Trust distributions	231,841	116,372
Other income	-	3,559
	<u>2,775,774</u>	<u>2,664,609</u>

3. DIVIDENDS

Dividends paid fully franked at 30% tax rate:

Final dividend at 7 cents per ordinary share paid on 27 October
2006 (2005: 6 cents)

<u>4,726,058</u>	<u>3,957,909</u>
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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 27 April 2007.

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

3. DIVIDENDS (CONTINUED)

The interim dividend has not been brought to account in the financial statements for the half year ended 31 December 2006 but will be recognised in subsequent financial reports.

	December 2006 \$	June 2006 \$
4. ISSUED CAPITAL		
Paid-up Capital		
68,210,771 ordinary shares fully paid (June 2006: 67,515,112)	<u>84,006,383</u>	<u>82,773,313</u>

	December 2006 \$	December 2005 \$
5. MOVEMENTS IN EQUITY		
(a) Movements in ordinary share capital		
Balance at the beginning of the reporting period	82,773,313	80,438,960
- 791,782 ordinary shares issued on 17 October 2005 under a dividend reinvestment plan	-	1,129,876
- 695,659 ordinary shares issued on 27 October 2006 under a dividend reinvestment plan	1,233,070	-
At reporting date	<u>84,006,383</u>	<u>81,568,836</u>

(b) Movements in asset revaluation reserve		
Balance at the beginning of the reporting period	11,812,949	5,905,136
Transfer from retained earnings	9,520,192	2,358,122
At reporting date	<u>21,333,141</u>	<u>8,263,258</u>

(c) Movements in retained earnings		
Balance at the beginning of the half year	11,956,521	8,453,710
Profit for the period attributable to members of the Company	16,420,540	9,232,288
Transfer to asset revaluation reserve	(9,520,192)	(2,358,122)
Dividends paid (refer Note 3)	(4,726,058)	(3,957,909)
At reporting date	<u>14,130,811</u>	<u>11,369,967</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 2006 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 6 February 2007

PARTNERS:

Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leyshon FCA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

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

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of WAM Capital Limited and, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, selected explanatory notes and the directors' declaration .

Directors' Responsibility for the Half-Year Financial Report

The company's directors 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 Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 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 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. 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.

Independence

In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 2 of the financial report has not changed as at the date of providing this auditor's review report.

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:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2006 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; and
- (b) other mandatory professional reporting requirements in Australia.



C CHANDRAN
Partner



MOORE STEPHENS SYDNEY

Dated in Sydney, this 6th day of February 2007