

WAM CAPITAL LIMITED

ABN 34 086 587 395

Appendix 4D Half Year Report

for the half year ended 31 December 2021

Results for Announcement to the Market

All comparisons to the half year ended 31 December 2020

	\$	up/down	% mvmt
Revenue from ordinary activities	78,227,398	down	69.8%
Profit from ordinary activities before income tax expense	65,403,316	down	72.0%
Net profit from ordinary activities after income tax expense	48,090,948	down	71.1%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2022 Interim dividend cents per share	7.75c	7.75c	30%
2021 Final dividend cents per share	7.75c	7.75c	30%

Interim dividend dates

Ex dividend date	6 June 2022
Record date	7 June 2022
Last election date for the DRP	9 June 2022
Payment date	17 June 2022

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") is in operation and the recommended fully franked interim dividend of 7.75 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 a 2.5% discount to the price, calculated as the VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the three trading days following that date.

	31 Dec 21	31 Dec 20
Net tangible asset backing (after tax) per share	\$1.92	\$1.85

This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Pitcher Partners. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2021 Annual Financial Report.

W | A | M *Capital*

Financial Report

For the half year ended 31 December 2021

W Wilson
Asset Management

OVER **20** Making a
YEARS difference

ABN 34 086 587 395

WAM Capital Limited

WAM Capital Limited (WAM Capital or the Company) is a listed investment company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors

Geoff Wilson AO (Chairman)
Kate Thorley
Dr. Philippa Ryan
James Chirnside
Lindsay Mann
Matthew Pancino

Joint Company Secretaries

Jesse Hamilton
Linda Kiriczenko

Investment Manager

Wilson Asset Management
(International) Pty Limited
Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Auditor

Pitcher Partners

Country of Incorporation

Australia

Registered Office

Level 26, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Contact Details

Postal Address: GPO Box 4658
Sydney NSW 2001
T: (02) 9247 6755
F: (02) 9247 6855
E: info@wilsonassetmanagement.com.au
W: wilsonassetmanagement.com.au

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 420 372 (in Australia)
+61 2 8023 5472 (International)
F: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the dividend reinvestment plan) and related matters, please contact the share registry.

Australian Securities Exchange

WAM Capital Limited
Ordinary Shares (WAM)

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Directors' Report to shareholders for the half year ended 31 December 2021

The Directors present their report together with the financial report of WAM Capital Limited for the half year ended 31 December 2021.

Directors

The following persons were Directors of the Company during the financial period and up to the date of this report:

Geoff Wilson AO (Chairman – Non-independent)

Kate Thorley (Director – Non-independent)

Dr. Philippa Ryan (Director – Independent)

James Chirnside (Director – Independent)

Lindsay Mann (Director – Independent)

Matthew Pancino (Director – Independent)

Principal activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital. No change in this activity took place during the period or is likely to in the future.

Operating and financial review

Investment operations during the half year resulted in an operating profit before tax of \$65,403,316 (2020: \$233,406,969) and an operating profit after tax of \$48,090,948 (2020: \$166,491,681). The profit for the period is reflective of the solid performance of the investment portfolio over the six months to 31 December 2021. The investment portfolio increased 4.8% in the six months to 31 December 2021, outperforming the S&P/ASX All Ordinaries Accumulation Index by 0.2%. This outperformance was achieved with an average cash weighting of 12.9%.

The operating profit for the period includes unrealised gains or losses arising from changes in the fair value of the investments held in the investment portfolio during the period. This movement in the fair value of investments can add to or reduce the realised gains and losses on the investment portfolio and other revenue from operating activities (such as dividend and interest income) in each period. This treatment under the Accounting Standards can cause large variations in reported operating profits between periods.

The operating profit or loss for each financial period is reflective of the underlying investment portfolio performance and is important to understand with context to the overall performance of equity markets in any given period. As a result, we believe the more appropriate measures of the financial results for the period are the investment portfolio performance, the change in net tangible assets (NTA) and fully franked dividends, together with total shareholder return.

WAM Capital's NTA before tax increased 3.6% for the six months to 31 December 2021, including the 7.75 cents per share fully franked final dividend paid to shareholders during the period. This increase is after corporate tax paid of 1.9 cents per share or 1.0% of the Company's pre-tax NTA during the period. Corporate tax payments made throughout the period was the major item of difference between the investment portfolio performance increase of 4.8% and the NTA performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends. Other items contributing to the change in the value of the assets during the period were management fees of 0.5% and other company related expenses of 0.1%, being offset by capital management accretion of 0.4%.

The NTA before tax as at 31 December 2021 amounted to \$1.88 per share (June 2021: \$1.89). The NTA after tax was \$1.92 per share (June 2021: \$1.93). These figures are after the 7.75 cents per share fully franked final dividend paid to shareholders during the period.

The total shareholder return for the Company for the period to 31 December 2021 was 5.3%. This was reflective of WAM Capital's solid investment portfolio performance and the increase in the share price premium to NTA over the period. As at 31 December 2021, the share price premium to NTA was 18.4% (June 2021: 15.7%). This measure does not value the potential benefit of franking credits distributed to shareholders through fully franked dividends.

A fully franked final dividend of 7.75 cents per share was paid during the period and a fully franked interim dividend of 7.75 cents per share has been declared by the Board and will be paid on 17 June 2022.

On 18 October 2021, WAM Capital announced that it has acquired all of the issued capital of an unlisted investment company with net assets of approximately \$36.3 million. Consideration for the acquisition was 16,678,217 new WAM Capital shares. WAM Capital shareholders benefited from the issue of new shares at a premium to the underlying net tangible assets (NTA) of the Company, which is accretive to WAM's pre-tax NTA and enabled WAM Capital to acquire the unlisted investment company at a discount to its underlying asset backing in a cost-effective manner. On a pre-tax NTA basis, the consideration paid by WAM Capital for the acquisition was approximately \$32.9 million, representing a return on investment of approximately 9.9% on the transaction. A secondary outcome of the transaction was the contribution of franking credits to the Company, which equates to a fully franked dividend of approximately 1.0 cents per share for WAM Capital shareholders.

On 28 September 2021, WAM Capital also announced its off-market takeover bid to acquire all ordinary shares in PM Capital Asian Opportunities Fund Limited (ASX: PAF). On 22 December 2021, PAF Board Committee recommended that PAF shareholders accept that WAM Capital offer, and on 7 January 2022, the offer consideration was increased from 1 new WAM Capital share for every 1.99 PAF shares, to 1 new WAM Capital share for every 1.95 PAF shares. The offer closed on 18 February 2022 with WAM Capital receiving acceptances for 93.1% of the shares on issue in PAF. The Company intends to compulsory acquire the remaining PAF shares that it does not currently hold and proceed with the de-listing of PAF.

As a result of the acquisition of the unlisted investment company and PAF takeover offer, 24.1 million new WAM Capital shares were issued during the period. The shares were issued at a premium to the Company's pre-tax NTA to the benefit of all WAM Capital shareholders. The issue of shares was

accretive to the Company's pre-tax NTA by approximately 0.4% and generated over \$6.9 million in value for WAM Capital shareholders as a result during the period. Since 31 December 2021, an additional 19.8 million new WAM Capital shares have been issued as a result of the takeover offer for PAF (includes acceptances up to and since 31 December 2021), bringing the total NTA accretion for WAM Capital shareholders in the financial year to approximately 0.9%, or \$13.9 million in value generated to the benefit of WAM Capital shareholders.

On 23 December 2021, WAM Capital announced the proposed acquisition of 100% of the shares in Westoz Investment Company Limited (ASX: WIC) and Ozgrowth Limited (ASX: OZG) through a Scheme of Arrangement. Under the Scheme, WIC and OZG shareholders will receive new WAM Capital shares as consideration for their respective shares. The Proposed Transactions are independent and not inter-conditional. WAM Capital shareholders will benefit from the issuance of new shares at a premium to the Company's underlying NTA, which is accretive to WAM Capital's pre-tax NTA. The proposed acquisitions will result in WAM Capital having approximately \$2.0 billion of net assets. On a pre-tax NTA basis, the expected consideration to be paid by WAM Capital for the Proposed Transactions is approximately \$257.5 million as at 31 January 2022 to acquire \$297.3 million of underlying assets, representing an expected return on investment of approximately 15.5% on each of the WIC and OZG Proposed Transactions. WIC and OZG shareholders are expected to vote on the Proposed Transactions at the end of March 2022, and if successful, the transactions will be implemented on 21 April 2022.

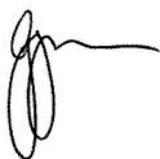
Rounding of amounts to nearest dollar

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report have been rounded to the nearest dollar, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 7 of this Financial Report.

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



Geoff Wilson AO
Chairman

Dated this 22nd day of February 2022

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
Sydney NSW 2001

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**Auditor's Independence Declaration
To the Directors of WAM Capital Limited
ABN 34 086 587 395**

In relation to the independent auditor's review of WAM Capital Limited for the half year ended 31 December 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

22 February 2022

Statement of comprehensive income for the half year ended 31 December 2021

	Note	December 2021 \$	December 2020 \$
Net realised and unrealised gains on financial investments		65,507,039	244,227,110
Other revenue from operating activities	2	12,720,359	14,550,720
Management fees		(8,830,308)	(6,537,358)
Performance fees		-	(15,426,378)
Directors fees		(90,000)	(83,333)
Brokerage expense on share purchases		(2,650,143)	(2,245,748)
Expenses paid on borrowed stock		-	(5,738)
Custody fees		(63,446)	(43,074)
ASX listing and CHESSE fees		(131,637)	(120,571)
Share registry fees		(383,514)	(216,834)
Disbursements, mailing and printing		(197,268)	(220,516)
Legal and professional fees		(260,450)	(228,839)
ASIC industry funding levy		(34,264)	(45,812)
Other expenses from ordinary activities		(183,052)	(196,660)
Profit before income tax		65,403,316	233,406,969
Income tax expense		(17,312,368)	(66,915,288)
Profit after income tax attributable to members of the Company	6	48,090,948	166,491,681
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		48,090,948	166,491,681
Basic and diluted earnings per share		5.42 cents	22.62 cents

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2021

	Note	December 2021 \$	June 2021 \$
Current assets			
Cash and cash equivalents		286,385,248	149,614,471
Trade and other receivables		1,976,247	29,789,191
Financial assets	7	1,431,524,349	1,566,906,061
Total current assets		1,719,885,844	1,746,309,723
Non-current assets			
Deferred tax assets		73,000,025	72,200,056
Total non-current assets		73,000,025	72,200,056
Total assets		1,792,885,869	1,818,509,779
Current liabilities			
Trade and other payables		9,790,011	80,983,842
Current tax liabilities		3,347,849	13,128,785
Total current liabilities		13,137,860	94,112,627
Non-current liabilities			
Deferred tax liabilities		38,438,805	27,179,121
Total non-current liabilities		38,438,805	27,179,121
Total liabilities		51,576,665	121,291,748
Net assets		1,741,309,204	1,697,218,031
Equity			
Issued capital	4	1,753,705,463	1,688,342,901
Profits reserve	5	178,636,898	184,758,357
Accumulated losses	6	(191,033,157)	(175,883,227)
Total equity		1,741,309,204	1,697,218,031

The accompanying notes form part of these financial statements.

Statement of changes in equity for the half year ended 31 December 2021

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
Balance at 1 July 2020		1,352,964,191	(175,883,227)	44,600,021	1,221,680,985
Profit for the half year		-	166,491,681	-	166,491,681
Transfer to profits reserve		-	(166,491,681)	166,491,681	-
Other comprehensive income for the half year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	7,812,832	-	-	7,812,832
Shares issued via scrip consideration for the acquisition of Concentrated Leaders Fund Limited	4(b)	19,029,813	-	-	19,029,813
Shares issued via scrip consideration for the acquisition of Contango Income Generator Limited	4(b)	55,505,386	-	-	55,505,386
Share issue costs (net of tax)	4(b)	(126,675)	-	-	(126,675)
Dividends paid	3(a)	-	-	(58,708,414)	(58,708,414)
Balance at 31 December 2020		1,435,185,547	(175,883,227)	152,383,288	1,411,685,608
Balance at 1 July 2021		1,688,342,901	(175,883,227)	184,758,357	1,697,218,031
Profit for the half year		-	48,090,948	-	48,090,948
Transfer to profits reserve	5	-	(63,240,878)	63,240,878	-
Other comprehensive income for the half year		-	-	-	-
Transactions with owners:					
Shares issued via dividend reinvestment plan	4(b)	9,228,187	-	-	9,228,187
Shares issued via scrip consideration for the acquisition of an unlisted investment company	4(b)	39,690,487	-	-	39,690,487
Shares issued via scrip consideration for the acquisition of PM Capital Asian Opportunities Fund Limited	4(b)	16,522,057	-	-	16,522,057
Share issue costs (net of tax)	4(b)	(78,169)	-	-	(78,169)
Dividends paid	3(a)	-	-	(69,362,337)	(69,362,337)
Balance at 31 December 2021		1,753,705,463	(191,033,157)	178,636,898	1,741,309,204

The accompanying notes form part of these financial statements.

Statement of cash flows for the half year ended 31 December 2021

	December 2021 \$	December 2020 \$
Cash flows from operating activities		
Proceeds from sale of investments	2,237,252,067	1,616,741,591
Payments for purchase of investments	(2,010,261,914)	(1,632,944,683)
Dividends received	13,023,482	13,649,326
Interest received	568,099	399,284
Other investment income received	32,572	510,671
Management fee (GST inclusive)	(9,448,382)	(6,821,988)
Performance fee (GST inclusive)	(15,041,140)	-
Brokerage expense on share purchases (GST inclusive)	(2,838,901)	(2,403,039)
Payments for administration expenses (GST inclusive)	(1,542,155)	(1,197,649)
Income tax paid	(16,600,088)	(61,126,601)
GST on brokerage expense on share sales	(219,527)	(161,700)
Net GST received from ATO	2,092,484	797,236
Net cash provided by/(used in) operating activities	197,016,597	(72,557,552)
Cash flows from financing activities		
Dividends paid – net of reinvestment	(60,134,150)	(50,895,582)
Share issue costs	(111,670)	(180,964)
Net cash used in financing activities	(60,245,820)	(51,076,546)
Net increase/(decrease) in cash and cash equivalents held	136,770,777	(123,634,098)
Cash and cash equivalents at the beginning of the half year	149,614,471	203,400,924
Cash and cash equivalents at the end of the half year	286,385,248	79,766,826
Non-cash transactions:		
Shares issued via scrip consideration for the acquisition of an unlisted investment company	39,690,487	-
Shares issued via scrip consideration for the acquisition of PM Capital Asian Opportunities Fund Limited	16,522,057	-
Shares issued via scrip consideration for the acquisition of Concentrated Leaders Fund Limited	-	19,029,813
Shares issued via scrip consideration for the acquisition of Contango Income Generator Limited	-	55,505,386
Shares issued via dividend reinvestment plan	9,228,187	7,812,832

The accompanying notes form part of these financial statements.

Notes to the financial statements for the half year ended 31 December 2021

1. Summary of significant accounting policies

These interim financial statements and notes for the half year represent those of WAM Capital Limited.

The half year financial report was authorised for issue on 22 February 2022 by the Board of Directors.

Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that the half year financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2021 and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical cost with the exception of certain financial assets and liabilities that have been measured at fair value.

In accordance with ASIC Corporations (rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2021 Annual Financial Report.

2. Other revenue

	December 2021 \$	December 2020 \$
Australian sourced dividends	11,333,773	13,701,028
Interest	679,816	376,974
Foreign sourced dividends	674,198	-
Underwriting fees	32,572	155,813
Trust distributions	-	177,972
Other income	-	138,933
	12,720,359	14,550,720

3. Dividends

a) Ordinary dividends paid during the period

	December 2021 \$	December 2020 \$
Final dividend FY2021: 7.75 cents per share fully franked at 30% tax rate, paid 29 October 2021 (Final dividend FY2020: 7.75 cents per share fully franked)	69,362,337	58,708,414

b) Dividends not recognised at period end

	December 2021 \$	December 2020 \$
Since the end of the period, the Directors have declared a fully franked interim dividend of 7.75 cents per share, payable on 17 June 2022 (Interim dividend FY2021: 7.75 cents per share fully franked)	70,253,954	67,748,364

4. Issued capital

a) Paid-up capital

	December 2021 \$	June 2021 \$
906,502,634 ordinary shares fully paid (June 2021: 878,319,194)	1,753,705,463	1,688,342,901

b) Ordinary shares

	December 2021 \$	June 2021 \$
Balance at the beginning of the period 878,319,194 ordinary shares fully paid (June 2020: 725,465,456)	1,688,342,901	1,352,964,191
4,123,169 ordinary shares issued on 29 October 2021 under a dividend reinvestment plan	9,228,187	-
16,678,217 ordinary shares issued as scrip consideration for the acquisition of an unlisted investment company	39,690,487	-
7,382,054 ordinary shares issued as scrip consideration for the acquisition of PM Capital Asian Opportunities Fund Limited	16,522,057	-
3,556,920 ordinary shares issued on 27 November 2020 under a dividend reinvestment plan	-	7,812,832
29,887,233 ordinary shares issued as scrip consideration for the acquisition of Concentrated Leaders Fund	-	67,218,411
24,008,011 ordinary shares issued as scrip consideration for the acquisition of Contango Income Generator	-	55,505,386
91,254,346 ordinary shares issued as scrip consideration for the acquisition of amaysim Australia	-	196,402,497
4,147,228 ordinary shares issued on 7 June 2021 under a dividend reinvestment plan	-	8,961,044
Share issue costs (net of tax)	(78,169)	(521,460)
At reporting date	1,753,705,463	1,688,342,901

5. Profits reserve

	December 2021 \$	June 2021 \$
Profits reserve	178,636,898	184,758,357

The profits reserve is made up of amounts transferred from current period profits and are preserved for future dividend payments.

	December 2021 \$	June 2021 \$
Movement in profits reserve		
Balance at the beginning of the period	184,758,357	44,600,021
Transfer of profits during the period	63,240,878	266,615,114
Final dividend paid (refer to note 3(a))	(69,362,337)	(58,708,414)
Interim dividend paid (refer to note 3(b))	-	(67,748,364)
At reporting date	178,636,898	184,758,357

6. Accumulated losses

	December 2021 \$	June 2021 \$
Balance at the beginning of the period	(175,883,227)	(175,883,227)
Profit for the period attributable to members of the Company	48,090,948	266,615,114
Transfer to profits reserve	(63,240,878)	(266,615,114)
At reporting date	(191,033,157)	(175,883,227)

7. Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

7. Financial instruments measured at fair value (cont'd)

Included within Level 2 of the hierarchy are WAM Capital's investments in unlisted investment companies. The fair value of these investments have been based on their respective net asset backing, being the underlying value of their residual cash and cash equivalents and investment portfolio values at the end of the reporting period. WAM Capital's investment in PM Capital Asian Opportunities Fund Limited (ASX: PAF) has also been included within Level 2 of the hierarchy and is valued using the net asset backing per share of PAF.

Also included within Level 2 of the hierarchy is WAM Capital's investment in a convertible note and unlisted investments. The fair value of the investment in the convertible note has been recognised using the effective interest rate method inherent in the instrument. The fair value of these unlisted investment companies has been based on their respective net asset backing, being the underlying value of their residual cash and cash equivalents and investment portfolio values at the end of the reporting period. The unlisted investments have been valued using valuation techniques such as comparisons to similar investments for which market observable prices are available, the net asset backing per share or the last price to determine fair value.

During the period, WAM Capital's investment in Iris Energy Limited's convertible note was converted into ordinary shares following its initial public offering on the NASDAQ stock exchange. As a result, the investment was transferred from Level 2 to Level 1 in the fair value hierarchy. Also during the period, PEXA Group Limited was listed on the ASX and subsequently transferred from Level 2 to Level 1 in the fair value hierarchy. There were no other transfers between Level 1 and Level 2 during the period (June 2021: investment in Concentrated Leaders Fund Limited and Contango Income Generator Limited were transferred from Level 1 to Level 2 in the fair value hierarchy).

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2021:

31 December 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,386,537,487	44,986,862	-	1,431,524,349
Total	1,386,537,487	44,986,862	-	1,431,524,349
<hr/>				
30 June 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets	1,524,725,472	42,180,589	-	1,566,906,061
Total	1,524,725,472	42,180,589	-	1,566,906,061

The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

8. Segment reporting

The Company currently engages in investing activities, including cash, term deposits and equity investments. It has no reportable operating segments.

9. Capital commitments

On 28 September 2021, WAM Capital announced its off-market takeover bid to acquire all ordinary shares in PM Capital Asian Opportunities Fund Limited (ASX: PAF). The offer closed on 18 February 2022 with WAM Capital receiving acceptances for 93.1% of the shares on issue in PAF. The Company intends to compulsorily acquire the remaining PAF shares that it does not currently hold and proceed with the delisting of PAF.

On 23 December 2021, WAM Capital also announced the proposed acquisition of 100% of the shares in Westoz Investment Company Limited (ASX: WIC) and Ozgrowth Limited (ASX: OZG) through a Scheme of Arrangement. Under the Scheme, WIC and OZG shareholders will receive new WAM Capital shares as consideration for their respective shares. The Proposed Transactions are independent and not inter-conditional. WAM Capital shareholders will benefit from the issuance of new shares at a premium to the Company's underlying NTA, which is accretive to WAM Capital's pre-tax NTA. The proposed acquisitions will result in WAM Capital having approximately \$2.0 billion of net assets. On a pre-tax NTA basis, the expected consideration to be paid by WAM Capital for the Proposed Transactions is approximately \$257.5 million as at 31 January 2022 to acquire \$297.3 million of underlying assets, representing an expected return on investment of approximately 15.5% on each of the WIC and OZG Proposed Transactions. WIC and OZG shareholders are expected to vote on the Proposed Transactions at the end of March 2022, and if successful, the transactions will be implemented on 21 April 2022.

Other than already disclosed in the interim financial report, there were no other capital commitments for the Company as at 31 December 2021 (June 2021: nil).

10. Contingent liabilities

There were no contingent liabilities for the Company as at 31 December 2021 (June 2021: nil).

11. Events subsequent to reporting date

Since the end of the period, the Directors declared a fully franked interim dividend of 7.75 cents per share to be paid on 17 June 2022.

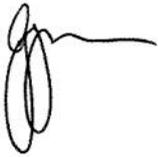
No other matter or circumstance has arisen since the end of the period, other than already disclosed, which significantly affects or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Directors' Declaration

The Directors of WAM Capital Limited declare that:

- 1) The financial statements and notes, as set out on pages 8 to 16, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company as at 31 December 2021 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.



Geoff Wilson AO
Chairman

Dated this 22nd day of February 2022

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**Independent Auditor's Review Report
To the Members of WAM Capital Limited
ABN 34 086 587 395**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of WAM Capital Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of WAM Capital Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2021 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*.

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 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.



Scott Whiddett
Partner



Pitcher Partners
Sydney

22 February 2022

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