



## WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

### APPENDIX 4E - PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET *All comparisons to the year ended 30 June 2014*

	\$	up/down	% mvmt
Revenue from ordinary activities	93,108,177	down	8.8%
Profit from ordinary activities before tax attributable to members	71,203,601	down	21.4%
Profit from ordinary activities after tax attributable to members	53,988,609	down	20.9%
Net profit for the period attributable to members	53,988,609	down	20.9%

Dividend information	Cents per share	Franked amount per share	Tax rate for franking
2015 Interim dividend cents per share	7.0	7.0	30%
2015 Final dividend cents per share	7.0	7.0	30%

#### Final dividend dates

Ex dividend date	19 October 2015
Record date	21 October 2015
Last election date for the DRP	22 October 2015
Payment date	30 October 2015

#### Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 7.0 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 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 3 trading days following that date).

	30 June 15	30 June 14
Net tangible asset backing (after tax) per share	\$1.78	\$1.75

*This report is based on the Annual Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.*

# WAM CAPITAL LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Net realised and unrealised gains on financial assets		63,845,127	76,601,022
Other revenue from operating activities	2	29,263,050	25,533,338
Management fees		(7,179,167)	(6,165,564)
Performance fees		(10,276,772)	(1,847,814)
Directors fees		(170,000)	(170,000)
Brokerage expense on share purchases		(2,999,238)	(2,380,833)
Dividends paid on borrowed stock		(514,758)	(258,627)
Custody fees		(121,275)	(124,355)
ASX listing and chess fees		(174,507)	(162,465)
Share registry fees		(203,858)	(201,264)
Disbursements, mailing and printing		(108,943)	(109,106)
Other expenses from ordinary activities		<u>(156,058)</u>	<u>(180,468)</u>
<b>Profit before income tax</b>		<b>71,203,601</b>	<b>90,533,864</b>
Income tax expense	3(a)	<u>(17,214,992)</u>	<u>(22,252,463)</u>
<b>Profit attributable to members of the Company</b>		<b><u>53,988,609</u></b>	<b><u>68,281,401</u></b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>53,988,609</u></b>	<b><u>68,281,401</u></b>
<b>Basic earnings per share</b>	15	<b><u>14.35 cents</u></b>	<b><u>20.68 cents</u></b>
<b>Diluted earnings per share</b>	15	<b><u>14.35 cents</u></b>	<b><u>20.68 cents</u></b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

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## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
Cash and cash equivalents	13	321,673,812	238,080,005
Trade and other receivables	6	30,799,518	16,512,124
Financial assets	7	504,052,029	389,323,405
Deferred tax assets	3(b)	6,911,458	9,146,304
<b>Total assets</b>		<b>863,436,817</b>	<b>653,061,838</b>
<b>Liabilities</b>			
Trade and other payables	9	33,369,940	24,731,271
Financial liabilities	8	2,965,523	8,643,145
Current tax liabilities	3(c)	2,983,418	9,380,293
Deferred tax liabilities	3(d)	17,618,301	14,052,711
<b>Total liabilities</b>		<b>56,937,182</b>	<b>56,807,420</b>
<b>Net assets</b>		<b>806,499,635</b>	<b>596,254,418</b>
<b>Equity</b>			
Issued capital	10	744,928,101	535,227,164
Reserves	11	89,191,532	76,740,804
Accumulated losses	12	(27,619,998)	(15,713,550)
<b>Total equity</b>		<b>806,499,635</b>	<b>596,254,418</b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	Issued capital \$	Accumulated losses \$	Profits reserve \$	Total equity \$
<b>Balance at 1 July 2013</b>		453,005,419	(6,687,168)	40,420,506	486,738,757
Profit for the year		-	68,281,401	-	68,281,401
Transfer to profits reserve		-	(77,307,783)	77,307,783	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	10(b)	14,030,590	-	-	14,030,590
Shares issued via exercise of options	10(b)	43,496,583	-	-	43,496,583
Shares issued via placement	10(b)	24,694,572	-	-	24,694,572
Dividends paid	4(a)	-	-	(40,987,485)	(40,987,485)
<b>Balance at 30 June 2014</b>		<b>535,227,164</b>	<b>(15,713,550)</b>	<b>76,740,804</b>	<b>596,254,418</b>
Profit for the year		-	53,988,609	-	53,988,609
Transfer to profits reserve		-	(65,895,057)	65,895,057	-
Other comprehensive income for the year		-	-	-	-
Shares issued via dividend reinvestment plan	10(b)	12,899,864	-	-	12,899,864
Shares issued via DRP underwriting agreement	10(b)	3,522,659	-	-	3,522,659
Shares issued via Share Purchase Plan	10(b)	103,302,753	-	-	103,302,753
Shares issued via placement	10(b)	90,136,000	-	-	90,136,000
Capitalised share issue costs	10(b)	(160,339)	-	-	(160,339)
Dividends paid	4(a)	-	-	(53,444,329)	(53,444,329)
<b>Balance at 30 June 2015</b>		<b>744,928,101</b>	<b>(27,619,998)</b>	<b>89,191,532</b>	<b>806,499,635</b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

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## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		1,375,894,313	1,062,898,143
Payments for purchase of investments		(1,447,997,997)	(1,093,853,193)
Dividends received		17,869,056	15,706,917
Interest received		8,595,285	7,604,934
Other investment income received		2,647,934	2,062,605
Management fee (inclusive GST)		(5,960,978)	(6,500,683)
Performance fee (inclusive GST)		(1,983,020)	(605,984)
Brokerage expense on share purchases (inclusive GST)		(3,217,758)	(2,552,658)
Payments for administration expenses (inclusive GST)		(1,551,770)	(1,176,392)
Income tax paid		(17,742,714)	(6,545,827)
GST on brokerage expense on share sales		(211,033)	(183,470)
Net GST received from ATO		1,064,598	850,596
<b>Net cash used in by operating activities</b>	<b>14</b>	<b>(72,594,084)</b>	<b>(22,295,012)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		196,961,412	68,191,155
Dividends paid – net of reinvestment		(40,544,465)	(26,956,895)
Payments for issue of shares		(229,056)	-
<b>Net cash provided by financing activities</b>		<b>156,187,891</b>	<b>41,234,260</b>
<b>Net increase in cash and cash equivalents held</b>		<b>83,593,807</b>	<b>18,939,248</b>
Cash and cash equivalents at beginning of financial year		238,080,005	219,140,757
<b>Cash and cash equivalents at end of financial year</b>	<b>13</b>	<b>321,673,812</b>	<b>238,080,005</b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies

#### **Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

WAM Capital Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out the accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the Company's financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

During the year ended 30 June 2015, WAM Capital Limited's wholly owned subsidiary (Premium Investors Pty Limited) was deregistered resulting in the Company no longer being required to prepare consolidated financial statements. Further detail is provided in Note 16.

#### **a) Financial instruments**

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions to the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date that the Company commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are expensed to the Statement of Comprehensive Income immediately.

##### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies (cont'd)

#### a) Financial instruments (cont'd)

The Company classifies its financial instruments into the following categories:

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income in the period in which they arise.

(ii) *Financial liabilities at fair value through profit or loss*

Financial liabilities such as borrowed stock are classified 'at fair value through profit or loss'. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income in the period in which they arise.

#### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Comprehensive Income.

#### b) Income tax

The charge of current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the reporting date. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised, to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies (cont'd)

#### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within five months or less.

#### d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

#### e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are initially recognised at fair value. They are subsequently stated at amortised cost, less any provision for impairment [please refer to Note 1(g) for further detail].

#### f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at amortised cost.

#### g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

#### h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Summary of significant accounting policies (cont'd)

#### j) Profits reserve

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

#### k) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### l) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

#### m) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2015. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation.

#### n) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to adopt any of the new and amended pronouncements. A new and amended pronouncement that is relevant to the Company, but applicable in future reporting periods is AASB 9: *Financial Instruments and its associated amending standards*.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 (AASB 139) - *Financial Instruments: Recognition and Measurement*. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company has not early adopted AASB 9. This is not expected to have a significant impact on the Company's financial statements as the Company does not expect to elect any investments as not held for trading.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 2. Other revenue

	2015	2014
	\$	\$
Australian sourced dividends	17,790,051	15,457,549
Interest	8,324,890	7,501,888
Trust distributions	2,806,174	2,341,793
Underwriting fees	299,537	149,695
Foreign sourced dividends	42,398	82,413
	<b>29,263,050</b>	<b>25,533,338</b>

### 3. Income tax

#### a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2015	2014
	\$	\$
Prima facie tax on profit before income tax at 30% (2014: 30%)	21,361,081	27,160,159
Imputation credit gross up	1,765,784	1,997,786
Foreign income tax offset gross up	4,586	4,363
Franking credit offset	(5,885,947)	(6,659,287)
Foreign income tax offset	(15,286)	(14,543)
Other non-assessable items	(15,226)	31,297
Over provision in prior year	-	(267,312)
	<b>17,214,992</b>	<b>22,252,463</b>

#### Total income tax expense results in a:

Current tax liability	13,564,988	14,442,180
Deferred tax liability	3,565,590	8,024,998
Deferred tax asset	84,414	52,597
Over provision in prior year	-	(267,312)
	<b>17,214,992</b>	<b>22,252,463</b>

#### b) Deferred tax assets

Tax losses	6,746,687	8,965,837
Accruals	9,851	7,203
Capitalised costs	154,920	173,264
	<b>6,911,458</b>	<b>9,146,304</b>

#### Movement in deferred tax assets

Balance at the beginning of the period	9,146,304	12,346,833
Recoupment of tax losses	(2,219,149)	(3,146,285)
Credited to the Statement of Comprehensive Income	(84,414)	(52,597)
Over provision in prior year	-	(1,647)
Capitalised share issue costs	68,717	-
At reporting date	<b>6,911,458</b>	<b>9,146,304</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3. Income tax (cont'd)

#### c) Current tax liabilities

	2015 \$	2014 \$
Balance at the beginning of the year	9,380,293	4,899,184
Current year income tax expense on operating profit	13,564,988	14,442,180
Over provision in prior year	-	(268,959)
Recoupment of tax losses	(2,219,149)	(3,146,285)
Net income tax paid	(17,742,714)	(6,545,827)
At reporting date	<u>2,983,418</u>	<u>9,380,293</u>

#### d) Deferred tax liabilities

Fair value adjustments	17,618,301	14,052,711
	<u>17,618,301</u>	<u>14,052,711</u>

#### Movement in deferred tax liabilities

Balance at the beginning of the year	14,052,711	6,027,713
Credited to the Statement of Comprehensive Income	3,565,590	8,024,998
At reporting date	<u>17,618,301</u>	<u>14,052,711</u>

### 4. Dividends

#### a) Ordinary dividends paid during the year

	2015 \$	2014 \$
Final dividend FY2014: 6.5 cents per share fully franked at 30% tax rate paid 17 October 2014 (Final dividend FY2013: 6.0 cents per share fully franked)	22,139,274	19,159,237
Interim dividend FY2015: 7.0 cents per share fully franked at 30% tax rate paid 30 April 2015 (Interim dividend FY2014: 6.5 cents per share fully franked)	31,305,055	21,828,248
	<u>53,444,329</u>	<u>40,987,485</u>

#### b) Dividends not recognised at year end

In addition to the above dividends, since the end of the year, the Directors have declared a 7.0 cent per share fully franked dividend which has not been recognised as a liability at the end of the financial year:

	<u>31,573,550</u>	<u>22,139,258</u>
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# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 4. Dividends (cont'd)

<b>c) Dividend franking account</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Balance of franking account at year end	1,302,596	578,579
Adjusted for franking credits arising from:		
- Estimated income tax payable	2,983,418	9,380,293
Subsequent to the reporting period, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	(13,531,521)	(9,488,253)
	<b>(9,245,507)</b>	<b>470,619</b>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$17,618,301 (2014: \$14,052,711).

### 5. Auditor's remuneration

#### Remuneration of the auditor for:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Auditing and reviewing the financial report	43,681	41,297
Other assurance services	3,335	14,138
Other services provided by a related practice of the auditor:		
Taxation services	7,260	8,827
	<b>54,276</b>	<b>64,262</b>

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 6. Trade and other receivables

	2015	2014
	\$	\$
Outstanding settlements	27,626,284	14,178,486
Income receivable	2,128,291	1,977,516
GST receivable	1,044,943	356,122
	<u>30,799,518</u>	<u>16,512,124</u>

Outstanding settlements are on the terms of operating in the securities industry. These do not incur interest and require settlement within three days of the date of the transaction. Income receivable relates to interest, sub-underwriting fees, dividend and trust distributions receivable at the end of the reporting period.

### 7. Financial assets

	2015	2014
	\$	\$
Listed investments at fair value	501,420,860	377,480,107
Unlisted investments at fair value	2,631,169	11,843,298
	<u>504,052,029</u>	<u>389,323,405</u>

The majority of unlisted investments held at the end of the current and previous financial year relate to Initial Public Offerings that have listed on the Australian Securities Exchange since year end.

### 8. Financial liabilities

	2015	2014
	\$	\$
Borrowed stock	<u>2,965,523</u>	<u>8,643,145</u>

Borrowed stock is carried at fair value. The Company provides cash collateral backing of 105% of the fair value of the borrowed stock to the stock lender. The level of borrowed stock plus other borrowings cannot exceed 50% of the net asset value of the Company as outlined in the Management Agreement.

### 9. Trade and other payables

	2015	2014
	\$	\$
Outstanding settlements	19,867,286	21,962,053
Management fee payable	2,305,291	561,795
Performance fee payable	11,028,731	1,983,020
Sundry payables	168,632	224,403
	<u>33,369,940</u>	<u>24,731,271</u>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within three days of the date of the transaction. Sundry payables are settled within the terms of payment offered. No interest is applicable on these accounts.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 10. Issued capital

	2015 \$	2014 \$
<b>a) Paid-up capital</b>		
451,050,715 ordinary shares fully paid (2014: 340,603,969)	<u>744,928,101</u>	<u>535,227,164</u>
<b>b) Ordinary shares</b>		
Balance at the beginning of the year	535,227,164	453,005,419
2,937,687 ordinary shares issued on 17 October 2014 under a dividend reinvestment plan	5,553,072	-
1,863,545 ordinary shares issued on 23 October 2014 under a dividend reinvestment plan underwriting agreement	3,522,659	-
54,369,870 ordinary shares issued from the Share Purchase Plan on 13 March 2015	103,302,753	-
47,440,000 ordinary shares issued from the placement on 13 March 2015	90,136,000	-
3,835,644 ordinary shares issued on 30 April 2015 under a dividend reinvestment plan	7,346,792	-
Share issue costs (net of tax)	(160,339)	-
27,205,665 ordinary shares issued from the exercise of options allotted July 2013 to August 2013	-	43,496,583
2,663,881 ordinary shares issued on 18 October 2013 under a dividend reinvestment plan	-	4,732,344
13,834,494 ordinary shares issued from the placement on 21 October 2013	-	24,694,572
2,848,177 ordinary shares issued on 31 March 2014 under a dividend reinvestment plan	-	5,534,646
1,936,805 ordinary shares issued on 2 April 2014 under a dividend reinvestment plan underwriting agreement	-	3,763,600
At reporting date	<u>744,928,101</u>	<u>535,227,164</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

### c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company employs its capital including share capital and unexercised options. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and options issues, share buy-backs as well as the use of the Company's Share Purchase Plan. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

### d) Share Purchase Plan and Placement

On 13 March 2015, WAM Capital issued 101,809,870 shares from the Company's Share Purchase Plan and wholesale placement that raised a combined \$193.4 million.

# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 11. Reserves

	2015 \$	2014 \$
Profits reserve	<u>89,191,532</u>	<u>76,740,804</u>

The profits reserve details an amount preserved for future dividend payments as outlined in accounting policy Note 1(j).

	2015 \$	2014 \$
<b>Movement in profits reserve</b>		
Balance at the beginning of the year	76,740,804	40,420,506
Transfer from retained earnings	65,895,057	77,307,783
Final dividend FY2014 paid (refer to note 4a)	(22,139,274)	(19,159,237)
Interim dividend FY2015 paid (refer to note 4a)	<u>(31,305,055)</u>	<u>(21,828,248)</u>
At reporting date	<u>89,191,532</u>	<u>76,740,804</u>

### 12. Accumulated losses

	2015 \$	2014 \$
Balance at the beginning of the year	(15,713,550)	(6,687,168)
Profit for the year attributable to members of the Company	53,988,609	68,281,401
Transfer to profits reserve	<u>(65,895,057)</u>	<u>(77,307,783)</u>
At reporting date	<u>(27,619,998)</u>	<u>(15,713,550)</u>

### 13. Cash and cash equivalents

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015 \$	2014 \$
Cash at bank and on hand	188,109,703	5,282,521
Term deposits	<u>133,564,109</u>	<u>232,797,484</u>
	<u>321,673,812</u>	<u>238,080,005</u>

The weighted average interest rate for cash and term deposits as at 30 June 2015 is 2.68% (2014: 3.38%). The term deposits have an average maturity of 127 days (2014: 83 days). All the term deposits are invested with major Australian banks and their 100% owned banking subsidiaries that have Standard & Poor's A-1+ rating. The term deposits include the cash collateral for the borrowed stock (refer Note 8).

# WAM CAPITAL LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 14. Cash flow information

	2015 \$	2014 \$
<b>Reconciliation of profit after tax to cash flow from operations:</b>		
Profit after income tax	53,988,609	68,281,401
Fair value gains on financial assets	(120,406,246)	(128,007,966)
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in receivables	(14,287,394)	337,438
Decrease in deferred tax assets	2,303,563	3,200,529
Increase in payables	8,638,669	21,387,479
(Decrease)/increase in current tax liabilities	(6,396,875)	4,481,109
Increase in deferred tax liabilities	3,565,590	8,024,998
Cash flow from operating activities	<u>(72,594,084)</u>	<u>(22,295,012)</u>

### 15. Earnings per share

	2015 \$	2014 \$
Profit after income tax used in the calculation of basic and diluted earnings per share	<u>53,988,609</u>	<u>68,281,401</u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	<u>376,328,667</u>	<u>330,157,222</u>

There are no outstanding securities that are potentially dilutive in nature for the Company.

### 16. Deregistration of a controlled entity

During the year ended 30 June 2015, a controlled entity (Premium Investors Pty Limited) of the Company was deregistered. This resulted in WAM Capital Limited no longer maintaining control of this entity and no longer required to prepare consolidated financial statements.

### 17. Segment reporting

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

### 18. Capital commitments

There were no capital commitments entered into by the Company before year end which settle after year end (2014: nil).

### 19. Contingent liabilities

There were no contingent liabilities for the Company as at 30 June 2015 (2014: nil).

# **WAM CAPITAL LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

### **20. Events subsequent to reporting date**

Since year end the Directors declared a final dividend of 7.0 cents per share fully franked to be paid on 30 October 2015.

No other matters or circumstances have arisen since the end of the financial year which significantly affect 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 years.