

# **WAM CAPITAL LIMITED**

A.B.N. 34 086 587 395



**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 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.

<b>DIRECTORS:</b>	G. Wilson (Chairman) M. Kidman J. Chirnside P. Jensen
<b>SECRETARY:</b>	K. Thorley
<b>INVESTMENT MANAGER:</b>	Wilson Asset Management (International) Pty Limited Level 11, 139 Macquarie Street Sydney NSW 2000
<b>AUDITORS:</b>	Moore Stephens Sydney
<b>COUNTRY OF INCORPORATION:</b>	Australia
<b>REGISTERED OFFICE:</b>	Level 11, 139 Macquarie Street Sydney NSW 2000
<b>CONTACT DETAILS:</b>	Mail Address: GPO Box 4658 Sydney NSW 2001 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: <a href="mailto:info@wami.com.au">info@wami.com.au</a> Website: <a href="http://www.wilsonassetmanagement.com.au">www.wilsonassetmanagement.com.au</a>
<b>SHARE REGISTRAR:</b>	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.
<b>STOCK EXCHANGE:</b>	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code for Ordinary shares: WAM

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# WAM CAPITAL LIMITED

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## CHAIRMAN'S LETTER

Dear shareholders,

Firstly I would like to thank you for your support over what has been another very volatile ride for Australian and global equities over the last 12 months.

WAM Capital Limited (WAM) is a listed investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM listed in August 1999 and is managed by Wilson Asset Management (International) Pty Limited.

### Investment Objectives and Process

Our investment objectives are to achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the Directors and to preserve the capital of the Company.

Our investment process focuses on:-

(a) Research Driven investing, where we undertake extensive research, rating the company's management, earnings growth potential, valuation, industry position, generation of free cashflow and identifying a catalyst that will change the valuation the market gives to the company; and

(b) Market Driven investing, where we scour the market for trading opportunities. These could include participating in initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements), corporate spin-offs, restructurings, arbitrage opportunities, LIC discount arbitrages or relative value arbitrages. This part of the portfolio is traded actively.

WAM is committed to delivering returns to you its shareholders, of between 15-20% per annum over the medium term. Since inception in 1999, WAM's gross portfolio has delivered shareholders an annualised return of 17.7% per annum. WAM has achieved this by investing in companies that have strong earnings growth, trade on a low price to earnings multiples, have an experienced management team and hold a strategic position in their industry. During the year we had over 700 company meetings.

We are constantly challenged in finding companies with these characteristics. Often we uncover investment opportunities that may not meet all the requirements of our research model. If however, they provide a favourable risk/reward payoff, we will take the opportunity. These investments form part of our Market Driven or trading portfolio. The number of companies in our portfolio and our cash holding varies as these opportunities are taken and realised. If we cannot find acceptable investment opportunities, we will hold cash until the right opportunities present themselves.

Our disciplined approach is to provide the maximum return possible while taking the minimum amount of risk.

The investment team currently comprises:

- Myself and Matthew Kidman as portfolio managers; and
- Chris Stott as a senior analyst responsible for the research driven side of our investing.

We continue to concentrate on researching and investing in small and medium sized industrial companies, because we believe that is where we can add most value over the medium to long term.

### Performance

WAM Capital Limited's (WAM) results for the year saw a decline in our after tax net tangible asset backing (NTA) by 2.8%. This was a solid performance as the All Ordinaries Accumulation Index declined 22.2%. WAM's performance can be broken down into three categories – cash, research stocks and trading stocks. The funds cash levels averaged 54% over the course of the year and contributed approximately +3.1% to the overall performance.

The trading portion of the portfolio is where we take advantage of opportunities that arise in the market from day to day. Examples of this are capital raisings offered at a discount, block lines of stock and takeover arbitrages. This portion of the portfolio was impacted negatively in the period between July 2008 and March 2009 when sharemarket was falling sharply. Since March, trading opportunities have increased dramatically with an improving market and a slew of capital raisings at significant discounts. We looked to judiciously take advantage of as many opportunities as possible.

# WAM CAPITAL LIMITED

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## CHAIRMAN'S LETTER

The research portion of the portfolio performed strongly during the 12 months. These stocks managed to weather the downturn and then responded well when the market bounced. It was particularly difficult to identify quality research stocks in the calendar year 2008 due to a lack of earnings growth. However, the rebound in earnings in 2010 and 2011 is providing many opportunities.

WAM has a large exposure to medium to small capitalisation industrial companies. During the 12 months to June 30, the Small Ordinaries Index fell approximately 31.8%. As at June 30, 2009 the index was still 50% below its all time high recorded on November 1, 2007. With interest rates low and an earnings rebound in 2010 and 2011 we still see good opportunities in this area. The next major hurdle for industrial stocks will be the eventual increase in official interest rates which we anticipate will take place in 2010.

At the beginning of the year WAM owned shares in 65 companies and during the year we sold out of 37, increased our shareholding in 11 and reduced our shareholding in 9. Shares in companies purchased and sold within the year amounted to 122. We took new positions in 61 companies, and as at 30 June 2009 owned shares in 88 companies.

### Dividends

On 17 August 2009 WAM paid a fully franked dividend of 4.0 cents per ordinary share. The shares traded ex dividend on 7 August 2009. The DRP price was \$1.2259.

The Board's policy is to pay a growing stream of fully franked dividends to shareholders on a six-monthly basis. This policy is dependent on the profitability, retained earnings and availability of franking credits of the Company.

### Market Outlook

In the space of just over 6 months investor sentiment has gone from an all time low to verging on euphoric. This tidal swing in enthusiasm to buy shares has gained significant momentum since the Australian share market bottomed on March 6, this year. The end result has been a staggering 52 per cent gain in the All Ordinaries Index. The rally is stronger than any other experienced in Australia when rebounding out of a bear market.

This rally has seen price to earnings multiples for 2010 jump from under 10 times to 14 times. While this is around the historical average for industrial companies, it means shares in this sector are no longer cheap. The price to earnings multiple expansion is quite normal in preparation for an economic recovery. However, with the prospect of rising interest rates through 2010, we are becoming increasingly cautious. Share prices have historically not responded well to a rising interest rate environment. History also tells us that when markets hit multi year highs, as was the case in 2007, it takes between 5 and 8 years to surpass that old high.

### Shareholder Communication

We take an active approach to keeping shareholders informed about the Company's activities and performance including monthly investment updates and NTA announcements, yearly and half yearly profit announcements, semi-annual shareholder briefings and access to all relevant information on our website. More recently, Matthew Kidman and I have been recording regular audio casts to discuss important market issues and address common questions. These audio casts are posted on our website:-  
[www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au)

During the year we continued the successful and well attended shareholder briefings, with seminars held in Sydney, Melbourne, Brisbane, Adelaide and Canberra. The team at Wilson Asset Management enjoy the opportunity to meet with you. We are committed that the shareholder briefings remain a semi-annual event.

Recently shareholders were sent the second edition of the Investor report for 2008/09 with a bull and bear picture on the cover. We hope you enjoyed this report and would encourage feedback on how we can improve this annual edition and our overall communication with our shareholders.

Thank you for your continuing support.

Geoff Wilson  
Chairman

# WAM CAPITAL LIMITED

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## CORPORATE GOVERNANCE STATEMENT

To ensure the Company operates effectively and in the best interests of shareholders, the Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has elected to adopt the revised Corporate Governance Principles and Recommendations and has applied them in reporting for the 2009 financial year.

### ROLE OF THE BOARD

The Company has a Board but no full time employees. Subject at all times to any written guidelines issued by the Board of Directors of WAM Capital Limited, the day-to-day management and investment of funds is carried out by Wilson Asset Management (International) Pty Limited (the Manager) pursuant to a management agreement.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:

- to oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial statements and related reports and other communications to the ASX and shareholders; and
- setting appropriate business standards and code for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board should act in a manner designed to create and build sustainable value for shareholders.

### COMPOSITION OF THE BOARD

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term in office are detailed in the directors' report.

The Board has two independent Directors and two non independent Directors. The names of the Directors considered to be independent are:

James Chirnside  
Paul Jensen

Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current Boards' level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

The Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, it adds value to the Company.

Responsibility for managing and progressing the profitable operation and development of the Company is delegated to the Chairman who reports back to the rest of the Board.

Given the size of the Board a nomination committee has not been formed. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

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## AUDIT & RISK COMMITTEE

The Company has formed an Audit & Risk Committee consisting of three non-executive Directors of whom two are independent as defined by the ASX Corporate Governance Council's principles. This is considered adequate given the size of the Board (4 members) and the nature of the Company. The members of the Audit & Risk Committee are:

James Chirnside	Chairman, independent
Matthew Kidman	Non-Executive Director, non-independent
Paul Jensen	Non-Executive Director, independent

The Committee's responsibilities are to:

- oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors; and
- review the existing external audit arrangements.

The Committee formally reports to the Board after each of its meetings.

The external audit firm partner responsible for the Company audit attends meetings of the Board and Audit & Risk Committee by invitation.

The Company's external audit is undertaken by Moore Stephens Sydney and the audit engagement partner is required to be changed at regular intervals. Scott Whiddett, a partner of Moore Stephens Sydney, is the partner responsible for the external audit of the Company for the 2009 financial year.

## RISK MANAGEMENT POLICY

The Board monitors the business risks and system of internal control and guides the affairs of the Company in the discharge of its stewardship responsibilities. The Board confirms that there is an ongoing process of identifying, evaluating and managing the risks faced by the Company. The risk framework and internal controls have been documented in the Risk Management Policy and is available on our website.

The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee. The Audit Committee requires the Manager to report annually on the operation of internal controls, reviews the external audit of internal controls and conducts any other investigations it requires in order to report to the Board on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

There are two main areas of risk that have been identified:

- market risk
- operational risk

### *Market Risk*

The Board is primarily responsible for recognising and managing market related risk. By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate. However, the Company seeks to reduce and manage market risk by not being overly exposed to one investee company or one particular sector of the market. The Manager reviews the relative weightings of individual securities and the relevant market sectors regularly. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Wilson Asset Management (International) Pty Limited, the Manager is required to act in accordance with the Board approved investment management agreement and reports to the Board regularly on the Fund's performance and any material actions that have occurred in the period.

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## CORPORATE GOVERNANCE STATEMENT

### *Operational Risk*

The Board is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and third party risk. The company outsource its administrative functions to service providers, RBC Dexia Investor Services (custody) and Wilson Asset Management (International) Pty Limited (investment management, accounting and compliance) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures. Wilson Asset Management (International) Pty Limited is responsible for recognising and managing operational risks.

Wilson Asset Management (International) Pty Limited, the Manager provides a declaration to the Board twice a year, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001.

### **REMUNERATION OF DIRECTORS**

Given the number of Directors (4), a remuneration committee has not been formed as it is believed that such a committee would not serve to protect or enhance the interests of the shareholders. As such, the Board deals with the issue of remuneration as a whole.

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

The Chairman and a Director of WAM Capital Limited are employees, and the Chairman is the sole Director, of Wilson Asset Management (International) Pty Limited and they are further remunerated by that Company. Further detail is provided in the Directors' Report.

### **SHAREHOLDER COMMUNICATION**

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Measures are in place to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

Information is communicated to shareholders through the:

- website;
- ASX Company Announcements platform;
- Annual Report;
- monthly NTA releases; and
- other correspondence regarding matters impacting on shareholders as required.

Monthly NTA releases contain additional information concerning the underlying investment portfolio of the Company in an effort to give investors a better understanding of the Company.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

Shareholder information sessions are also held twice a year in May and November following the AGM. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.



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## CORPORATE GOVERNANCE STATEMENT

The following charters and policies are available on request or can be found in the Corporate Governance section of the Company's internet site at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au):

- Board of Directors Charter
- Code of Conduct
- Securities Dealing Policy
- Continuous Disclosure Policy
- Communications Policy
- Audit & Risk Committee Charter
- Risk Management Policy

### **BOARD'S POLICY ON DEALING IN SHARES**

Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current relevant interests in the Company's shares are shown in the Directors' Report.

Subject to them not being in possession of undisclosed price sensitive information with adequate time being given for this to be reflected in the security's price, Directors may deal in shares of the Company when appropriate. As WAM Capital Limited is an investment company announcing its results monthly, the Board believes the shareholders are generally fully informed.

### **INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

### **CONFLICT OF INTEREST**

In accordance with the Corporations Act 2001, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

# WAM CAPITAL LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the financial year ended 30 June 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 year or is likely in the future.

### OPERATING RESULTS

Investment operations over the year resulted in an operating loss before tax of \$7,242,838 (2008: operating loss before tax \$46,808,488) and an operating loss after tax of \$4,083,239 (2008: operating loss after tax \$31,619,033).

### REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2009, investments were valued upwards by \$10,411,090 (2008: valued downwards \$52,796,328). There was no transfer from the Asset Revaluation Reserve to the Retained Earnings (2008: net decrease of \$26,138,729 transferred to the Asset Revaluation Reserve).

Asset backing for each ordinary share as at 30 June 2009 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.37 per share (2008: \$1.41). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.40 per share (2008: \$1.43). The equivalent asset backing before tax payable and after tax assets was \$1.40 per share (2008: \$1.43).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on pages 1 to 2 of the Annual Report.

### FINANCIAL POSITION

The net asset value of the Company for the current financial year was \$141,178,888 (2008: \$149,917,636).

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2009.

### DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2009.

On 17 August 2009 WAM paid a fully franked dividend of 4.0 cents per share. The dividend has not been brought to account in the financial statements for the year ended 30 June 2009 but will be recognised in the subsequent Financial Report.

### OPTIONS

There are no options on issue as at 30 June 2009.

# WAM CAPITAL LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### DIRECTORS

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

G.J. Wilson  
M.J. Kidman  
P.D.K. Jensen  
J.M. Chirnside

### INFORMATION ON DIRECTORS

#### ***Geoffrey Wilson (Chairman – Non-independent)***

##### ***Experience and expertise***

Geoffrey Wilson has had 29 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Geoffrey Wilson has been Chairman of the Company since March 1999.

##### ***Other current directorships***

Geoffrey Wilson is the Chairman of Wilson Investment Fund Limited (appointed June 2003), WAM Active Limited (appointed July 2007), Australian Stockbrokers Foundation and Ascham Foundation Limited. He is a Director of Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (appointed October 2003), Clime Capital Limited (appointed November 2003), Cadence Capital Limited (appointed February 2005), Vietnam Fund Limited (appointed October 2007), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation and Odyssey House McGrath Foundation. He is also a director of the investment management companies, Wilson Asset Management (International) Pty Limited, Boutique Asset Management Pty Limited and MAM Pty Limited.

##### ***Former directorships in the last 3 years***

Geoff Wilson is a former Director of Mariner Wealth Management Limited (currently known as Keybridge Capital Limited) from September 1999 to October 2006.

##### ***Special responsibilities***

Chairman of the Board

##### ***Interests in shares of the Company***

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

##### ***Interests in contracts***

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

#### ***Matthew Kidman (Non-Executive Director – Non-independent)***

##### ***Experience and expertise***

Matthew Kidman worked as a finance reporter for the Sydney Morning Herald between 1994 and 1998. In 1997 he was appointed Investment Editor of that newspaper and was charged with the responsibility of company coverage for the newspaper. He has degrees in Economics and Law and a Graduate Diploma in Applied Finance. He is a portfolio manager of Wilson Asset Management (International) Pty Limited and has been instrumental in establishing the Company's valuation methodology of rating companies.

Matthew Kidman has been a Director of the Company since March 1999.

##### ***Other current directorships***

Matthew Kidman is a Director of Wilson Investment Fund Limited (appointed May 2002), WAM Active Limited (appointed July 2007), Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (appointed October 2003) and Incubator Capital Limited (appointed February 2000). He is also a Director of the investment management companies MAM Pty Limited and Boutique Asset Management Pty Limited.

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### ***Former directorships in the last 3 years***

Matthew Kidman is a former Director of Mariner Wealth Management Limited (currently known as Keybridge Capital Limited) from June 1999 to November 2005.

### ***Special responsibilities***

Member of the Audit & Risk Committee

### ***Interests in shares of the Company***

Details of Matthew Kidman's interests in shares of the Company are included later in this report.

### ***Interests in contracts***

Details of Matthew Kidman's interests in contracts of the Company are included later in this report.

### ***James Chirnside (Non-Executive Director – Independent)***

#### ***Experience and expertise***

James Chirnside has been exclusively focussed in emerging markets and absolute return investment strategies for seventeen years in Sydney, Hong Kong, and London. Mr. Chirnside is a shareholder and Managing Director of Asia Pacific Asset Management, a specialist emerging market and alternative investment firm based in Sydney. Mr. Chirnside previously worked for Challenger Financial Group in Sydney. Prior to this he managed emerging market hedge funds in Hong Kong for specialist Regent Fund Management (now Charlemagne Capital). Between 1988 and 1992 Mr. Chirnside ran a proprietary trading book for County NatWest in London.

James Chirnside has been a Director of the Company since February 2003.

### ***Other current directorships***

James Chirnside is a Director of Cadence Capital Limited (appointed February 2005).

### ***Former directorships in the last 3 years***

James Chirnside has not held any other directorships of listed companies within the last three years.

### ***Special responsibilities***

Chairman of the Audit & Risk Committee.

### ***Interests in shares of the Company***

Details of James Chirnside's interests in shares of the Company are included later in this report.

### ***Interests in contracts***

James Chirnside has no interests in contracts of the Company.

### ***Paul Jensen (Non-Executive Director – Independent)***

#### ***Experience and expertise***

Paul Jensen has over 25 years of international experience in the funds management and institutional banking sectors. He holds a Bachelor of Commerce and Administration in accounting and commercial law from Victoria University, Wellington, NZ and is a Fellow of the Australian Institute of Company Directors.

Paul Jensen has been a Director of the Company since June 2004.

### ***Other current directorships***

Paul Jensen is a Director of Clime Investment Management Limited.

### ***Former directorships in the last 3 years***

Paul Jensen is a former HFA Holdings Limited from February to September 2007, HFA Asset Management Limited from February to September 2007 and HFA Accelerator Plus Limited from February to September 2007.

### ***Special responsibilities***

Member of the Audit & Risk Committee.

# WAM CAPITAL LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### *Interests in shares of the Company*

Details of Paul Jensen's interests in shares of the Company are included later in this report.

### *Interests in contracts*

Paul Jensen has no interests in contracts of the Company.

### COMPANY SECRETARY

The following person held the position of company secretary as at the end of the financial year:

Katherine Thorley – Bachelor of Commerce, CPA and CSA Certificate in Governance Practice and Administration. Katherine has worked in the funds management industry the past 4 ½ years with the Wilson Asset Management group initially as a Financial Accountant and more recently as Finance Manager. Katherine Thorley was appointed Company Secretary on 30 October 2008.

### REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of WAM Capital Limited.

#### (a) Remuneration of Directors

The Board from time to time determines remuneration of Non-Executive Directors within the maximum amount approved by the shareholders. Non-Executive Directors are not entitled to any other remuneration.

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are presently \$80,000 per annum. Non-Executive Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2009:

Director	Position	Directors' Fees \$	Post-employment Superannuation \$	Total \$
G.J. Wilson	Chairman	9,174	826	10,000
M.J. Kidman	Non-Executive Director	9,174	826	10,000
J. M. Chirside	Non-Executive Director	27,523	2,477	30,000
P.D.K Jensen	Non-Executive Director	7,500	22,500	30,000
		<u>53,371</u>	<u>26,629</u>	<u>80,000</u>

The following table compares the Company performance and non-executive directors' remuneration over five years.

	2009	2008	2007	2006	2005
Operating (loss)/profit after tax (\$)	(4,083,239)	(31,619,033)	34,005,754	18,041,517	8,181,688
Dividends (cents per share)	-	8.0	16.0	14.0	12.0
Equal Access Share Buy-Back (\$1.38 per share x 5.8% holding)	8.0	-	-	-	-
Net tangible asset (\$ per share)	1.37	1.41	1.88	1.57	1.44
Total Directors' remuneration (\$)	80,000	80,000	70,000	60,000	60,000

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### **(b) Director Related Entities Remuneration**

All transactions with related entities were made on normal commercial terms and conditions.

Geoffrey Wilson is the sole Director and beneficial owner of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital Limited. Matthew Kidman is an employee of Wilson Asset Management (International) Pty Limited. In its capacity as manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$1,402,454 inclusive of GST (2008: \$1,914,694). As at 30 June 2009 the balance payable to the manager was \$123,604 (2008: \$134,493).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the Value of the Portfolio exceeds this increase; or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the Value of the Portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. For the year ended 30 June 2009, no performance fee was payable to Wilson Asset Management (International) Pty Limited (2008: no performance fee was payable).

These amounts are in addition to the above Directors remuneration.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

### **(c) Remuneration of Executives**

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the investment manager of the Company, remunerates Geoff Wilson, Matthew Kidman and Katherine Thorley as employees and/or directors of the Company. The Manager also provides day to day management of the Company and is remunerated as outlined above.

### **(d) Equity Instruments Disclosures of Directors and Related Parties**

As at the date of this report, the Company's directors and their related parties held the following interests in the Company:

<b>Directors</b>	<b>Ordinary Shares</b>
G.J. Wilson	3,556,896
M.J. Kidman	184,779
P.D.K Jensen	83,473
J. M. Chirnside	-

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### DIRECTORS' MEETINGS

Director	No. eligible to attend	Attended
G.J. Wilson	8	8
M.J. Kidman	8	8
J.M. Chirnside	8	8
P.D.K. Jensen	8	8

### AUDIT & RISK COMMITTEE MEETINGS

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance section on pages 3-5 of this Annual Report.

Director	No. eligible to attend	Attended
M.J. Kidman	2	2
J.M. Chirnside	2	2
P.D.K. Jensen	2	2

### AFTER BALANCE DATE EVENTS

On 17 August 2009 WAM paid a fully franked dividend of 4.0 cents per share.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

### FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year, investing its current fixed interest and cash holdings into the equity market as opportunities arise.

### ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

### INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2009

### NON AUDIT SERVICES

During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Limited, a related party of the Company's auditor, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provisions of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 14 of this Annual Report.

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



G.J. Wilson, Chairman

Dated at Sydney this 29<sup>th</sup> day of September 2009



**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF WAM CAPITAL LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of WAM Capital Limited for the year ended 30 June 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



**MOORE STEPHENS SYDNEY**  
Chartered Accountants



**S.M. WHIDDETT**  
Partner

Dated in Sydney this 29<sup>th</sup> day of September 2009

Moore Stephens Sydney ABN 90 773 984 843  
Level 7, 20 Hunter Street, Sydney NSW 2000  
GPO Box 473, Sydney NSW 2001  
Telephone: +61 2 8236 7700 Facsimile: +61 2 9233 4636  
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*Liability limited by a scheme approved under Professional Standards Legislation*

*An independent member of Moore Stephens International Limited – members in principal cities throughout the world  
The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm*

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
Proceeds from sale of investments		198,908,012	289,548,649
Cost of investments sold		(221,963,557)	(290,684,567)
Unrealised gain/(loss) on held for trading financial assets		10,411,090	(52,796,328)
Other revenue from ordinary activities	2	7,799,327	10,130,383
Management fees		(1,306,832)	(1,784,147)
Directors fees		(80,000)	(80,000)
Brokerage expense on share purchases		(671,735)	(801,500)
Other expenses from ordinary activities		(339,143)	(340,978)
<b>Loss before income tax</b>		<b>(7,242,838)</b>	<b>(46,808,488)</b>
Income tax benefit	3(a)	3,159,599	15,189,455
<b>Loss attributable to members of the Company</b>	12	<b>(4,083,239)</b>	<b>(31,619,033)</b>
<b>Basic earnings per share</b>	15	<b>(3.9) cents</b>	<b>(30.0) cents</b>
<b>Diluted earnings per share</b>	15	<b>(3.9) cents</b>	<b>(30.0) cents</b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>ASSETS</b>			
Cash and cash equivalents	13	52,024,614	65,143,556
Trade and other receivables	6	4,151,414	15,610,168
Held for trading financial assets	7	81,797,475	69,324,116
Deferred tax assets	3(b)	9,721,346	5,220,434
<b>TOTAL ASSETS</b>		<b>147,694,849</b>	<b>155,298,274</b>
<b>LIABILITIES</b>			
Held for trading financial liabilities	8	436,840	1,816,207
Trade and other payables	9	2,554,425	1,694,272
Deferred tax liabilities	3(d)	3,524,696	1,870,159
<b>TOTAL LIABILITIES</b>		<b>6,515,961</b>	<b>5,380,638</b>
<b>NET ASSETS</b>		<b>141,178,888</b>	<b>149,917,636</b>
<b>EQUITY</b>			
Issued capital	10	147,271,945	151,927,454
Accumulated losses	12	(6,093,057)	(2,009,818)
<b>TOTAL EQUITY</b>		<b>141,178,888</b>	<b>149,917,636</b>

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 YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>Total equity as at 1 July 2008</b>		<b>149,917,636</b>	<b>163,884,222</b>
Loss for the year attributable to members of the Company	12	(4,083,239)	(31,619,033)
Shares issued in the year	10(b)	-	34,220,477
Share buy-back	10(b)	(4,655,509)	
		<u>141,178,888</u>	<u>166,485,666</u>
Dividends paid	4	-	(16,568,030)
<b>Total equity as at 30 June 2009 attributable to members of the Company</b>		<b><u>141,178,888</u></b>	<b><u>149,917,636</u></b>

The accompanying notes form part of these financial statements.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends received		3,743,390	4,927,394
Interest received		4,388,030	3,625,730
Other investment income received		84,322	514,323
Investment management fees		(1,413,344)	(1,948,304)
Investment performance fees		-	(3,171,005)
Brokerage expense on share purchases		(671,735)	(801,500)
Payments for administration expenses		(302,703)	(38,948)
Income tax paid	3(c)	-	(4,555,551)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	14	<b>5,827,960</b>	<b>(1,447,861)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		209,580,932	284,200,285
Payments for purchase of investments		(223,872,325)	(275,809,459)
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>		<b>(14,291,393)</b>	<b>8,390,826</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share buyback		(4,655,509)	-
Dividends paid		-	(13,495,361)
Proceeds from options exercised		-	31,147,808
<b>NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES</b>		<b>(4,655,509)</b>	<b>17,652,447</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(13,118,942)</b>	<b>24,595,412</b>
Cash and cash equivalents at beginning of financial year		65,143,556	40,548,144
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	13	<b>52,024,614</b>	<b>65,143,556</b>

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 YEAR ENDED 30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

The financial report is a general purpose financial report that has 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 financial report was authorised for issue on 29 September 2009 by the Board of Directors.

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is 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.

#### **Accounting Policies**

##### **(a) Financial Instruments**

###### *i) Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention. Trade date is the date on which the Company commits to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the Income Statement immediately. Financial instruments are classified and measured as set out below.

###### *ii) 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 entity 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 expire. 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 Income Statement.

###### *iii) Classification and Subsequent Measurement*

Investments consist of shares in publicly listed and unlisted companies, exchange traded call and put options and investments in fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the Balance Sheet on a liquidity basis.

The Company may short sell securities in anticipation of a decline in the market value of that security, or it may short sell securities for various arbitrage transactions. Short sales or borrowed stock are classified as a financial liability and are revalued to fair value through the Income Statement.

###### *iv) 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 Income Statement in the period in which they arise.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrealised gains and losses are then transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments, where they are above cost.

#### *v) Financial Liabilities*

Borrowed stock and exchange traded call and put options are classified at fair value through profit or loss. Realised and unrealised gains and losses arising from changes in fair value are included in Income Statement in the period in which they arise.

#### *vi) Fair Value*

Fair value is determined based on current market prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, include recent arm's length transactions and reference to similar instruments.

### **(b) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet. 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 liability method in respect of temporary difference 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 Income Statement 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 income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset 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 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.

### **(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months.

### **(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 their amortised cost less the provision for impairment losses (refer Note 1(g)).

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Trade and Other Payables

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

#### (g) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been 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 Income Statement.

#### (h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the 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 an item 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 an asset or liability in the Balance Sheet.

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

#### (i) Segment Reporting

The Company is engaged in investment activities conducted in Australia and derives revenue and investment income from listed, unlisted and fixed interest securities.

#### (j) Comparative Figures

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

#### (k) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and 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 judgements that have a material impact on the financial results of the Company for the year ended 30 June 2009.

#### (l) New Standards and Interpretations Not Yet Adopted

There are no impending new accounting standards that will result in any material change in relation to amounts recognised in the financial statements.

	2009	2008
	\$	\$
<b>2. OTHER REVENUE FROM ORDINARY ACTIVITIES</b>		
Australian sourced dividends	3,178,322	4,495,155
Foreign sourced dividends	178,322	818,251
Interest	4,029,683	4,357,693
Underwriting fees	21,761	50,856
Trust distributions	232,891	296,175
Revenue from options written	123,645	-
Other income	34,703	112,253
	<b>7,799,327</b>	<b>10,130,383</b>



# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>3. TAXATION</b>		
<b>(a) Income Tax Benefit</b>		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2008: 30%)	(2,172,852)	(14,042,546)
Imputation credit gross up	409,772	498,172
Franking credit offset	(1,363,095)	(1,640,120)
Other non-assessable items	(33,424)	(31,166)
Under provision in prior year	-	26,205
	<b>(3,159,599)</b>	<b>(15,189,455)</b>
Total income tax benefit results in a:		
Current tax asset	(4,812,533)	(4,900,373)
Deferred tax liability	1,654,537	(10,314,780)
Deferred tax asset	(1,603)	(507)
Under provision in prior year	-	26,205
	<b>(3,159,599)</b>	<b>(15,189,455)</b>
<b>(b) Deferred Tax Assets</b>		
Tax losses	9,712,906	5,213,597
Provisions	8,440	6,837
	<b>9,721,346</b>	<b>5,220,434</b>
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the year	5,220,434	4,125
Capitalised legal fees	-	2,205
Transfer tax losses from Current Tax Liability	4,499,309	5,213,597
Credited to the Income Statement	1,603	507
At reporting date	<b>9,721,346</b>	<b>5,220,434</b>
<b>(c) Current Tax Liabilities</b>		
Movement in current tax liabilities		
Balance at the beginning of the year	-	4,200,970
Current year income tax benefit on operating profit	-	(4,900,373)
Income tax paid	-	(4,555,551)
Under provision in prior year	-	41,357
Transfer tax losses to Deferred Tax Asset	-	5,213,597
At reporting date	-	-
<b>(d) Deferred Tax Liabilities</b>		
Fair value adjustments	3,252,999	1,711,326
Income provisions	271,697	158,833
	<b>3,524,696</b>	<b>1,870,159</b>

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>3. TAXATION (CONTINUED)</b>		
<b>(d) Deferred Tax Liabilities (continued)</b>		
Movement in deferred tax liabilities		
Balance at the beginning of the year	1,870,159	12,197,885
Charged/(Credited) to the Income Statement	1,654,537	(10,314,780)
Over provision in prior year	-	(12,946)
At reporting date	<u>3,524,696</u>	<u>1,870,159</u>
<b>4. DIVIDENDS</b>		
<b>(a) Ordinary Dividends Paid During the Year</b>		
No final dividend for the year ended 30 June 2008 (Final dividend 2007: 8.0 cents fully franked at 30% tax rate paid 26 October 2007)		
	-	8,163,825
No interim dividend for the year ended 30 June 2009 (Interim dividend 2008: 8.0 cents fully franked at 30% tax rate paid 11 March 2008)		
	-	8,404,205
Dividends paid by the Company	<u>-</u>	<u>16,568,030</u>
<b>(b) Dividends Not Recognised at Year End</b>		
In addition to the above dividends, since the end of the year, the Company paid a 4.0 cent fully franked dividend which has not been recognised as a liability at the end of the financial year:-		
	<u>4,111,415</u>	<u>-</u>
<b>(c) Dividend Franking Account</b>		
Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.		
	3,941,437	2,634,660
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in (b) above as follows:		
	<u>(1,762,036)</u>	<u>-</u>
	<u>2,179,401</u>	<u>2,634,660</u>
The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying 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 \$3,524,696 (2008: \$1,870,159).		
<b>5. AUDITORS REMUNERATION</b>		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	27,760	26,307
Non-audit services		
Other services provided by a related practice of the auditor:		
Taxation Services	<u>8,058</u>	<u>13,965</u>
	<u>35,818</u>	<u>40,272</u>

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 5. AUDITORS REMUNERATION (CONTINUED)

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 audit-related tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

	2009	2008
	\$	\$
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	2,955,586	13,478,506
Income receivable	812,811	1,229,226
Tax refund	313,224	-
Prepayments	8,761	-
GST receivable	61,032	77,436
Loans receivable	-	825,000
	<u>4,151,414</u>	<u>15,610,168</u>

Trade debtors relate to outstanding settlements, and are on the terms operating in the securities industry. These are non-interest bearing and require the settlement within three (3) days of the date of a transaction. Income receivable relates to accrued income and is non-interest bearing and unsecured. Loans receivable in the prior year represents Convertible Note Loans with an interest rate of 9% and was converted in August 2008.

### 7. HELD FOR TRADING FINANCIAL ASSETS

Listed investments at fair value	79,323,620	67,492,566
Unlisted investments at cost	2,473,855	1,831,550
	<u>81,797,475</u>	<u>69,324,116</u>

The market values of individual investments as at 30 June 2009 are disclosed on pages 36 to 38 of the Annual Report.

### 8. HELD FOR TRADING FINANCIAL LIABILITIES

Borrowed stock	<u>436,840</u>	<u>1,816,207</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 can not exceed 50% of the net asset value of the Company as outlined in the Company's Management Agreement.

### 9. TRADE AND OTHER PAYABLES

Trade creditors	2,321,921	1,464,053
Management fee payable	123,820	134,493
Sundry creditors	108,684	95,726
	<u>2,554,425</u>	<u>1,694,272</u>

Trade creditors relate to outstanding settlements, and are on the terms operating in the securities industry. These do not incur interest and require settlement within three (3) days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>10. ISSUED CAPITAL</b>		
<b>(a) Paid-up Capital</b>		
102,785,383 ordinary shares fully paid (2008: 106,158,940)	<u>147,271,945</u>	<u>151,927,454</u>
<b>(b) Movement in Ordinary Share Capital</b>		
Balance at the beginning of the year	151,927,454	117,706,977
3,373,557 ordinary shares bought back on 30 October 2008 under a 5.8% equal access buy-back at a price of \$1.38 per share	(4,655,509)	-
845,410 ordinary shares issued on 26 October 2007 under a dividend reinvestment plan	-	1,538,885
17,304,337 ordinary shares issued from the exercise of options issued 24 October 2006, exercise price of \$1.80 per share	-	31,147,808
1,106,382 ordinary shares issued on 11 March 2008 under a dividend reinvestment plan	-	1,533,784
At reporting date	<u>147,271,945</u>	<u>151,927,454</u>

Holder 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 the 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 effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. At the core of this management is the belief that shareholder value should be preserved at all costs. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options to buy shares issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.

### 11. RESERVE

Asset Revaluation Reserve	<u>-</u>	<u>-</u>
---------------------------	----------	----------

This reserve is used to record increments and decrements on the revaluation of the investments, net of potential tax as described in accounting policy Note 1(a) (iv).

#### Movement in Asset Revaluation Reserve

Balance at the beginning of the year	-	26,138,729
Transfer from/(to) retained earnings	-	(26,138,729)
At reporting date	<u>-</u>	<u>-</u>

### 12. (ACCUMULATED LOSSES)/RETAINED EARNINGS

Balance at the beginning of the year	(2,009,818)	20,038,516
Loss for the year attributable to members of the Company	(4,083,239)	(31,619,033)
Transfer from asset revaluation reserve	-	26,138,729
Dividends paid (refer Note 4)	-	(16,568,030)
At reporting date	<u>(6,093,057)</u>	<u>(2,009,818)</u>

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	4,683,742	8,407,334
Fixed interest securities	47,340,872	56,736,222
	<u>52,024,614</u>	<u>65,143,556</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2009 is 3.96% (2008: 7.81%). The fixed interest securities have an average maturity of 26 days (2008: 94 days). The fixed interest securities has 74% invested in Standard & Poor's rated A1+ and 26% invested in Standard & Poor's rated AA. The fixed interest securities include the cash collateral for the borrowed stock (refer Note 8).

### 14. CASH FLOW INFORMATION

#### Reconciliation of Operating Loss after Income Tax

Operating loss after income tax	(4,083,239)	(31,619,033)
<b>Add/(less) items classified as Investing/Financing Activities:</b>		
Realised loss on sale of investments	23,055,545	1,135,917
<b>Add/(less) non cash items:</b>		
Unrealised (profit)/loss on investments	(10,411,090)	52,796,328
<b>Net cash provided by/(used in) Operating Activities before changes in assets and liabilities:</b>		
Decrease/(increase) in receivables	424,059	(835,623)
Increase in deferred tax assets	(4,814,136)	(2,712)
Increase/(decrease) in payables	2,285	(3,180,445)
Decrease in current tax assets/liabilities	-	(9,414,567)
Increase/(decrease) in deferred tax liabilities	1,654,536	(10,327,726)
Net cash provided by/(used in) Operating Activities	<u>5,827,960</u>	<u>(1,447,861)</u>

### 15. EARNINGS PER SHARE

Loss after income tax used in the calculation of basic earnings per share	<u>(4,083,239)</u>	<u>(31,619,033)</u>
---	--------------------	---------------------

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	<u>103,912,983</u>	<u>105,550,031</u>
Add: Weighted average number of options outstanding	n/a	n/a
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share:	<u>103,912,983</u>	<u>105,550,031</u>

### 16. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of local money market instruments, short term investments, accounts receivable and accounts payable.

The terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are included under the appropriate note for that instrument.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial and market risk of the Company.

#### (a) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Balance Sheet, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counter parties and that they are of a sufficient quality rating. The Manager is satisfied that the Company is currently sufficiently diversified so as to reduce exposure to any individual credit risk.

#### (b) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company.

The Company's inward cash flows depend upon the level of sales of securities, dividends and interest received and any exercise of Company options that may be on issue from time to time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. The Company holds a portion of its portfolio in cash and fixed interest securities sufficient to ensure that it has cash available to meet all payments. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds to increase cash inflows.

#### (c) Market Risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Manager seeks to reduce market risk of the Company by not being overly exposed to one investee company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The company enters into option contracts for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$2,402,000 (2008: nil), however these call options were written against the underlying securities already owned by the Company. This exchange traded option was entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily and the Manager regularly reviews the investment and trading transactions of the Company. Shares to the value of \$985,920 (2008: nil) are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company. These shares are held by ACH under the terms of ACH Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 16. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Net Fair Values

The carrying amounts of financial instruments on the Balance Sheet approximate their net fair values.

#### (e) Sensitivity Analysis

Investments represent 55% (2008: 45%) of total assets at year end. A 5% movement in the market value of each of the companies within the portfolio would result in a 2.8% (2008: 2.2%) movement in the net assets after tax. The net asset backing after tax would move by 0.04 cents per share at 30 June 2009 (2008: 0.03 cents per share at 30 June 2008).

### 17. EVENTS SUBSEQUENT TO REPORTING DATE

On 17 August 2009 WAM paid a fully franked dividend of 4.0 cents per share.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

### 18. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 2,014 (2008: 2,607). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$1,541,447 (2008: \$2,037,350).

### 19. CONTINGENT LIABILITIES

Estimates of material amounts of contingent liabilities, not provided for in the accounts, arising from:

Sub-underwriting agreements entered into during the year of which the offer closes after balance date.

	2009 \$	2008 \$
	-	690,000

### 20. CAPITAL COMMITMENTS

Capital commitments exist for placements entered into before year end, which settled after period end in July and August 2009.

	1,052,743	-
--	-----------	---

### 21. KEY MANAGEMENT PERSONNEL COMPENSATION

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

G.J. Wilson	Chairman
M.J. Kidman	Non-Executive Director
P.D.K. Jensen	Non-Executive Director
J.M. Chirnside	Non-Executive Director

#### a) Remuneration

There are no executives that are paid by the Company. Wilson Asset Management (International) Pty Limited, the manager of the Company, remunerates Geoff Wilson and Matthew Kidman as employees and/or directors of the Company. The Manager also provides day to day management of the Company and is remunerated as outlined in the Directors' Report.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 21. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

Individual directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on pages 10 and 11, as permitted by Corporations Regulation 2M.3.03 and 2M.6.04.

	Directors' Fees \$	Post-employment Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2009	53,372	26,628	80,000
Total Directors remuneration paid by the Company for the year ended 30 June 2008	45,871	34,129	80,000

### b) Share and Option holdings

As at 30 June 2009 the Company's key management personnel held the following interests in the Company:  
*Ordinary Shares held*

	Balance at 30 June 2008	Acquisitions	Disposals	Balance at 30 June 2009
G.J. Wilson	3,560,947		4,051	3,556,896
M.J. Kidman	178,940	5,839	-	184,779
P.D.K Jensen	81,349	2,124	-	83,473
J. M. Chirnside	-	-	-	-
	3,821,236	7,963	4,051	3,825,148

As at 30 June 2008 the Company's key management personnel held the following interests in the Company:  
*Ordinary Shares held*

	Balance at 30 June 2007	Acquisitions/ Options Exercised	Disposals	Balance at 30 June 2008
G.J. Wilson	3,560,947	-	-	3,560,947
M.J. Kidman	162,055	16,885	-	178,940
P.D.K Jensen	72,235	9,114	-	81,349
J. M. Chirnside	-	-	-	-
	3,795,237	25,999	-	3,821,236

*Options held as at 30 June 2008*

	Balance at 30 June 2007	Bonus Issue/ Acquisitions	Disposals/ Options Exercised/ Lapsed	Balance at 30 June 2008
G.J. Wilson	69,853	-	(69,853)	-
M.J. Kidman	-	-	-	-
P.D.K Jensen	17,063	-	(17,063)	-
J. M. Chirnside	-	-	-	-
	86,916	-	(86,916)	-

Directors and director related entities disposed of and acquired ordinary shares and options in the Company on the same terms and conditions available to other shareholders.

The Directors have not, during or since the end of 30 June 2009 financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.



# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### 22. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Geoffrey Wilson is the sole Director and beneficial owner of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital Limited. Matthew Kidman is an employee of Wilson Asset Management (International) Pty Limited. In its capacity as manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% p.a (plus GST) of gross assets amounting to \$1,402,454 inclusive of GST (2008: \$1,914,694). As at 30 June 2009 the balance payable to the manager was \$123,604 (2008: \$134,493).

In addition, Wilson Asset Management (International) Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the Value of the Portfolio exceeds this increase; or
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in the Value of the Portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. For the year ended 30 June 2009, no performance fee was payable to Wilson Asset Management (International) Pty Limited (2008: no performance fee was payable).

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

# WAM CAPITAL LIMITED


A.B.N. 34 086 587 395

## DIRECTORS' DECLARATION

The Directors of WAM Capital Limited declare that:

- 1) The financial report as set out in pages 15 to 30 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 10 and 11, are in accordance with the *Corporations Act 2001*, including:
  - a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
  - b) giving a true and fair view of the financial position of the Company as at 30 June 2009 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Director of the Manager, Wilson Asset Management (International) Pty Limited has declared that:
  - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporation Act 2001*;
  - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, 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.



G.J. Wilson, Chairman

Dated at Sydney this 29<sup>th</sup> day of September 2009

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF WAM CAPITAL LIMITED**

We have audited the accompanying financial report of WAM Capital Limited (WAM), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of WAM are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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 an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm*

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion the financial report of WAM Capital Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of WAM's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June 2009. The directors of WAM are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of WAM Capital Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



**MOORE STEPHENS SYDNEY**  
Chartered Accountants



**S.M. WHIDDETT**  
Partner

Dated in Sydney this 29<sup>th</sup> day of September 2009

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### SHAREHOLDINGS

#### Substantial shareholders (as at 31 August 2009)

There are currently no substantial shareholders of WAM Capital Limited.

#### On-market buy back (as at 31 August 2009)

There is no current on-market buy back.

#### Distribution of shareholders (as at 31 August 2009)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	316	-
1,001 – 5,000	1,086	-
5,001 – 10,000	942	-
10,001 – 100,000	1,803	-
100,001 and over	129	-
	<b>4,276</b>	<b>-</b>

The number of shareholdings held in less than marketable parcels is 102.

#### Twenty largest shareholders - Ordinary shares (as at 31 August 2009)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Victor John Plummer	3,654,750	3.5
Mr Geoffrey James Wilson and Associated Companies	3,391,094	3.3
Dr Russell Kay Hancock	3,203,068	3.1
VBS Investments Pty Limited	2,130,617	2.0
Mrs Fay Cleo Martin-Weber	1,463,068	1.4
Marbear Holdings Pty Limited	1,440,300	1.4
Vilo Finance Pty Limited	1,318,800	1.3
Dr and Mrs English <N English SF NO 1 A/C>	937,576	0.9
Pineross Pty Limited	904,987	0.9
Eneber Investment Company Limited	881,000	0.9
Trophy Components Distributors Pty Limited	554,798	0.5
Sanolu Pty Limited	444,651	0.4
Lonceta Pty Limited (Hancock Super Fund A/C)	419,482	0.4
Solana Pty Limited	405,000	0.4
Mr & Mrs Heathers <Heathers Family Super A/C>	395,392	0.4
M & H Nominees	387,600	0.4
Edington Pty Limited (Herring super Fund A/C)	385,851	0.4
Mr Thomas Storey	376,800	0.4
Chiatta Pty Limited <WL Houghton Pract S/F A/C>	367,380	0.4
AR & MK Mclean P/L <Mclean Family Super Fund A/C>	344,336	0.3
	<b>23,406,550</b>	<b>22.7</b>

# **WAM CAPITAL LIMITED**

A.B.N. 34 086 587 395

## **ASX ADDITIONAL INFORMATION**

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### **STOCK EXCHANGE LISTING**

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2009

Company Name	Code	Quantity	Market Value \$	%
<b>Software &amp; Services</b>				
Reckon Limited	RKN	4,480,728	5,175,241	
Melbourne IT Limited	MLB	1,233,593	2,010,757	
Oakton Limited	OKN	712,102	1,523,898	
ITX Group Limited	ITX	1,676,024	1,005,614	
NewSat Limited	NWT	212,416,415	637,249	
MatrixView Limited	MVU	3,620,255	470,633	
CSG Limited	CSV	148,016	124,333	
			<b>10,947,725</b>	<b>13.4</b>
<b>Diversified Financials</b>				
Everest Financial Group Limited	EFG	28,951,990	1,968,735	
Contango Capital Partners Limited	CCQ	3,867,755	1,431,069	
Flexigroup Limited	FXL	1,679,000	1,309,620	
Clime Investments Limited	CIW	3,846,346	1,269,294	
Rattoon Holdings Limited	RTN	9,764,951	1,074,145	
Bentley International Limited	BEL	3,631,210	1,053,051	
ASX Limited	ASX	14,600	540,054	
ASK Funding Limited	AKF	2,383,860	429,095	
Alternative Investment Trust	AIQ	323,048	339,200	
HFA Accelerator Plus Limited	HAP	2,136,072	320,411	
Tidewater Investments Limited	TDI	925,322	175,811	
FSA Group Limited	FSA	109,500	41,610	
			<b>9,952,095</b>	<b>12.2</b>
<b>Capital Goods</b>				
Clough Limited	CLO	1,744,089	1,238,303	
Hastie Group Limited	HST	562,101	713,868	
Ludowici Limited	LDW	237,173	367,618	
Emeco Holdings Limited	EHL	584,000	236,520	
Swick Mining Services Limited	SWK	117,165	48,623	
			<b>2,604,932</b>	<b>3.2</b>
<b>Energy</b>				
Worley Parsons Limited	WOR	43,800	1,042,878	
Central Petroleum Limited	CTP	3,850,750	308,060	
ROC Oil Company Limited	ROC	302,037	237,099	
Central Petroleum Limited Options 31/03/14	CTPO	2,737,500	112,238	
Comet Ridge Limited	COI	378,007	109,622	
			<b>1,809,897</b>	<b>2.2</b>
<b>Retailing</b>				
Pacific Brands Limited	PBG	2,973,922	2,542,703	
RR Australia Limited	RRA	3,367,466	2,323,552	
RCG Corporation Limited	RCG	4,901,573	1,764,566	
Automotive Holdings Group Limited	AHE	1,168,000	1,670,240	
Premier Investments Limited	PMV	248,214	1,370,141	
Fantastic Holdings Limited	FAN	445,499	1,269,672	
The Reject Shop Limited	TRS	98,941	1,159,589	
Specialty Fashion Group Limited	SFH	693,500	377,958	
Cheviot Bridge Limited	CVB	2,049,692	104,534	
			<b>12,582,955</b>	<b>15.4</b>

# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2009 (CONTINUED)

Company Name	Code	Quantity	Market Value \$	%
<b>Commercial &amp; Professional Services</b>				
McMillan Shakespeare Limited	MMS	1,150,120	3,358,350	
Seek Limited	SEK	281,050	1,171,979	
Credit Corp Group Limited	CCP	487,561	587,511	
			<b>5,117,840</b>	<b>6.3</b>
<b>Media</b>				
Mitchell Communications Group Limited	MCU	3,117,239	1,932,688	
Photon Group Limited	PGA	980,282	1,607,662	
Sky Network Television Limited	SKT	376,276	1,286,864	
News Corporation	NWS	87,600	1,171,212	
REA Group Limited	REA	176,000	1,047,200	
Fairfax Media Limited	FXJ	365,000	445,300	
STW Communications Group Limited	SGN	508,387	327,910	
Macquarie Radio Limited	MRN	639,636	191,891	
			<b>8,010,727</b>	<b>9.8</b>
<b>Transportation</b>				
Asciano Group	AIO	530,339	708,003	
Virgin Blue Holdings Limited	VBA	1,743,268	549,129	
Australian Infrastructure Fund	AIX	73,000	98,550	
			<b>1,355,682</b>	<b>1.7</b>
<b>Materials</b>				
Fletcher Building Limited	FBU	343,100	1,808,137	
Adelaide Brighton Limited	ABC	606,377	1,364,348	
Boral Limited	BLD	292,000	1,188,440	
Mirabela Nickel Limited	MBN	198,236	503,519	
Saracen Mineral Holdings Limited	SAR	2,514,444	477,744	
Cudoco Limited	CDU	146,000	376,680	
North Queensland Metals Limited	NQM	656,954	160,954	
Western Plains Resources Limited	WPG	415,248	137,032	
Wattyl Limited	WYL	234,329	128,881	
Industrial Minerals Limited	IDM	1,119,474	67,168	
Industrial Minerals Limited Options 31/12/09	IDMO	437,500	17,500	
Peninsula Minerals Limited	PEN	2,208,428	66,253	
Paragon Care Limited	PGC	2,920,000	64,240	
Gold One International Limited	GDO	127,020	44,457	
Paragon Care Limited Options 31/05/12	PGCOA	2,920,000	23,360	
Western Plains Resources Limited	WPGN	50,695	16,729	
Linq Resources Fund	LRF	10,000	5,500	
			<b>6,450,942</b>	<b>7.9</b>
<b>Health Care Equipment &amp; Services</b>				
Impedimed Limited	IPD	316,622	202,638	
Impedimed Limited	IPDNS	236,262	151,208	
			<b>353,846</b>	<b>0.4</b>
<b>Insurance</b>				
Calliden Group Limited	CIX	568,400	181,888	
			<b>181,888</b>	<b>0.2</b>



# WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

## INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2009 (CONTINUED)

Company Name	Code	Quantity	Market Value \$	%
<b>Real Estate</b>				
Macquarie Leisure Group Trust	MLE	1,479,535	2,093,542	
ING Office Fund	IOF	365,000	167,900	
Wentworth Mutual Limited	WWM	2,274,640	136,478	
Lifestyle Communities Limited	LIC	1,661,625	66,465	
FKP Property Group	FKP	126,956	66,017	
			<b>2,530,402</b>	<b>3.1</b>
<b>Consumer Durables &amp; Apparel</b>				
McPherson's Limited	MCP	1,321,222	2,285,714	
Headline Group Limited	HLD	1,095,831	131,500	
			<b>2,417,214</b>	<b>3.0</b>
<b>Food Beverage &amp; Tobacco</b>				
Lion Nathan Limited	LNN	438,000	5,067,660	
			<b>5,067,660</b>	<b>6.2</b>
<b>Banks</b>				
National Australia Bank Limited*	NAB	136,500	3,063,060	
RHG Limited	RHG	4,040,190	2,080,698	
Westpac Banking Corporation*	WBC	94,588	1,915,407	
Australia & New Zealand Banking Group Limited*	ANZ	98,961	1,631,867	
Homeloans Limited	HOM	1,190,196	654,608	
Mortgage Choice Limited	MOC	290,011	287,111	
			<b>9,632,751</b>	<b>11.8</b>
<b>Automobiles &amp; Components</b>				
Coventry Group Limited	CYG	217,734	198,138	
			<b>198,138</b>	<b>0.2</b>
<b>Consumer Services</b>				
Reef Casino Trust	RCT	320,424	592,784	
			<b>592,784</b>	<b>0.7</b>
<b>Utilities</b>				
AGL Energy Limited	AGK	105,120	1,413,864	
			<b>1,413,864</b>	<b>1.7</b>
<b>Convertible Note</b>				
Beyond Sportswear International (BSI)			543,900	
			<b>543,900</b>	<b>0.7</b>
<b>Exchange Traded Options</b>				
			<b>32,230</b>	<b>0.0</b>
<b>Total Long Portfolio</b>			<b>81,797,475</b>	<b>100.0%</b>
<b>Total Short Portfolio</b>			<b>436,840</b>	<b>100.0%</b>

\* Indicates that options were outstanding against part of the holding