

WAM CAPITAL LIMITED

(ACN 086 587 395)

PROSPECTUS



FOR THE OFFER OF

20,000,000 FULLY PAID ORDINARY SHARES
AT AN OFFER PRICE OF \$1.00 PER SHARE

TO RAISE UP TO \$20,000,000

AND 20,000,000 OPTIONS
TO ACQUIRE FULLY PAID ORDINARY SHARES
EXERCISEABLE AT \$1.10 PER OPTION

WAM CAPITAL LIMITED IS MANAGED BY
WILSON ASSET MANAGEMENT (INTERNATIONAL) PTY LIMITED

THIS OFFER IS NOT UNDERWRITTEN

SPONSORING AND ONLINE BROKER
MACQUARIE EQUITIES LIMITED
(ACN 002 574 923)

ONLINE BROKER
ETRADE AUSTRALIA SECURITIES LIMITED
(ACN 078 174 973)

DIRECTORY

Directors

Geoffrey Wilson
Timothy Hughes
Ross Greenwood
Matthew Kidman

Company Secretary

Matthew Kidman

Investigating Accountant & Auditor

White Iliffe
Level 5
14 Martin Place
Sydney NSW 2000

Telephone: (02) 9229 7999
Facsimile: (02) 9233 4636

Solicitors to the Offer

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Sydney NSW 2000

Telephone: (02) 9231 5755
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Sponsoring and Online Broker to the Offer

Macquarie Equities Limited
20 Bond Street
Sydney NSW 2000

Telephone: 1 800 621 656
Facsimile: 1 800 644 396
Website: www.directrade.com.au

Registered Office

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Sydney NSW 2000

Telephone: (02) 9247 6755
Facsimile: (02) 9247 6855

Manager

Wilson Asset Management (International) Pty
Limited
Level 11, 131 Macquarie Street
Sydney NSW 2000

Telephone: (02) 9247 6755
Facsimile: (02) 9247 6855

Share Registry

White Iliffe
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14 Martin Place
Sydney NSW 2000

Telephone: (02) 9229 7999
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Custodian

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Telephone: (03) 9679 1444
Facsimile: (03) 9679 1522

Online Broker to the Offer

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Level 1
10 Bridge Street
Sydney NSW 2000

Telephone: (02) 9247 4577
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This Prospectus is dated 26 May 1999. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission on 26 May 1999. No responsibility for the contents of this Prospectus is taken by the Australian Securities & Investments Commission or its officers.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult a professional adviser about its contents. The Offer is made available to Australian residents. For non-Australian residents, see Section 1.12.



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INDICATIVE TIMETABLE

Offer to open	15 June 1999
Offer expected to close	2 August 1999
Trading of Shares and Options expected to commence on ASX	9 August 1999

The above dates are indicative only and may vary, subject to the requirements of the Listing Rules and the Corporations Law.

The Company reserves the right to close the Offer earlier than 2 August 1999 or extend the Closing Date.

IMPORTANT NOTICE

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 10.

Neither the Australian Stock Exchange Limited ("**ASX**") nor any of its officers assume any responsibility for the accuracy of any of the statements or opinions made or reports contained in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the Company or of the Shares or Options.

The Company will apply within 3 days after the issue of this Prospectus for the admission of the Company to the Official List of ASX and for Official Quotation of the Shares and Options on ASX.

How to Apply

An application for Shares and Options under this Offer can only be made by completing and lodging an Application Form attached at the back of this Prospectus.

Applications must be for a minimum of 2,000 Shares at \$1.00 each ie. \$2,000 and 2,000 Options. A larger number of Shares and Options may be applied for in multiples of 100 Shares and 100 Options.

Applications must be accompanied by payment in Australian currency of \$1.00 per Share. Cheques should be made payable to 'WAM Capital Limited - Share Issue Account' and crossed 'Not Negotiable'. No brokerage or stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies, should be forwarded to the following address:

WAM Capital Limited Share Offer
White Iliffe
Level 5, 14 Martin Place
Sydney NSW 2000

When to Apply

Completed applications may be lodged at any time after the issue of this Prospectus. The application list will open at (EST) 9.00am on 15 June 1999 and will remain open until 5pm (EST) on 2 August 1999, subject to the right of the Directors to open or close the Offer earlier without prior notice. **Early lodgement of your application is recommended as the Offer may be closed early.**

The Directors reserve the right to allocate any lesser number of Shares and Options than those for which an Applicant has applied. Where the number of Shares and Options allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest, which will be retained by the Company.

Enquiries

Investors with questions on how to complete the Application Form or who require additional copies of the Prospectus should contact Brendan Ryan of Macquarie Equities Limited on (02) 9237 6598 or bryan@macquarie.com.au, or Angela Richards of Macquarie DirecTrade on (02) 9237 3021 or arichard@macquarie.com.au, Mardi Cheesley of ETRADE Australia Securities Limited on (02) 9253 5462 or mardic@etrade.com.au, or Matthew Kidman at WAM Capital Limited on (02) 9247 6755 or wam1@ibm.net.

Separate Application Forms are enclosed with this Prospectus.

CHAIRMAN'S LETTER



26 May 1999

Dear Shareholder

As Chairman of the Board of Directors, I am pleased to invite you to become a shareholder in WAM Capital Limited.

WAM Capital Limited offers investors a practical way to invest in a portfolio of Australian shares.

The Manager, Wilson Asset Management (International) Pty Limited, is a funds management company that has shown an ability to deliver excellent returns investing in the Australian stockmarket.

I believe that characteristics which will distinguish this Company will be its investment approach and its active management of its capital structure. The Company brings together the expertise of the funds management team from Wilson Asset Management (International) Pty Limited with the experience of the Board of WAM Capital Limited.

I encourage you to read this Prospectus carefully before making your investment decision, as it contains detailed information about the Company and the offer of Shares and Options to investors. I recommend this Prospectus to you and look forward to welcoming you as a shareholder of WAM Capital Limited.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G. Wilson', written over a circular stamp or seal.

Geoffrey Wilson
Chairman

1. INFORMATION FOR INVESTORS

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares and Options.

The performance of the Company is not guaranteed by the Manager or any advisor to the Company.

1.1 Objective

A well-managed share portfolio is valuable for the private investor who seeks to establish a diversified portfolio of investments and achieve competitive returns after adjustments for inflation.

WAM Capital Limited has been established to provide investors with access to the benefits of investments in the Australian share market through permitted investments (see Section 2.10 for details).

1.2 Management and Performance Fees

Wilson Asset Management (International) Pty Limited (the "Manager") manages the portfolio of investments of the Company ("Portfolio").

The Manager will receive a management fee of 1% of gross assets per annum. Where the Portfolio has increased in value over a 12 month performance calculation period, the Manager will also be entitled to a performance fee of 20% of:

- (a) 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
- (b) 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 will be payable to the Manager in respect of any performance period where the Portfolio has decreased in Value over that period. See Section 8.1 for details.

The Company will also indemnify the Manager against any goods and services tax payable in respect of any of the above fees.

All shares in the capital of the Manager are beneficially owned by Geoffrey Wilson, a director of the Company.

1.3 The Offer

The Company will offer for subscription up to 20,000,000 Shares at \$1.00 per Share to raise up to \$20,000,000. For each Share issued, subscribers will receive 1 Option to subscribe for a Share at an exercise price of \$1.10 exercisable by 1 August 2000.

1.4 Risk Factors

An investment in the Company is speculative and involves a number of risks. While the Directors intend to use prudent management techniques to minimise the risks to Shareholders, no assurances can be given by the Company as to the success or otherwise of its business.



Investors should consider the risk factors identified in this Prospectus, particularly those identified in Section 6, before applying for Shares and Options.

1.5 **Offer not Underwritten**

The Offer is not underwritten.

1.6 **Minimum Subscription**

The minimum subscription for the Offer is \$2,500,000, being receipt of valid Applications for not less than 2,500,000 Shares and 2,500,000 attaching Options. If this minimum subscription is not achieved by the date 4 months after the Opening Date (or such later date permitted by section 1036(1) of the Corporations Law as modified by the ASIC in its application to the Company), the Company will repay all money received from Applicants within 7 days after that date.

1.7 **Applications for Shares & Options**

Applications for Shares and Options must be made and will only be accepted on the Application Forms issued with and attached to this Prospectus. An Application Form must be completed in accordance with the instructions set out on the reverse side of the Application Form. Applications must be for a minimum of 2,000 Shares and 2,000 Options for a total of \$2,000. Applications may be made for additional Shares and Options in multiples of 100 Shares and 100 Options for \$100.

Applications must be accompanied by payment in Australian currency of \$1.00 for each Share applied for. Cheques must be made payable to 'WAM Capital Limited - Float Account' and crossed 'Not Negotiable'. Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. No stamp duty or brokerage is payable by Applicants. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Completed Application Forms and accompanying cheques must be lodged with:

WAM Capital Limited Share Offer
White Iliffe
Level 5, 14 Martin Place
Sydney NSW 2000

A binding contract to issue Shares and Options will only be formed at the time Shares are allotted and Options granted to Applicants.

Application Forms will be accepted at any time after the issue of this Prospectus and prior to the close of business on the Closing Date.

1.8 **Application Lists**

Application lists will be opened at 9am (EST) on the Opening Date and will remain open until 5.00pm (EST) on the Closing Date.

The Directors will proceed with the allotment of Shares and grant of Options as soon as possible after the Closing Date following receipt of Applications for all of the Shares offered by this Prospectus and receipt of ASX permission for Official Quotation of the Shares and Options unconditionally or on conditions acceptable to the Directors.

The Directors reserve the right to allot fewer Shares and grant Options than applied for or to decline an Application. Application Monies will be held in trust for Applicants until allotment of the Shares and grant of the Options. Where no allotment is made within 3 months from the close of the Offer, or where the number of Shares allotted and Options granted is less than the number applied for, surplus Application Monies will be refunded to investors. Interest will not be paid on any Application Monies refunded.

Pending the allotment of Shares and grant of Options offered by this Prospectus, the Company will deposit all Application Monies received in a separate bank account and keep them there for so long as those Applications, or any part of them, are liable to be repaid in accordance with this Prospectus and the Law.

1.9 **No Issue of Securities After 12 Months**

No Shares (other than Shares to be issued on exercise of Options) or Options will be issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.

On the exercise of an Option, a Share will be allotted or issued on the terms and conditions on which the Option was issued and, in any event, not more than 14 Business Days after the receipt by the Company of a properly executed notice of exercise of the Option and application monies in respect of the exercise of the Option.

No other Securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.

1.10 **ASX Listing**

Application will be made to ASX within 3 Business Days after the issue of this Prospectus for the Company to be admitted to the Official List of ASX and for Official Quotation of the Shares and Options issued pursuant to this Prospectus and all other Shares on issue as at the date of such Official Quotation.

The fact that ASX may admit the Company to its Official List is not to be taken as an indication of the merits of the Company or the Shares or Options. The ASX, its officers and employees take no responsibility for the contents of this Prospectus and the reports which it contains.

If application for Official Quotation of the Shares and Options is not made within 3 Business Days after issue of this Prospectus or permission for Official Quotation is not granted or deemed granted by the ASX within 6 weeks after the date of issue of this Prospectus or within such longer period not exceeding 12 weeks after the date of issue of this Prospectus as may be notified to the Company by ASX, none of the Shares offered by this Prospectus will be allotted and none of the Options will be granted unless an exemption is granted by the ASIC permitting such allotment and grant. If no allotment is made, all Application Monies will be refunded to Applicants within the time prescribed under the Corporations Law. Interest will not be paid on any Application Monies refunded.



In respect of Shares allotted or issued pursuant to the exercise of an Option, application will be made to the ASX for permission for such Shares to be granted official quotation on or before the third day on which the ASX is open after the date of such allotment or issue. If the ASX does not give permission for quotation of these Shares within 6 weeks after the date of allotment or issue of the Shares, or within such longer period not exceeding 12 weeks as may be notified to the Company by the ASX, those Shares will not be issued and if any have been allotted or issued, the allotment or issue will be void, unless the ASIC grants an exemption permitting the allotment or issue. If no allotment or issue is made or if an allotment or issue is void all monies paid on application for those Shares will be refunded within the time period prescribed by the Corporations Law.

1.11 **CHESS**

The Company will apply to the ASX to participate in the Securities Clearing House Electronic Subregister System known as CHESS. CHESS is operated by the ASX's Securities Clearing House ("SCH") in accordance with the ASX Listing Rules and the SCH Business Rules. Under CHESS, the Company will not be issuing certificates to investors who elect to hold their shares on the CHESS subregister. After allotment of Shares and grant of Options, Shareholders will receive a CHESS statement.

The CHESS statements which are similar to bank account statements, will set out the number of Shares allotted and Options granted to each Shareholder pursuant to this Prospectus. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS. Further statements will be provided to holders which reflect any changes in their shareholding in the Company during a particular month.

1.12 **Overseas Shareholders**

The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

2. **INFORMATION ON WAM CAPITAL LIMITED**

2.1 **Overview of Business**

WAM Capital Limited is a company which has been formed to invest in a portfolio of permitted investments (see Section 2.10 for details). The Company provides investors with the opportunity to invest in an actively managed portfolio of investments and gain access to the management experience and expertise of Wilson Asset Management (International) Pty Limited.

The Company will predominantly invest in ASX listed securities. The Company will have the flexibility to buy or short sell securities. It is anticipated that the majority of the monies raised will be invested in Australian equities. From time to time the Manager may short sell securities in an attempt to protect capital. The short sale of securities together with borrowings will never exceed 50% of the value of the Portfolio.

The Company will focus on active capital management which will involve buy-backs of its Shares when its Shares are trading at a sizeable discount to its net tangible asset backing and the issue of other Securities through bonus issues, rights issues and option issues, with a view to enhancing the value of the securities held by the investor. The Company will also maintain a dividend reinvestment plan. See Section 9.7 for details.

The Company proposes to complete acquisition of its initial Portfolio of investments within 6 Business Days of Completion of the Issue. It intends to then actively manage its Portfolio with a view to building the number of entities represented in the Portfolio to around 20-30 within 6 months of completion of this Issue.

2.2 **Investment Objectives**

The 2 investment objectives of the Company 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.

2.3 **Investment Philosophy and Focus**

Investment Philosophy

The investment philosophy of the Company is exemplified by the following broad principles:

- The universe of potential investments for the Company will be all Securities quoted on the ASX, bills of exchange, other negotiable investments, debentures and other permitted investments identified in Section 2.10 below. The prime focus will be on ASX listed entities that exhibit the investment characteristics outlined below. The Company believes a higher percentage of these entities will be found in medium to small industrial companies but size will not be a limiting factor for inclusion in the Company's Portfolio.
- The Company's philosophy is to invest predominantly in industrial companies with an emphasis on companies that are under-researched and mispriced, a tendency more pronounced in the small to medium end of the market as measured by capitalisation.
- The Company's priority will be to undertake investments on a portfolio basis. While all investments will be considered on a case-by-case basis, the Company will usually refrain from taking a majority position in investee entities. This will assist the Company to diversify its investments and so reduce its exposure to abnormal falls in the market price of any single investment. The Company believes it achieves acceptable diversification by owning Securities in 20-30 investee entities.
- The Company will seek to manage investment risk by spreading investments over a range of industry sectors.
- The Company will only invest in Securities quoted on a securities exchange located outside Australia if those Securities are also quoted on ASX and the Board considers that the reporting obligations and trading procedures applicable to that exchange are no less rigorous than those of ASX.
- The Company will look to concentrate on absolute returns and preservation of capital. To achieve this objective, the Company's mandate to the Manager includes the ability to short sell Securities, offering investors potential downside protection. This is a distinguishing feature of the Company.

The Directors consider that the investment philosophy outlined above is shared by the Manager. The above principles will dictate any written guidelines issued by the Company to the Manager under the Management Agreement for an initial period of 12 months from the date of this Prospectus. The Board will review this investment philosophy on an annual basis and will inform shareholders should it change in a material respect. See Section 8.1 for details of the Management Agreement.



Investment Focus

The Company will focus on the following criteria in appraising potential investments:

- earnings growth;
- return on equity;
- free cashflow generation;
- management;
- valuation; and
- industry and relative industry position.

The typical investment approach of the Company will be to seek a combination of value and growth. An entity attractively priced relative to its appraised value, that exhibits growth characteristics, generates surplus cashflow, is well managed and has a sound position in its industry is an ideal investment for the Company. An entity that is seen as overvalued relative to these characteristics may be short sold.

Once the research and relative ranking has been undertaken, the Manager will seek to identify a catalyst or a major event that alters the market's perception of the entity or its earnings momentum which will lead to a re-rating of the investee's share price.

The Company will have a major bias to industrial companies. It will not invest a significant part of the Portfolio in the resource sector. The Directors consider that resource companies are subject to extreme volatility and are difficult to value according to conservative accounting and investment principles.

2.4 Investment Strategy

The 2 principal factors determining the investment decisions of the Company are expected to be:

1. Research - buying Securities after extensive research. This may involve detailed discussion with management of the investee entity and its competitors.
2. Market Opportunities - buying Securities in entities through initial public offerings, placements or the purchase of a block of stock below what the Manager believes is the entity's fair value. This requires close monitoring of market activity.

The above strategy may be achieved through the purchase, sale or short sale of shares or other permitted investments. See Section 2.10 for details.

Short sale of Securities involves sale of securities which, at the time of the transaction, are not owned by the seller. To effect settlement the seller or his agent borrows the Securities. At a later date the seller purchases the Securities short sold. The short sale of Securities is regulated by the Corporations Law and the ASX Business Rules. The ASX Business Rules require, among other things, that the percentage of quoted Securities that may be short sold are limited, that the short sale be undertaken through a licensed broker who is informed that the sale is to be a short sale, that an appropriate margin of cover of the contract price for the Securities short sold is provided to the broker and that restrictions of the price at which short sales may be made are enforced.

2.5 Process for Research Driven Investments

Initially the Manager will identify a universe of stocks for investment by the Company. This involves considering relevant micro and macro economic trends and targeting under-researched companies.

Once a potential investment has been identified, the Manager will undertake extensive analysis. Publicly available information about the entity will be accessed and discussion with competitors undertaken where possible. The Manager will then meet with the company's management, discussing at length the various dynamics of the business. Two areas that will be given particular attention are the company's ability to generate free cashflow and return on equity.

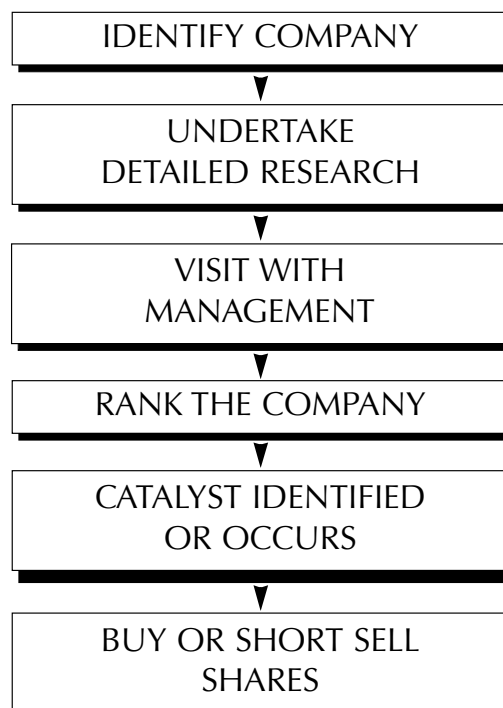
Each potential investment will then be rated with respect to:

- (a) management;
- (b) projected earnings per share growth;
- (c) valuation - utilising a price for growth formula; and
- (d) the industry and the investee's position in that industry.

The above rating system works as a filter identifying the most appropriate investments.

Before undertaking a research-driven investment, the Manager will identify a catalyst or event that it believes will lead to an increase or decrease in the market value of the investment.

THE PROCESS





2.6 Listing Requirements

The Company proposes to apply for admission to the Official List and Official Quotation of its Shares and Options on the basis of the net tangible assets test set out in Listing Rule 1.5. The basis on which the Company considers it will satisfy this listing rule will depend on, among other things, the number of Applications received.

If the Company receives Applications and receives net proceeds from the Issue of at least \$15,000,000, it will seek admission to the Official List under Listing Rule 1.5.2(c). Under this Listing Rule, the Company must invest not less than 50% of its total tangible assets within 6 months of admission to the Official List. In addition, the Company must undertake to comply with the investment entity guidelines issued by ASX from time to time. These guidelines include:

- (a) investment in Securities of another listed entity must not exceed 10% of the Company's net asset value or 5% of the other listed entity's issued capital;
- (b) investment in the Securities of an unlisted entity must not exceed 10% of the Company's net asset value or constitute a controlling interest in that other entity (unless it is a wholly owned subsidiary of the Company);
- (c) total holdings of Securities (except quoted securities of another listed entity) must not constitute more than 15% of the Company's net asset value;
- (d) the Company must not invest in another investment entity unless the investment is the most appropriate mechanism for investment in a particular foreign country;
- (e) the Company must not invest in commodities or commodity derivatives;
- (f) the Company must not take positions in futures, options, other derivative products or short sales of Securities if at the time of taking the position, the aggregate exposure to those products, combined with the Company's borrowings, exceeds half of the net asset value of the Company;
- (g) the Company's borrowings must not exceed half of its net tangible assets;
- (h) the Management Agreement may only be terminated by the Manager if it gives at least 3 months notice of termination, the agreement has a fixed term of no more than 5 years and any extension of the agreement beyond this 5 years is on condition that the agreement may be terminated by securityholders by ordinary resolution; and
- (i) the Company must undertake to include details of its investments and management fees to investors in its annual report and undertake to provide security holders of the Company an opportunity to review a list of investments acquired or disposed of during the reporting period.

If the Company is able to satisfy the requirements of Listing Rule 1.5.2(c), it will seek admission to the Official List on the basis of that Listing Rule and will adhere to the guidelines issued by ASX in respect of investment entities from time to time.

If the Company achieves the minimum subscription of \$2,500,000 but fails to receive net proceeds of \$15,000,000 or more, the Company will seek admission to the Official List in accordance with Listing Rule 1.5.2(b). Under this Listing Rule, the Company must enter into binding contracts to undertake investments to ensure that, on admission to the Official List, less than 50% of the total tangible assets of the Company are held in cash or otherwise in a form readily convertible to cash.

The Company has entered into a contract with Macquarie Equities Limited (the “Purchase Agreement”) to purchase a portfolio of Securities in ASX listed companies identified in Section 2.7. To the extent reasonably practicable, the Company will also comply with the investment guidelines issued by ASX for investment entities from time to time.

2.7 Initial Investments

Under the Purchase Agreement the Company has agreed to acquire a portfolio of ordinary shares from among the following ASX listed companies:

Companies	Sector
Australia and New Zealand Banking Group Limited	Bank & Finance
Commonwealth Bank of Australia Limited	Bank & Finance
National Australia Bank Limited	Bank & Finance
Brazin Limited	Retail
Flight Centre Limited	Retail
Just Jeans Group Limited	Retail
Strathfield Group Limited	Retail
John Fairfax Holdings Limited	Media
Cable & Wireless Optus Limited	Telecommunications
Colonial Limited	Insurance
QBE Insurance Group Limited	Insurance
Westfield Holdings Limited	Developers & Contractors
Australian Natural Foods Holdings Limited	Food & Household Goods
BRL Hardy Limited	Alcohol & Tobacco
Brian McGuigan Wines Limited	Alcohol & Tobacco
Australian Stock Exchange Limited	Investment. & Fin. Services
Perpetual Trustees Australia Limited	Investment. & Fin. Services
Lang Corporation Limited	Miscellaneous Industrials
Crown Limited	Tourism & Leisure
TABCORP Holdings Limited	Tourism & Leisure

The obligations of the parties to complete the contract are conditional on the Company being admitted to the Official List and the proceeds available to the Company under the Offer (after deduction of all costs) being less than \$15,000,000. See Section 8.2 for details.

2.8 Dividend Policy

The Company will pay dividends from the profit, dividend and interest income it receives from its investments to the extent permitted by law and prudent business practices. Dividends will be franked to the extent that available imputation credits permit.



2.9 Capital Structure Policy

The Board will review regularly the capital structure of the Company and, where the Board considers it appropriate, will undertake on market buy-backs of its Shares.

2.10 Permitted Investments

Permitted Investments and Strategy

The Board may from time to time establish written guidelines regarding the exercise of the following investment discretions by the Manager:

- (a) the form of investments that may be made and maximum levels of exposure to investments of differing natures and in different sectors or industries;
- (b) the sale, realisation or disposal of any investments; and
- (c) the timing of acquisition, sale, realisation or disposal of any investment or class of investments.

If a proposed investment is outside any written guidelines from time to time issued by the Board, the Manager must obtain prior approval of the Board before investing any part of the Portfolio in or causing the Company to acquire the proposed investment.

Subject to the above, the Manager must use its best endeavours to comply with any written guidelines established by the Board from time to time.

The Board intends to review the investment strategy implemented by the Manager in management of the Portfolio on a regular basis. However, unless the Board considers that the investment strategy diverges from the investment philosophy, focus and strategy outlined in this Prospectus or the Board believes market conditions have changed or are likely to change to the disadvantage of the Company in the foreseeable future, it will not fetter the exercise of management and investment discretions of the Manager.

Under the Management Agreement, the Manager is permitted to undertake investments on behalf of the Company without Board approval. However, if the proposed investment is not in accordance with written guidelines issued by the Board from time to time, Board approval for the investment is required.

The Company proposes to invest in the following investments:

- (a) listed Securities, being any Security quoted on ASX including, without limitation, shares, units or notes which are redeemable, preference or deferred, fully or partly paid, with or without any right, title or interest thereto or therein (including a right to subscribe for or convert to any such security whether listed on ASX or not), and any Security of whatsoever nature which the Manager expects will be quoted on ASX within a three month period from the date of investment;
- (b) listed Securities for the purpose of short selling. At any time the exposure to these Securities, the Securities referred to in paragraph (c) and the Company's borrowings must not exceed 50% of the net asset value of the Company;

- (c) warrants and options to purchase any investment and warrants and options to sell any investment which is a permitted investment. At any time the exposure to these Securities, the Securities referred to in paragraph (b) and the Company's borrowings must not exceed 50% of the net asset value of the Company;
- (d) discount or purchase of bills of exchange, promissory notes or other negotiable instruments accepted, drawn or endorsed by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or by any corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia;
- (e) deposits with any bank or corporation declared to be an authorised dealer in the short-term money market;
- (f) debentures, unsecured notes, loan stock, bonds, promissory notes, certificates of deposit, interest bearing accounts, certificates of indebtedness and any other evidence of indebtedness issued by any bank or by the Commonwealth of Australia, any State or Territory of Australia, or any governmental organisation, body or instrumentality of Australia, or, if authorised by its Directors, a corporation of at least an investment grade credit rating granted by a recognised credit rating agency in Australia; and
- (g) units or other interests in cash management trusts.

Under the Management Agreement, the Manager may only undertake investments in accordance with the above criteria. The Board will not authorise any investment that falls outside the above criteria until shareholders in a general meeting have approved the amendment to the investment criteria or a particular investment by ordinary resolution.

2.11 Reports to Shareholders

To assist shareholders in the Company to assess the value of Shares and Options and to comply with the Listing Rules, within 14 days after the end of each month the Company will release to shareholders through ASX a statement of the net tangible asset backing of its Shares as at the end of the preceding month. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to holders of Shares and Options on request, free of charge, a copy of statements to shareholders through ASX of the net tangible asset backing of Shares from time to time.

3. INFORMATION ON THE MANAGER

3.1 Business of Manager

The Manager was incorporated in late 1997 to undertake active management of investment companies and funds. As at the date of this Prospectus, the Manager provides portfolio management services to the following entities:

- (a) Wilson Asset Management Equity Fund ("Fund") - the Fund is a unit trust established in December 1997. The fund has raised capital following "excluded offers" made to investors. Neither the Manager nor the trustee of the fund has issued a prospectus registered by ASIC to raise capital from the public. The Fund is not a managed investment scheme registered by ASIC in accordance with the Corporations Law. The Fund undertakes investments in Securities quoted on ASX with a concentration on small to medium sized industrial companies. As at close of trading on 30th April 1999, the total value of investments of the Fund



was approximately \$17.4 million, calculated by reference to the last sale price for the Securities on ASX and the amount of cash held in cash management trusts. In addition, the Fund has received commitments for subscription for units in the Fund in an amount of \$11.5 million which, if the subscription monies are received, may be invested in Securities included in the Fund. Investments included in the portfolio of the Fund as at the date of this Prospectus include Securities issued by: CPI Group Limited, Just Jeans Group Limited, Brian McGuigan Wines Limited, Westfield Holdings Limited (Warrants), AAPT Limited, Miller's Retail Limited, Dollars Sweets Holdings Limited, Australian Natural Foods Holdings Limited, Strathfield Group Limited, Hudson Conway Limited, Macquarie Bank Limited, Flight Centre Limited, Cinimagic Limited, Green's Foods Limited, Computershare Limited, Prophecy International Holdings Limited, Campbell Brothers Limited, Lang Corporation Limited, James Hardie Industries Limited, Skilled Engineering, Recruitment Solutions Limited, Port Douglas Reef Resorts Limited, Chip Application Technologies Limited, Cranswick Estate Wines Limited, Chiquita Brands South Pacific Limited, Niugini Mining Limited, Permanent Trustee Company Limited and Seven Network Limited. The Fund was established by the Manager. Its units are not quoted on ASX. The Manager may retire from management of the Fund by giving 3 months written notice. The Fund has a term of 79 years expiring 30 December 2076 unless terminated earlier by the Manager.

- (b) Integrated Development Capital Limited ("Integrated") - Integrated is an investment company licensed under the Pooled Development Funds Act, 1992. This Act restricted Integrated during the period of management by the Manager from investing in companies whose primary activity is an excluded activity such as retail sales operations without PDF Board approval. Integrated was also precluded from investing in companies with total assets in excess of \$50,000,000 without PDF Board approval. Integrated was only permitted to acquire new equity in investee companies and was only permitted to acquire investments representing 10% or more of the investee company's issued capital without PDF Board approval. Shares in Integrated have been quoted on ASX since 1996. As at 30 April 1999, the total value of the Integrated portfolio of investments was approximately \$7.4 million calculated by reference to the last sale price for the Securities on ASX for ASX listed Securities and the cost price of Securities not quoted on ASX. The management agreement with Integrated has an initial term of 5 years expiring 21 June 2003. This initial term may be extended by a further period of 5 years by the Manager.
- (c) Adelaide Share Investments Limited ("Adelaide") - Adelaide is an ASX listed investment company. As at 30 April 1999, the total value of the Adelaide portfolio of investments managed by the Manager was approximately \$0.8 million calculated by reference to the last sale price for the Securities listed on ASX. The management agreement between the Manager and Adelaide provides that the Manager will manage approximately half of the Adelaide share portfolio. The agreement can be terminated on Adelaide giving 5 business days notice of its intention to terminate. The agreement commenced in November 1998.

3.2 Performance History

As the Manager was incorporated in late 1997, a long-term performance history is not available. The Fund represents the only entity managed by the Manager with a portfolio size and range of investments comparable to that proposed for the Company.

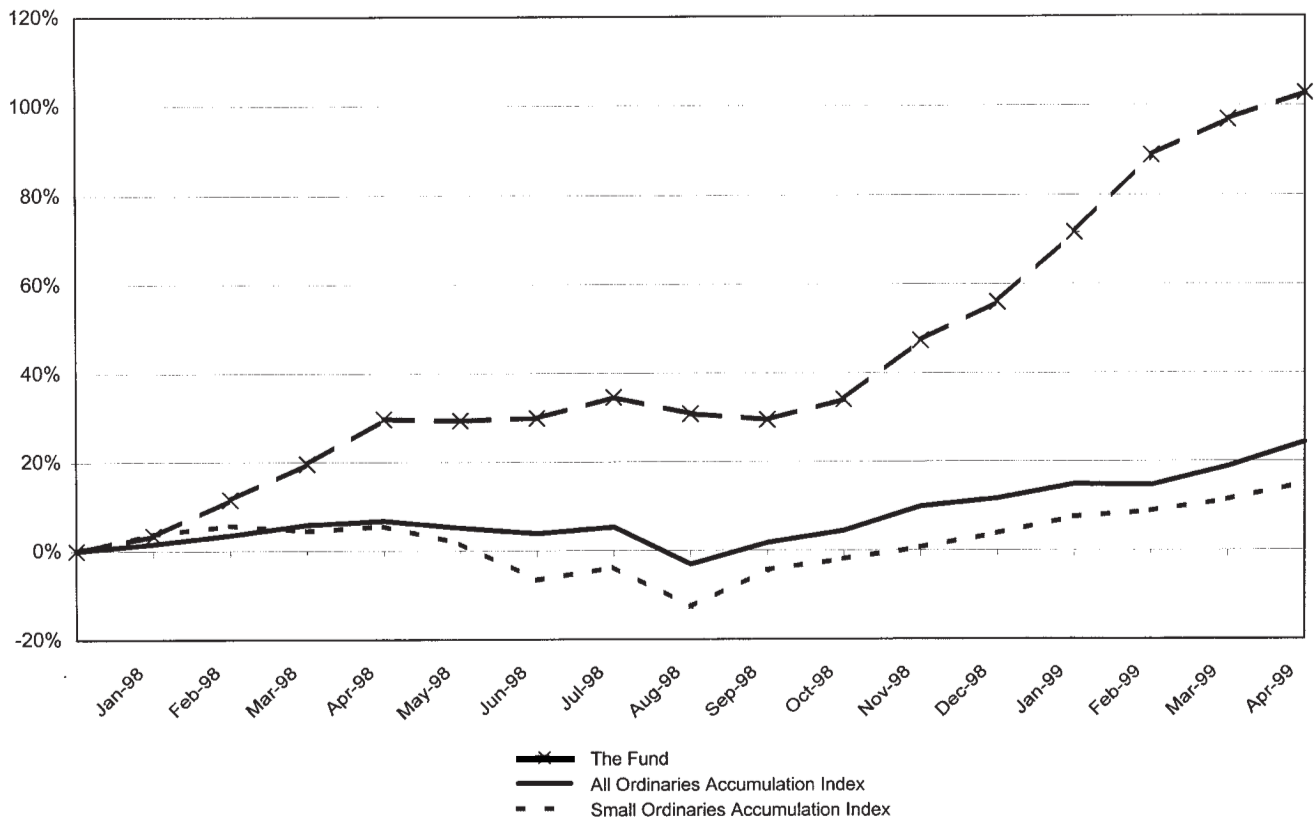
Of the other management mandates, Integrated is restricted to investments specified by the Pooled Development Funds Act which is significantly more limited than the permitted investments of the Company. The mandate provided to the Manager by Adelaide is more limited than that provided by the Company and the Adelaide portfolio is significantly smaller than that of the Company. A detailed outline of the performance history of both Integrated and Adelaide is unlikely to assist investors to assess the capabilities of the Manager in managing the Company as the size of the portfolios together with the management mandate given to the Manager is not comparable to that of either the Fund or that proposed for the Company.

Nevertheless, for the information of investors, in the period of management of Integrated by the Manager from 30 June 1998 to 30 April 1999, the net tangible asset value of the Integrated portfolio (before costs) increased by more than 50%. In the period of management of Adelaide by the Manager, from 30 November 1998 to 30 April 1999, the net tangible asset value of the Adelaide portfolio (before costs) increased by approximately 16.6%.

The Directors consider that comparison of changes in the value of portfolios of investments managed by the Manager before costs provides a more accurate basis for comparison of the abilities of the Manager to manage those portfolios than changes of value calculated after the deduction of costs. After-cost performance information reflects the return to investors rather than solely performance of the selected investments and will be affected by, among other things, the differing fee structures for managed entities.

The performance history of the Fund, managed by the Manager, is shown below.

Recent Performance of Wilson Asset Management Equity Fund



The vertical axis above indicates the percentage change in the value of the portfolio of investments of the Fund and the level of the All Ordinaries Accumulation Index and the Small Ordinaries Accumulation Index from the corresponding level at close of trading for the preceding month.



Recent Performance of Wilson Asset Management Equity Fund

	JAN 98	FEB 98	MAR 98	APR 98	MAY 98	JUN 98	6 MONTHS TO 30 JUN 98
The Fund	+3.400%	+7.882%	+7.243%	+8.426%	-0.278%	+0.402%	+29.870%
All Ordinaries Accumulation Index	+1.562%	+1.941%	+2.271%	+0.813%	-1.503%	-1.231%	+3.847%
Small Ordinaries Accumulation Index	+3.747%	+1.875%	-1.158%	+1.046%	-3.756%	-8.110%	-6.644%
	JUL 98	AUG 98	SEPT 98	OCT98	NOV 98	DEC 98	YEAR TO 31 DEC 98
The Fund	+3.642%	-2.786%	-1.062%	+3.553%	+9.884%	+5.899%	+56.000%
All Ordinaries Accumulation Index	+1.389%	-7.973%	+4.988%	+2.667%	+5.183%	+1.620%	+11.633%
Small Ordinaries Accumulation Index	+3.069%	-9.279%	+9.548%	+2.509%	+2.620%	+3.122%	+3.734%
	JAN 99	FEB 99	MAR 99	APR 99	16 MONTHS TO 30 APR 99		
The Fund	+10.033%	+10.026%	+4.227%	+3.037%	+102.820%		
All Ordinaries Accumulation Index	+2.892%	-0.223%	+3.671%	+4.647%	+24.334%		
Small Ordinaries Accumulation Index	+3.604%	+1.220%	+2.323%	+3.370%	+15.061%		

Please note: The Fund's performance set out above reflects percentage changes in the value of the Fund portfolio calculated by reference to the last sale price on ASX for each investment on the last trading day of each month and the amount of cash maintained in the cash management trusts by the Fund as at that date. The value of the Fund is calculated before the deduction of management fees, performance fees and custodian fees. The source data to 30 June 1998 has been drawn from audited financial information compiled by Lawler Davidson, auditors of the Fund and the remainder is unaudited financial information collated by the Manager. The performance data represents past performance.

The net tangible asset value of the Fund managed by the Manager measured by reference to movements in the value of its portfolio increased by 56.0% for the 12 months to December 1998, and approximately 102% for the sixteen months to April 1999 compared with an increase in the All Ordinaries Accumulation Index of 11.6% to December 1998 and 24.3% to April 1999.

Past performance of the Fund will not necessarily reflect either future performance of the Fund or the Company. While the investment criteria adopted by the Manager in managing the Fund to date may be similar to that proposed for the Company, there can be no certainty that any similarity in management practices will continue or that the performance of the Company will be similar to the historic performance of the Fund.

3.3 Background of the Manager

The employees of the Manager primarily responsible for making investment decisions are Geoffrey Wilson and Matthew Kidman.

Mr Wilson was responsible for the establishment of the Manager in November 1997, following 7 years at Prudential-Bache Securities (Australia) Limited. At Prudential - Bache, he was the Executive Director, Global Institutional Broking Australian Equities, responsible for managing the institutional broking operations encompassing offices in Sydney, Melbourne, London, Paris and New York. His main focus was on the development of Prudential-Bache's institutional and corporate client base, both domestically and offshore. Corporate relationships formed an integral part of this position and he provided corporate advice on equity related transactions to a large number of Australian public companies.

Mr Wilson has worked in the investment industry for the last 19 years. He initially worked as a fund manager with Scottish Amicable. At the time, Scottish Amicable was one of the top performing fund managers in Australia, investing extensively in medium sized industrial companies. Mr Wilson's responsibility included the structuring of the company's equity portfolio, which encompassed extensive analysis of listed companies, company visits, discussions with senior management and, after extensive research, the purchase and sales of shares.

Mr Wilson also worked as a senior industrial analyst for Potter Partners from 1982 to 1985. During that period he undertook and published research on various sectors, including media, building materials, alcohol and tobacco, food and household goods, casinos, technology and a major report on the New Zealand equity market.

During 1985 and 1986, Mr Wilson worked in London as an institutional broker for Potter Partners before moving to New York with McIntosh Hamson Hoare Govett from 1986 to 1988. During that period, he contributed to the Australian broking desk, being ranked No. 1 by the American institutional clients.

Since Mr Wilson left full time employment in the broking industry, he has been offered a number of board positions. He is currently Chairman of the Australian Stockbrokers Foundation Limited and a Director of Sporting Chance Cancer Foundation, North Shore Heart Foundation, Cinema Plus Limited, Integrated Development Capital Limited, Adelaide Share Investments Limited and ETRADE Securities Australia Limited. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors, an associate of the Securities Institute of Australia and an affiliate of the Australian Stock Exchange Limited.

Between 1994 and 1998 **Mr Kidman** BEc, LLB was a finance reporter on the Sydney Morning Herald with the primary role of reporting on industrial companies. In 1997 he was appointed Investment Editor of the paper. In this role Mr Kidman was responsible for all sharemarket coverage. In his 4 years at the paper, he reported on and gained an in depth knowledge of a range of sectors including media, telecommunications, retail, manufacturing, banking and building materials. Mr Kidman has been instrumental in devising the Manager's valuation method. This involves a company ranking process using the key elements of earnings growth, valuation, management and industry position.



4 FINANCIAL INFORMATION

4.1 Pro Forma Balance Sheets

The pro forma balance sheets set out below have been prepared to illustrate the financial position of WAM Capital Limited following completion of the Issue and expenditure of funds in accordance with the Purchase Agreement. These pro forma balance sheets are intended to be illustrative only and will not reflect the actual position and balances as at the date of this Prospectus or at the conclusion of the Issue.

	Minimum Subscription \$	\$10,000,000 Subscription \$	Maximum Subscription \$
ASSETS			
Investments	1,228,949	4,983,226	-
Cash	1,171,152	4,748,875	19,524,901
LIABILITIES	-	-	-
NET ASSETS	2,400,101	9,732,101	19,524,901
EQUITY	2,400,101	9,732,101	19,524,901

These pro forma balance sheets have been prepared on the basis of the following assumptions:

1. Application of the proposed accounting policies and notes to the accounts set out in Section 4.2.
2. In the pro forma balance sheet entitled "Minimum Subscription", reference is to subscription of 2,500,000 Shares by Applicants under this Prospectus.
3. In the pro forma balance sheet entitled "\$10,000,000 Subscription", reference is to subscription of 10,000,000 Shares by Applicants under this Prospectus.
4. In the pro forma balance sheet entitled "Maximum Subscription", reference is to subscription of 20,000,000 Shares by Applicants under this Prospectus.
5. Initial expenses relating to the Issue includes a handling fee and commission of up to 2% of the funds raised that may be paid to an Applicant's licensed securities dealer or advisor authorised under the Corporations Law. For the purpose of the above pro forma balance sheets, it has been assumed that handling fees of 2% will be paid on all Applications in respect of which Shares are issued.

4.2 Proposed Accounting Policies and Notes to Accounts

A summary of significant accounting policies which have been adopted in the preparation of the pro forma balance sheets set out in Section 4.1 and which will be adopted and applied in preparation of the financial statements of the Company for the year ended 30 June 1999 and subsequent years is set out in section 4 of White Iliffe's investigating accountant's report. See Section 7 for details.

4.3 **Proceeds of the Issue**

The proceeds of the Issue will be used for investment opportunities that meet the Company's investment objectives as set out in Section 2 as varied from time to time.

If the Company receives Applications to raise between \$2,500,000 and \$15,500,000, 51% of the net proceeds of the Issue will be applied to purchase a portfolio of Securities in a selection of the entities identified in Section 2.7 in accordance with the Purchase Agreement. If the Company receives Applications to raise in excess of \$15,000,000, it will undertake the investment of not less than 50% of the net proceeds of the Issue in the permitted investments identified in Section 2.10 within 6 months of admission to the Official List. It is likely that initial investments will be made in Securities issued by the companies identified in Section 2.7.

5. **DIRECTORS**

5.1 **Chairman - Geoffrey Wilson**

Geoffrey Wilson is the Chairman of Wilson Asset Management (International) Pty Limited, an investment management company, and has had 19 years experience in the Australian and International securities industry. Prior to founding the Manager he was an Executive Director responsible for Global Institutional Stockbroking for Prudential-Bache Securities (Australia) Limited. Mr Wilson has held senior positions with Potter Partners in London and with McIntosh Hamson Hoare Govett in New York. He is the Chairman of the Australian Stockbrokers Foundation Limited and a Director of the Sporting Chance Cancer Foundation, North Shore Heart Foundation, Cinema Plus Limited, Integrated Development Capital Limited, Adelaide Share Investments Limited and ETRADE Securities Australia Limited. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors, an associate of the Securities Institute of Australia and an affiliate of the Australian Stock Exchange Limited.

Mr Wilson will be available on a full time basis to manage the affairs of the Company and the Manager in managing the Portfolio, subject to his duties as director of the Manager managing the portfolio of investments of the Fund, Integrated, Adelaide and any other entity the Manager subsequently agrees to manage. In addition, Mr Wilson's availability will be limited by his commitments as a non-executive director of the above companies.

5.2 **Timothy Hughes**

Timothy Hughes is Chief Executive and Managing Director of RG Capital Holdings (Australia) Pty Limited. RG Capital is the holding company for Mr Reg Grundy's Australian group of companies. RG Capital is involved in the broadcasting, internet, media and entertainment industries.

Mr Hughes is a director of many private and public companies including RG Capital Radio Pty Limited (Executive Chairman), AWA Limited, ETRADE Australia Limited, Convex (Qld) Pty Limited and Arena Management Pty Limited. Mr Hughes holds a Bachelor of Business.

Mr Hughes is a non-executive director of the Company and his involvement with the Company will be limited to attending board meetings of the Company, expected to be held each alternate month, and to providing strategic advice and assistance to the Board from time to time. The Board anticipates that the average time to be made available by Mr Hughes to the affairs of the Company each month will not exceed 5 hours.



5.3 **Ross Greenwood**

Ross Greenwood has been a leading media commentator on the Australian financial markets for more than a decade. Mr Greenwood is the former editor of Australia's key business magazine, Business Review Weekly. He was also editor-in-chief of BRW Media, whose titles include BRW, Shares and Personal Investment. Mr Greenwood was editor of Personal Investment for 12 years and has also held positions as editor of the Money Section of The Age and the West Australian newspapers.

Mr Greenwood is also the chairman of the investment committee of the JUST Superannuation Fund, a \$180 million industry superannuation fund for journalists and entertainers. In 1996 the Australian Institute of Superannuation Trustees gave Mr. Greenwood the Trustee of the Year Award for his work with the JUST Fund. Mr Greenwood was also a member of the Australian Securities Commission's consultative committee into the revision of securities advisors' licensing.

Mr Greenwood is a non-executive director of the Company and his involvement with the Company will be limited to attending board meetings of the Company, expected to be held each alternate month, and to providing strategic advice and assistance to the Board from time to time. The Board anticipates that the average time to be made available by Mr Greenwood to the affairs of the Company each month will not exceed 5 hours.

5.4 **Matthew Kidman**

Matthew Kidman is a portfolio manager for Wilson Asset Management (International) Pty Limited. He has been instrumental in establishing the Manager's valuation methodology of rating companies. Mr 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.

Mr Kidman will be available on a full time basis to manage the affairs of the Company and the Manager, subject to his duties as an employee of the Manager managing the portfolio of investments of the Fund, Integrated, Adelaide and any other entity the Manager subsequently agrees to manage.

6. **RISK FACTORS**

6.1 **Settlement Risk**

Under the Purchase Agreement, the Broker must purchase the initial portfolio of the Company's investments and on-sell those Securities to the Company, subject to the terms of the Purchase Agreement. There is a risk that between the time that the Broker contracts to purchase a part of the Portfolio and the time that the Broker takes delivery of the Portfolio Securities (a period of up to 6 Business Days) the market price of these Securities may fall, causing the value of the Portfolio to decrease accordingly.

6.2 **General Risk Factors**

The following matters, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects:

- (a) The success and profitability of the Company in part will depend upon the ability of the Directors and the Manager to invest in well-managed companies which have the ability to increase in value over time;

- (b) The future earnings of the Company and the value of the investments of the Company may be affected by the general economic climate, commodity prices, currency movements, changing government policy and other factors beyond the control of the Company. As a result, no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments;
- (c) Variations in legislation and government policies generally (for example, on native title) could materially affect the operating result of the Company;
- (d) Any variation in the taxation laws of Australia could materially affect the operating results of the Company;
- (e) Any variation in the exchange rates could materially affect the operating results of the Company;
- (f) Any variation in short and long term interest rates could materially affect the operating results of the Company;
- (g) Any variation in commodity prices could materially affect the operating results of the Company;
- (h) The price of investments that the Company has purchased can fall as well as rise;
- (i) The past performance of funds managed by the Manager, and persons associated with the Manager are not necessarily a guide to future performance of the Company;
- (j) While the use of 'short sales' can substantially improve the return on invested capital, use may also significantly increase any adverse impact to which the Portfolio of the Fund may be subject;
- (k) The selling or purchasing of an unhedged option or warrant runs the risk of losing the entire investment or of causing significant losses to the Company in a relatively short period of time;
- (l) The performance fee may create an incentive for the Manager to make company investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Company;
- (m) The Portfolio is less diversified than most other listed investment companies;
- (n) The price at which Shares are traded on ASX may be below the net asset backing of those Shares. The constitution of the Company does not entitle shareholders to require the Board to implement a share buy-back or any other capital reconstruction or to take any other remedial action;
- (o) Operational costs for the Company as a proportion of total assets will be affected by the level of total assets of the Company and by the level of acceptance of this Offer. Operational costs will represent a greater proportion of total assets and will reduce the operating results of the Company and accordingly the ability to make dividend payments, if the Company only achieves the minimum subscription under this Offer than if it secures a greater level of acceptance;



- (p) The size of the Portfolio will affect the risk profile of the Portfolio. The Company may not be able to diversify its investments and so manage its risks as efficiently if it achieves the minimum subscription under this Offer than if it secures a greater level of acceptance. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under this Offer exceeds the minimum subscription. Effective risk management depends on a range of factors including diversification of investments and other factors;
- (q) The ability of the Manager to continue to manage the Portfolio in accordance with this Prospectus and the Corporations Law is dependent on the maintenance of the Manager's securities dealer's licence and its continued solvency. Maintenance of the securities dealer's licence depends, among other things, on the Manager continuing to comply with the ASIC imposed licence conditions and the Corporations Law;
- (r) Investors are strongly advised to regard any investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur.

This list is not exhaustive and potential investors should read this Prospectus in full and, if they require further information on material risks, seek professional advice.

6.3 Investor Considerations

Before deciding to subscribe for Shares and Options, Applicants should consider whether Shares and Options are a suitable investment. There are general risks associated with any investment in the stock market. The value of shares listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

There may be tax implications arising from the application for Shares and Options, the receipt of dividends (both franked and unfranked) from the Company, participation in the dividend re-investment plan of the Company, participation in any on market share buy-back and disposal of Shares or Options. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares and Options, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.



CHARTERED ACCOUNTANTS

CML BUILDING, 5TH LEVEL, 14 MARTIN PLACE, SYDNEY 2000 AUSTRALIA TELEPHONE (02) 9229 7999, FAX (02) 9233 4636

The Directors
WAM Capital Limited
Level Eleven
131 Macquarie Street
SYDNEY NSW 2000

26th May 1999

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. Purpose

- 1.1 This report has been prepared for inclusion in a prospectus to be dated on or about 26th May 1999 relating to the issue by WAM Capital Limited ACN: 086 587 395 (the "Company") of up to 20,000,000 shares at \$1.00 each and 20,000,000 options with an exercise price of \$1.10. The minimum subscription is 2,500,000 shares and options. The issue has not been underwritten.
- 1.2 This report considers the pro-forma statement of assets and liabilities at completion of the proposed capital raising and the future operation of the Company.

2. Background

- 2.1 The Company was incorporated on 8th March 1999 with 1 ordinary share at \$1.00 and has not traded or issued shares since incorporation. The share is held by Mr Geoffrey Wilson.
- 2.2 The first balance date of the Company will be 30th June 1999.
- 2.3 The Company intends to invest the proceeds of the Prospectus offering in listed securities, to short sell securities, to purchase and/or sell options and warrants, to purchase fixed interest securities and make deposits and other investments, as set out in section 2.10 of the Prospectus.
- 2.4 Wilson Asset Management (International) Pty Limited ACN 081 047 118 has been appointed the Investment Manager under a long term contract, as set out in section 8.1 of the Prospectus. Wilson Asset Management (International) Limited will receive a management fee of 1% of gross assets per annum. The manager is entitled to a performance fee of 20% of



- (a) 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
- (b) where the All Ordinaries Accumulation has decreased over that period, the amount of the increase in the Value of the Portfolio.

3. Pro Forma Balance Sheets

3.1 The pro-forma balance sheets have been prepared to illustrate the financial position of the Company on completion of the issue. As the Company may accept capital from the minimum of \$2,500,000 to a maximum of \$20,000,000, a number of scenarios have been set out below.

	Note	\$2.5 million Issue \$	\$10 million Issue \$	\$20 million Issue \$
ASSETS				
Investments	3.2	1,228,949	4,983,226	-
Cash	3.3	<u>1,171,152</u>	<u>4,748,875</u>	<u>19,524,901</u>
		<u>2,400,101</u>	<u>9,732,101</u>	<u>19,524,901</u>
LIABILITIES				
		-	-	-
NET ASSETS		<u>2,400,101</u>	<u>9,732,101</u>	<u>19,524,901</u>
EQUITY	3.5	<u>2,400,101</u>	<u>9,732,101</u>	<u>19,524,901</u>

3.2 Investments

If the company receives subscriptions of between \$2,500,000 and \$15,500,000 then 51% of the net proceeds of the issue will be applied to purchase a portfolio of securities in accordance with a Portfolio Purchase Agreement as set out in section 8.2 of the Prospectus. In accordance with the Portfolio Purchase Agreement, the Company must pay a brokerage fee of 0.4% of the purchase price of the investments.

A reconciliation of the pro-forma accounts disclosed in the pro-forma balance sheets for investments is as follows.

	\$2.5 million Issue \$	\$10 million Issue \$	\$20 million Issue \$
Proceeds of Prospectus Offer – at \$1.00 each	<u>2,400,101</u>	<u>9,732,101</u>	<u>19,524,900</u>
Investment of 51% of Proceeds	1,224,052	4,963,372	-
Brokerage Fees	4,897	19,854	-
Investments with Brokerage Fees capitalised	<u>1,228,949</u>	<u>4,983,226</u>	<u>-</u>

3. Pro Forma Balance Sheets (continued)

3.3 Cash

A reconciliation of the pro-forma accounts disclosed in the pro-forma balance sheets for cash is as follows.

	\$2.5 million Issue \$	\$10 million Issue \$	\$20 million Issue \$
Initial Subscriber shares – at \$1.00 each	1	1	1
Proceeds of Prospectus Offer – at \$1.00 each	2,500,000	10,000,000	20,000,000
Handling Fees on Subscription	(50,000)	(200,000)	(400,000)
ASX/ASIC listing fees	(11,700)	(25,700)	(31,700)
Other Costs	(38,200)	(42,200)	(43,400)
Investments purchase including Brokerage Fees	(1,228,949)	(4,983,226)	-
	<u>1,171,152</u>	<u>4,748,875</u>	<u>19,524,901</u>

3.4 Establishment Costs

Initial expenses relating to the issue include a handling fee of up to 2 % of the money raised that may be paid to an applicant's licensed securities dealer or adviser authorised under the Corporations Law. For the purposes of the pro-forma balance sheet it has been assumed that a handling fee of 2% will be paid on all applications.

Other costs includes initial share registry fees of \$2.60 per application, legal, accounting and printing costs.

3.5 Issued Capital

Equity disclosed on the pro-forma balance sheet represents the shares issued at \$1.00 each. The minimum subscription is represented by the 2,500,000 shares at \$1.00 and the maximum subscription 20,000,000 shares at \$1.00. Pursuant to amendments to the Corporations Law, which came into effect on 1 July 1998, shares are issued and recorded at the amount paid by subscribers. The concept of a share premium has been abolished, therefore there is no Share Premium Reserve.



3.6 Directors Forecasts

The directors are not making any forecasts for earnings by the Company.

4. Significant Accounting Policies

The following accounting policies are those which have been adopted in the preparation of the above pro-forma balance sheets and/or which we have been advised will be adopted in preparation of the financial statements of the Company for the year ending 30th June 1999 and subsequent years.

(a) Basis of preparation of accounts

The financial statements are a general purpose financial report that have been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law.

The Statements are prepared from the records of the company on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuation of non-current assets.

(b) Income tax

The company adopts the liability method of tax-effect accounting whereby the income tax expenses shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

(c) Investments

The carrying amounts of investments are reviewed by directors to ensure they are not in excess of their recoverable amount. These reviews are made semi-annually for unlisted securities and monthly for listed securities.

Investments are included in the accounts and directors' valuation and a provision has been made for potential capital gains tax liability.

Increments arising from a revaluation are taken directly to the asset revaluation reserve. Decrements are offset against previous increments relating to the same class of assets to the extent of such increments and the balance (if any) charged against profit.

Dividends are brought to account in the profit and loss account when received except for dividends from controlled entities which are brought to account when they are proposed by the controlled entity.

(d) Associated companies

Where the company has a material investment in an associated company and has capacity to significantly influence the financial and/or operating policies of that company, the investment in that company is brought to account in accordance with the equity method of accounting. Equity retained earnings are not available for appropriation by the company.

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits with financial institutions maturing within less than two months, and net of outstanding bank overdrafts.

(f) Establishment costs

Establishment costs (as detailed in section 3.4 of this report) have been written off against the proceeds received in respect of the ordinary shares on issue.

5. **Net Asset Backing**

Based on the pro-forma balance sheets the net asset backing per share at the minimum and maximum subscription is as follows:

	\$2.5 million Issue	\$10 million Issue	\$20 million Issue
Net tangible assets	\$2,400,101	\$9,732,101	\$19,524,901
Number of shares issued	2,500,000	10,000,000	20,000,000
Net asset backing per share (cents)	96.0	97.3	97.6



6. Related Parties

6.1 Directors' entitlements under the issue

Mr Geoffrey Wilson, a director of the Company owns one subscriber share in the Company. The directors have no special entitlement to shares due to their position as directors. The directors may subscribe for shares under the terms offered to the public under the Prospectus.

6.2 Directors' remuneration and other benefits

Directors fees of \$40,000 p.a. have been approved, to be shared by the directors as they determine. Other remuneration may be paid in accordance with the Company's constitution.

Mr Geoffrey Wilson is a director of and has a beneficial interest in Wilson Asset Management (International) Limited. In its capacity as Investment Manager, Wilson Asset Management (International) Limited will receive management and performance fees as disclosed in section 8.1 of the Prospectus.

Mr Matthew Kidman is an employee of Wilson Asset Management (International) Limited. Mr Wilson is a non-executive director of ETRADE Australia Securities Limited. Mr Timothy Hughes is a non-executive director of ETRADE Australia Limited, holding company of ETRADE Australia Securities Limited. A company of which Mr Hughes is an associate holds a substantial shareholding in ETRADE Australia Limited. ETRADE Australia Securities Limited is online broker to the Issue and may receive handling fees in connection with Applications received pursuant to this Prospectus.

7. Working Capital

As required by ASX Listing rule 1.3.3, we advise that in our opinion, the Company will have enough working capital to carry out its stated objectives.

8. Sources of Information

We have made enquiries of the directors of the Company and other parties as considered necessary during the course of our analysis. We have also referred to the Prospectus and material documents which will relate to the operations of the Company.

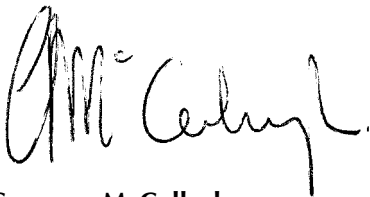
We have no reason to believe the information supplied is not reliable

9. Declarations

Other than a fee for the preparation of this report and the share registry fees, no pecuniary or other benefit, direct or indirect, has been received by White Iliffe for or in connection with the making of this report.

- 9.1 White Iliffe has prepared this report for inclusion in the Prospectus. We have not acted in any other capacity to the Prospectus, and have not been involved in the preparation of any part thereof. It is proposed that White Iliffe will be appointed auditors of WAM Capital Limited on completion of the issue.
- 9.2 Other than a fee for the preparation of this report and the share registry fees no pecuniary or other benefit, direct or indirect, has been received by White Iliffe for or in connection with the making of this report.
- 9.3 This report has been prepared on behalf of White Iliffe by Cameron Scott McCullagh, who is a partner of the firm, an associate of the Institute of Chartered Accountants and a registered company auditor.
- 9.4 Mr McCullagh, the other partners and the staff involved with the preparation of this report have, at the date of this report, no interest or financial relationship with WAM Capital Limited or Wilson Asset Management (International) Pty Limited.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Cameron McCullagh', written in a cursive style.

Cameron McCullagh
Partner



8. MATERIAL CONTRACTS

The Directors consider that the material contracts described below and elsewhere in this Prospectus are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

This report only contains a summary of the material contracts and their substantive terms. To obtain a complete understanding of the contracts it is necessary to read them in full. Full copies of material contracts will be available for inspection without charge during normal office hours at the registered office of the Company at Level 11, 131 Macquarie Street, Sydney NSW for a period of 12 months after the lodgement of this Prospectus with the Australian Securities and Investments Commission.

8.1 Management Agreement

Parties

The Company and the Manager.

Appointment

The Company has appointed the Manager to manage the portfolio of investments of the Company and will manage and supervise all investments for the term.

Powers of Manager

Subject to the Corporations Law, the Listing Rules and any written guidelines issued by the Company from time to time, the Manager will from time to time on behalf of the Company invest money constituted in or available to the Portfolio in making, holding realising and disposing of investments. Any investment outside the written guidelines of the Board requires Board approval.

Subject to the above, the Manager has absolute and unfettered discretion to manage the Portfolio of investments and to all things considered necessary or desirable in relation to the Portfolio, including, without limitation;

- (a) investigation of, negotiation for, acquisition of, or disposal of every investment;
- (b) to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments in lieu of those investments;
- (c) if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investments was created or issued, to convert that investment into some other investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and to investment any of those monies in investment;
- (d) retain or sell any shares, debentures or other property received by the Company by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments or from the amalgamation or reconstruction of any company;
- (e) to sell all or some of the rights to subscribe for new Securities in an investment, to use all or part of the proceeds of sale of such rights for the subscription for Securities or to subscribe for Securities pursuant to those rights; and

- (f) with the approval of the Company, to make or redeem any mortgage, loan or other security.

Monthly Valuations

The Manager must provide such information regarding the Portfolio to the Company to enable the Company to value the Portfolio at least monthly.

Management Fee

In return for the performance of its duties as manager of the Company, the Manager is entitled to be paid a monthly management fee equal to 0.0833% of gross assets of the Portfolio calculated on the last Friday of each month, or, where the last Friday of a month is not a Business Day, the Business Day immediately preceding the last Friday of that month (comparable to a fee of 1% per annum of the average value of the Portfolio).

Performance Fee

- (a) The Manager is entitled to be paid and the Company must pay to the Manager (which remuneration is to obtained for the use and benefit of the Manager) a fee ("Performance Fee") in respect of each Performance Calculation Period, subject to the following provisions, of 20% of BA where BA is calculated in accordance with the following formula:

$$BA = (FV - IV) - \left(IV \times \frac{(FI - II)}{II} \right)$$

where

BA is the base amount to be used in calculating the Performance Fee outlined above;

FV is the Value of the Portfolio calculated on the last Business Day of a Performance Calculation Period;

IV is the Value of the Portfolio calculated on the last Business Day of the preceding Performance Calculation Period;

FI is the level of the All Ordinaries Accumulation Index published by ASX on the last Business Day of that Performance Calculation Period; and

II is the All Ordinaries Accumulation Index published by ASX calculated on the last Business Day of the preceding Performance Calculation Period.

- (b) If the Value of the Portfolio calculated on the last Business Day of a Performance Calculation Period is less than the Value of the Portfolio calculated on the last Business Day of the preceding Performance Calculation Period, no Performance Fee is payable in respect of that Performance Calculation Period.
- (c) If the amount calculated for BA above is a negative number, no Performance Fee is payable in respect of that Performance Calculation Period.
- (d) If the level of the All Ordinaries Accumulation Index as calculated on the last Business Day of a Performance Calculation Period is less than the level as calculated on the last Business Day of the preceding Performance Calculation Period, the base amount (BA) will be FV - IV.



- (e) For the purposes of this Clause 10.2(a) **“Performance Calculation Period”** is:
- (i) the period from the date of the Agreement to 30 June 1999;
 - (ii) the period from the first day after the preceding Performance Calculation Period to 30 June of the succeeding year; and
 - (iii) if the Term expires on a day other than 30 June, the last Performance Calculation Period is the period from the first day after the preceding Performance Calculation Period and the date the Agreement is terminated.
- (f) Where the ASX or equivalent authority ceases to publish the All Ordinaries Accumulation Index then the published index which most closely resembles it must be used for the purposes of calculation of the Performance Fee.
- (g) If the Agreement is terminated on a day other than the last Friday of a Month or where the last Friday of a Month is not a Business Day, the Business Day immediately preceding the last Friday of that Month, the Performance Fee for that Performance Calculation Period will be determined on the last Business Day of the Term.
- (h) In calculation of the Performance fee for a Performance Calculation Period, changes in the Value of the Portfolio as a result of the issue of Securities by the Company, capital reductions by the Company, share buy-backs by the Company and dividend distributions by the Company will be disregarded or adjusted for that Calculation Period in a manner determined by the Auditor of the Company at the conclusion of that Performance Calculation Period.

The Company must indemnify the Manager against any GST payable in respect of any Management Fee or Performance Fee due to the Manager.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager the following fees, costs and expenses when properly incurred in connection with the investment and management of the portfolio of the Company or the acquisition, disposal or maintenance of any investment:

- (a) fees payable to any securities exchange, the ASIC or other regulatory body;
- (b) all costs, stamp duties, financial institutions duties, bank account debits tax and legal fees and other duties, taxes, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager in connection with:
 - (i) the acquisition and negotiation of any investment or proposed investment;
 - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
 - (iii) the receipt of income or other entitlements from the investments of the Portfolio;
 - (iv) the engagement of a custodian to hold any investment on behalf of the Company; and

- (c) outgoings in relation to the Portfolio of the Company such as rates, levies, duties, taxes and insurance premiums.

Notwithstanding the above, the Manager is solely responsible for payment of the fees of any investment manager engaged by the Manager to assist it in undertaking its duties under the Management Agreement.

Term

The Management Agreement has a term of 5 years from the date the Company allots and issues not less than 2,500,000 Shares pursuant to the Offer. The Manager has the option to extend the term of the Management Agreement for a further period of 5 years by giving written notice to the Company of its intention to do so not more than 6 months and not less than 3 months prior to the expiration of the term. This option may be exercised repeatedly.

Termination

The Manager may terminate the Management Agreement at any time by giving to the Company at least 3 months written notice.

The Company may immediately terminate the Management Agreement if:

- (a) the Manager goes into liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose);
- (b) a receiver, receiver and manager or controller as appointed to the undertaking of the Manager when such appointment is not disputed in legal proceedings by the Manager within 15 Business Days;
- (c) the Manager neglects after not less than 30 days notice from the Company to carry out or satisfy any duty imposed on the Manager by the Management Agreement;
- (d) the Manager is in fundamental default or breach of its obligations under the Management Agreement or is in breach of any material term of its Securities dealers licence and such default or breach is not rectified within 30 days after the Company has notified the Manager in writing to rectify that default or breach; or
- (e) the securities dealers licence held by the Manager is revoked by ASIC for any reason.

The Company may terminate the Management Agreement at any time after expiry of the initial term of 5 years by giving to the Manager at least 3 months written notice provided that security holders of the Company by ordinary resolution resolve to deliver that notice. If the Management Agreement is so terminated, the Company must pay to the Manager an additional fee equal to the aggregate fees paid to the Manager in respect of the 3 month period up to the date of termination.

Company Indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with, the Manager or any of its officers, employees or agents acting under the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the



negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of the Management Agreement.

Manager Indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of the Management Agreement.

8.2 **Purchase Agreement**

Parties

The Company and Macquarie Equities Limited ("**Broker**").

Conditions Precedent

Completion of the purchase of the Portfolio of Securities will not proceed unless:

- (a) the minimum subscription specified in this Prospectus has been subscribed and the amount payable on application for Shares so subscribed has been received by the Company;
- (b) the Company gives written notice to the Broker confirming that the net proceeds of the Issue (after deduction of all expenses of the Issue identified in this Prospectus) available to the Company does not exceed \$15,000,000; and
- (c) the Company is admitted to the Official List within the meaning of Listing Rule 1.20.

If any of the conditions for completion set out above are not waived or satisfied on or before the date 100 days after the Opening Date, the Purchase Agreement automatically terminates.

Sale and Purchase

On the date 3 Business Days after satisfaction for last of the conditions precedent set out above, the Broker must sell and the Company must buy a Portfolio of Securities free of encumbrances.

Portfolio

The Portfolio must comprise a portfolio of Securities satisfying the following rules:

- (a) the only Securities to be included in this Portfolio must be ordinary shares issued by the companies identified in Section 2.7 and such other companies identified by the Company prior to admission of the Company to the Official List;
- (b) only Securities that are quoted on the ASX on the 3 Business Days prior to the Completion Date may be included in the Portfolio;
- (c) the Value of Securities will be the weighted average trading price of those Securities on ASX on the Business Day 3 Business Days prior to the completion of the Purchase Agreement. The Value of the Portfolio is the aggregate value of all Securities included in the Portfolio;

- (d) the minimum holding of Securities included of the Portfolio is 1,000;
- (e) the Value of the Portfolio must not be less than 90% of the Purchase Price; and
- (f) the Broker must use its best endeavours to satisfy any other directions that may be given by the Company or its agent in connection with selection of Securities for inclusion in the Portfolio.

Purchase Price

The purchase price for the Portfolio is 51% (or such greater number notified by the Company in writing prior to admission of the Company to the Official List) of the net proceeds available to the Company on completion of the Issue as notified to the Broker prior to admission of the Company to the Official List.

Fee

In addition to the purchase price, on completion of the sale of the Portfolio the Company must pay to the Broker a fee equal to 0.4% of the purchase price.

8.3 Deed of Indemnity

Parties

The Company and each Director.

Access

The Company has agreed to provide access to board papers to current and former officers of the Company while they are officers and for a period of 7 years from when they cease to be officers.

Indemnity

The Company has agreed to indemnify, to the extent permitted by the Corporations Law, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are an officer and for a period of 7 years after the officer ceases to be an officer.

8.4 Other Documents

The Company will make available at its registered office a copy of any of the following documents for inspection free of charge to any person who requests a copy during the period of 12 months from the date of issue of this Prospectus:

- (a) the constitution of the Company;
- (b) the material contracts referred to in Sections 8.1 - 8.3;
- (c) the consents of each of the parties referred to Section 9.13; and



- (d) the declarations made by the ASIC pursuant to section 1084(6) of the Corporations Law referred to in Section 9.12.

9. ADDITIONAL INFORMATION

9.1 Incorporation

The Company was incorporated in NSW on 8 March 1999.

9.2 Balance Date

The accounts for the Company will be made up to 30 June annually.

9.3 Company Tax Status

The Company will be taxed as a public company.

9.4 Share Trading and Return Risks

Before deciding to invest in Shares, each potential investor should consider whether shares are a suitable investment. There are general risks associated with any investment in the stock market. The value of shares can go down or up due to circumstances affecting the stock market generally or a company in particular and are due to factors beyond the control of the Company. Similarly, the level of dividends paid in respect of shares can go down as well as up. Shares should generally not be considered a short term investment.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitors, accountant or other professional adviser immediately.

9.5 Rights Attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid Shares. There will be no liability on the part of shareholders for any calls and the Shares will rank *pari passu* with Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's constitution and the Corporations Law. A copy of the constitution can be inspected during office hours at the registered office of the Company.

The detailed provisions relating to the rights attaching to Shares under the constitution and the Corporations Law are summarised below:

Each Share will confer on its holder:

- The right to vote at a general meeting of shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- The right to receive dividends, according to the amount paid up on the Share;

- In a winding up, subject to priority given to holders of Shares that have not been classified by ASX as “restricted securities” and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution:
- where the assets available for distribution are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the right to receive a proportion of the excess according to the capital paid up by the shareholder at the commencement of the winding up; or
- where the assets available for distribution are insufficient to repay the whole of the paid up capital, the burden of bearing the loss is in proportion to the capital paid up by the shareholder at the commencement of the winding up.

Subject to the Corporations Law and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of shareholders in general meeting by special resolution.

9.6 **Rights Attaching to the Options**

The terms and conditions of the Options are as follows:

Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Law.

Transfer/Transmission

An Option may be transferred or transmitted in any manner approved by the Australian Stock Exchange Limited.

Exercise

An Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options in the form set out below, signed by the registered holder of the Option, together with payment to the Company of \$1.10 per Option being exercised and the relevant option certificate.

An Option may be exercised on any business day from the date of grant to 1 August 2000, (inclusive) but not thereafter.

A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised at which time the shares issued on exercise are entitled to dividends declared on or after 10 Business Days after the date of exercise. Otherwise shares issued on exercise of Options rank equally with other issued ordinary shares of the Company.



Participating rights

An Option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least 7 business days' notice to Optionholders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of the Australian Stock Exchange Limited.

If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro rata issue of ordinary shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$\frac{NE = OE - E[P-(S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying ordinary shares into which one Option is exercisable;

P is the average closing sale price pre ordinary share (weighted by reference to volume) recorded on the stock market of the Australian Stock Exchange Limited during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for an ordinary share under the rights issue;

D is the dividend due but not yet paid on each ordinary shares at the relevant time; and

N is the number of ordinary shares that must be held to entitle holders to receive a new ordinary share in the rights issue,

but in no case will NE be less than \$0.20.

If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

Reconstructions and Alteration of Capital

Any adjustment to the number of Outstanding Options and/or the Exercise Price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

Stock Exchange Listing

The Company must make application for quotation of shares issued on exercise of the Options on the Australian Stock Exchange Limited in accordance with the Listing Rules. Shares so issued will rank equally with other issued ordinary shares of the Company, subject to these terms and conditions.

NOTICE OF EXERCISE OF OPTION

To: The Directors of WAM Capital Limited
I/We being the registered holders of Options, each to acquire a fully paid share in the capital of WAM Capital Limited at a price of \$1.10 per share payable in full on the exercise date, hereby give notice of the exercise of Options and attach hereto my/our cheque in the sum of \$ together with my/our share Option certificate. I/We agree to my/our name being placed on the Register of Members in respect of the number of shares allotted and agree to be bound by the constitution of the Company.

Usual Signature (s) _____ Date: _____

NB Joint holders must all sign. Corporations must sign in accordance with Section 127 of the Corporations Law.

9.7 Dividend Re-Investment Plan

Eligible Members

Shareholders who may participate in the dividend reinvestment plan comprise shareholders:

- (a) whose address, as it appears in the register of members of the Company, is situated in Australia; or
- (b) whose address, as it appears in the register of members of the Company, is situated outside Australia and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

Application

Eligible Members may elect to participate in the Plan in respect of all or part of their shares in the Company which will comprise that member's Plan shares. The Directors may in their absolute discretion accept or refuse any application to participate.

Subscription Price

Shares allotted to participants will be allotted at the higher of \$0.20 or the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date.



Investment of Dividends

In respect of each cash dividend from time to time due and payable to a participant in respect of the member's Plan Shares, the Directors will on behalf of and in the name of the participant subscribe for ordinary shares being the maximum number of shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the Plan Shares to the subscription for shares at the subscription price.

Ranking of Shares

All shares allotted and issued under the Plan will rank equally in all respects with existing shares.

ASX Listing

The Company will make application promptly after each allotment of shares for quotation of such shares on the official list of the ASX.

Variation or Termination of Participation

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

9.8 **Matters Relevant to the Directors**

The number of Shares held by or on behalf of each Director and their Associates, at the date of the Prospectus are as follows:

Director	Shares
Geoffrey Wilson	1
Timothy Hughes	-
Ross Greenwood	-
Matthew Kidman	-

No Director or an Associate of a Director holds any interest in any Option or other Security in the Company.

The number of Securities held by or on behalf of each Director and their Associates in associate entities of the Company at the date of the Prospectus are as follows:

Director	Company	Ordinary Shares
Geoffrey Wilson	Wilson Asset Management (International) Pty Limited	100%
Timothy Hughes	-	-
Ross Greenwood	-	-
Matthew Kidman	-	-

Apart from those listed above, none of the Directors have an interest in the Securities of the Company.

Under the Company's constitution, each director (other than a Managing Director or an Executive Director) may be paid out remuneration for ordinary services performed as a director.

Under the ASX Listing Rules the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

Mr Wilson is a non-executive director of ETRADE Australia Securities Limited. Mr Hughes is a non-executive director of ETRADE Australia Limited, holding company of ETRADE Australia Securities Limited. A company which Mr Hughes is an Associate holds a substantial shareholding in ETRADE Australia Limited. ETRADE Australia Securities Limited is an online broker to the Issue and may receive handling fees in connection with Applications received pursuant to this Prospectus.

9.9 Remuneration of Directors

The Directors will be entitled to receive the following benefits:

- (a) the maximum total remuneration of the Directors of the Company has been set at A\$40,000 per annum to be divided amongst them in such proportions as they agree;
- (b) Geoffrey Wilson is a director of and beneficially holds all shares in the capital of the Manager which will receive a management fee and performance fee. Details of the Management Agreement and all fees payable to the Manager are set out in Section 8.1; and
- (c) Matthew Kidman is an employee of the Manager which will receive a management fee and performance fee. Details of the Management Agreement and all fees payable to the Manager are set out in Section 8.1.

Except as set out in this Prospectus (including in Sections 9.8 and 9.9), there are no interests that exist at the date of this Prospectus and there were no interests that existed within 2 years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion. Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or Securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

9.10 Expenses of the Offer

The expenses of the Offer are estimated below, according to the amount of funds raised on the Issue:

	Handling Fees on Subscription	ASX/ASIC Listing Fees	Legal Fees	Other Costs
\$2.5 million Issue	\$50,000	\$11,700	\$20,000	\$18,200
\$10 million Issue	\$200,000	\$25,700	\$20,000	\$22,200
\$20 million Issue	\$400,000	\$31,700	\$20,000	\$23,400

These expenses have been paid or are payable by the Company.



9.11 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.12 ASIC Modifications

The ASIC has made a declaration pursuant to section 1084(6) of the Corporations Law that section 1021(5) of the Corporations Law be modified or varied. As a result, Section 1.9 has been included.

The ASIC has also made a declaration pursuant to section 1084(6) of the Corporations Law that section 1031 of the Corporations Law be varied or modified. As a result, Section 1.10 has been included.

9.13 Consents and Responsibility Statements

Watson Mangioni has given and before lodgement of this Prospectus has not withdrawn its written consent to be named in this Prospectus and any electronic copy of this Prospectus as solicitors to the Issue in the form and context in which it is so named.

Watson Mangioni has only been involved in the preparation of that part of this Prospectus where they are named as solicitors to the Issue. *Watson Mangioni* specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in this Prospectus. While *Watson Mangioni* has provided advice to the Directors in relation to the issue of this Prospectus and the conduct of due diligence enquiries by the Company and the Directors, *Watson Mangioni* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

White Iliffe has given and before lodgment of this Prospectus has not withdrawn its written consent to being named in this Prospectus and any electronic copy of this Prospectus as auditor and investigating accountant and share registrar for the Company in the form and context in which it so named and the inclusion of its independent accountant's report in the form and context in which it appears in this Prospectus and any electronic copy of this Prospectus.

White Iliffe has not been involved in the preparation of any part of this Prospectus (other than its independent accountant's report) and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus. *White Iliffe* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Wilson Asset Management (International) Pty Limited has given and before lodgment of this Prospectus has not withdrawn its written consent to being named in this Prospectus and any electronic copy of this Prospectus as manager of the Company in the form and context in which it so named.

Wilson Asset Management (International) Pty Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus. *Wilson Asset Management (International) Pty Limited* has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Macquarie Equities Limited has given and before lodgement of this Prospectus has not withdrawn its written consent to be named in this Prospectus and any electronic copy of this Prospectus as sponsoring and online broker to the Issue both in the name Macquarie Equities Limited and under its business name Macquarie DirecTrade and as a counterparty to the Purchase Agreement in the form and context in which it is so named.

Macquarie Equities Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. Macquarie Equities Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

ETRADE Australia Securities Limited has given and before lodgement of this Prospectus has not withdrawn its written consent to be named in this Prospectus and any electronic copy of this Prospectus as on line broker to the Issue in the form and context in which it is so named.

ETRADE Australia Securities Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the Prospectus. ETRADE Australia Securities Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Invia Custodian Pty Limited has given and before lodgement of this Prospectus has not withdrawn its written consent to being named in this Prospectus and any electronic copy of this Prospectus as custodian to the Company in the form and context in which it is so named.

Invia Custodian Pty Limited has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus. Invia Custodian Pty Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

Lawler Davidson has given and before lodgement of this Prospectus has not withdrawn its written consent to the inclusion in this Prospectus and any electronic copy of this Prospectus of the reference to the audited financial information of the Fund audited by Lawler Davidson and Lawler Davidson in the form and context in which it appears.

Lawler Davidson has not been involved in the preparation of any part of this Prospectus and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in this Prospectus. Lawler Davidson has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents.

9.14 Interest of Experts

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni has acted as solicitors to the Issue and have performed work in relation to negotiating certain of the material contracts, preparing the due diligence program and performing due diligence enquiries on legal matters. In respect of this Prospectus, the Company estimates that it will pay amounts totalling approximately \$20,000 (excluding disbursements) to Watson Mangioni.



White Iliffe has prepared the independent accountant's report included in this Prospectus and have also performed work in relation to the due diligence enquiries on financial matters. *White Iliffe* has also acted as auditor of the Company and share registrar for the Company. In respect of this work, the Company estimates it will pay up to \$13,400 (excluding disbursements) to *White Iliffe*.

Certain partners and employees of the above firms may subscribe for Shares and Options in the context of the Issue.

10 GLOSSARY

Terms and abbreviations used in this Prospectus have the following meaning:


Applicant	a person who submits an Application;
Application	an application for Shares and Options pursuant to this Prospectus;
Application Form	an application form in the form attached to this Prospectus;
Application Monies	the Application Price multiplied by the number of Shares applied for;
Application Price	\$1.00 for each Share applied for;
Associate	has the meaning given by Division 2 of the Corporations Law;
ASIC	Australian Securities & Investments Commission;
ASX	Australian Stock Exchange Limited;
Broker	Macquarie Equities Limited
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney;
Closing Date	the date by which valid acceptances must be received by the Share Registrar being 13 July 1999 or such other date determined by the Board;
Company	WAM Capital Limited (ACN 086 587 395);
Directors or Board	the board of directors of the Company;
Issue	the issue of Shares and Options in accordance with this Prospectus;
Listing Rules	the official listing rules of ASX;
Management Agreement	the management agreement between the Company and the Manager dated 13 May 1999;
Manager	Wilson Asset Management (International) Pty Limited (ACN 081 047 118);

Offer	the offer of up to 20,000,000 Shares and up to 20,000,000 Options pursuant to and in accordance with this Prospectus;
Official List	the official list of entities that ASX has admitted and not removed;
Official Quotation	quotation on the Official List;
Opening Date	the date of issue of this Prospectus, expected to be 3 June 1999;
Option	an option to acquire a Share at an exercise price of \$1.10 per Share by 1 August 2000 on the terms set out in Section 9.6;
Portfolio	the portfolio of investments of the Company from time to time;
Prospectus	this prospectus dated 26 May 1999 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus;
Purchase Agreement	the portfolio purchase agreement between the Company and the Broker dated on or about 10 May 1999;
Securities	has the same meaning as in section 92 of the Corporations Law;
Share	a fully paid ordinary share in the capital of the Company; and
Value of Portfolio	the value of all investments included in the Portfolio.

The Directors have authorised the issue of this Prospectus.

Signed by each Director of the Company or by a person authorised by that Director in writing to sign this Prospectus on his behalf.


Dated: 26 May 1999



Geoffrey Wilson



Timothy Hughes



Ross Greenwood
(By his authorised agent)



Matthew Kidman



WAM CAPITAL LIMITED

ACN 086 587 395



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PIN YOUR CHEQUE HERE - MADE PAYABLE TO "WAM CAPITAL LIMITED - FLOAT ACCOUNT"

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 - (2) agrees to be bound by the terms and conditions set out in the Prospectus and the Constitution of the Company; and
 - (3) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions; and
 - (4) declares this Application is completed and lodged in accordance with the terms of the Prospectus and that all statements made by me/us are complete and accurate and that I/we are not as a result of the law of any place, a person to whom this Prospectus should not be given; and
 - (5) acknowledges that where I/we have lodged this Application Form electronically or on a print out of an electronic Application Form, that I/we have received personally the electronic Prospectus, or a print out of it, accompanied by, or attached to this Application Form before applying for Shares and Options pursuant to the Prospectus; the Corporations Law prohibits any person from passing onto another person this electronic Application Form, or a print out of it, unless it is attached to or accompanied by a complete and unaltered electronic Prospectus; and
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WAM CAPITAL LIMITED

ACN 086 587 395

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Please post or deliver the completed Application Form together with your cheque to the following address:

WAM Capital Limited Share Offer
White Iliffe, Level 5 14 Martin Place SYDNEY NSW 2000 Tel: (02) 9229 7999

- A. Write your **FULL NAME** in **Box A**. This must be either your own name or the name of a company. You should refer to the examples noted for the correct forms of name which can be registered. Applications using the incorrect form of name may be rejected. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decisions as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not, however, be treated as having offered to subscribe for more Shares and Options than is indicated by the amount of the accompanying cheque for the application monies referred to in Box F.
- B. Enter **TAX FILE NUMBER** or exemption category beside your name in **Box B**. Collection of Tax File Numbers is authorised by taxation laws. Quotation of your Tax File Number is not compulsory and will not affect your application.
- C. Enter your **POSTAL ADDRESS** for all correspondence in **Box C**. All communications to you from the Company's Registry (shareholding statement, annual/interim reports, correspondence, etc) will be mailed to the person(s) and address as shown.
- D. Enter details of contact person, telephone number, email address and facsimile number if any enquiries need to be made by the company or the Registry.
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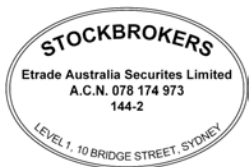
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Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
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ELECTRONIC PROSPECTUS

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 - (4) declares this Application is completed and lodged in accordance with the terms of the Prospectus and that all statements made by me/us are complete and accurate and that I/we are not as a result of the law of any place, a person to whom this Prospectus should not be given; and
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- D. Enter details of contact person, telephone number, email address and facsimile number if any enquiries need to be made by the company or the Registry.
- E. Insert the **NUMBER OF SHARES** you wish to apply for in **Box E**. Do not refer to the number of Options you will receive as these will be determined based on the number of Shares you subscribe for.
- F. Insert the amount of your **APPLICATION MONIES** in **Box F**. The amount must be equal to the number of Shares applied for (as in Box E) multiplied by 1.00 dollar per share.
- G. Insert the **TOTAL AMOUNT OF YOUR CHEQUE(S)** in **Box G**. The total amount of your cheque(s) must equal the total application monies (see **Box F**). Cheques must be drawn on an Australian bank in Australian currency and made payable to "**WAM Capital Limited - Float Account**" and crossed "**NOT NEGOTIABLE**". Do not send cash. A separate cheque should accompany each Application Form lodged. No receipts will be issued.

The Application form does not need to be signed.

H. **CORRECT FORMS OF REGISTRABLE TITLE**

Note that ONLY legal entities can hold the Shares and Options. The application must be in the name(s) of a natural person(s), companies or other legal entities acceptable to WAM Capital Limited. At least one full given name and surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith	John Smith (Deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith	Smith Investment Club
Superannuation Funds	John Smith Pty Limited	John Smith Superannuation Fund

ELECTRONIC PROSPECTUS

If you are accessing this Prospectus in electronic form, the Corporations Law prohibits any person from passing on to another person this Application Form unless it is attached to or accompanied by the complete and unaltered electronic Prospectus. The Company will send you a paper copy of the Prospectus free of charge if you contact the Company during the period of the Offer.



WAM CAPITAL LIMITED

(ACN 086 587 395)

SUPPLEMENTARY PROSPECTUS

This is a supplementary prospectus intended to be read with the prospectus dated 26 May 1999 relating to the offer of 20,000,000 ordinary shares in the capital of WAM Capital Limited (ACN 086 587 395) (the "Company") and 20,000,000 options to acquire fully paid ordinary shares in the capital of the Company ("Prospectus").

This supplementary prospectus dated on 4 June 1999 was lodged with the Australian Securities and Investments Commission ("ASIC") on 4 June 1999. No responsibility for the contents of this supplementary prospectus is taken by ASIC or its officers.

Pursuant to Section 1024C(2) of the Corporations Law the following information is taken, except in relation to things that happened before this supplementary prospectus was lodged, to be included in the Prospectus:

1. The Company has received confirmation from the following parties that they intend to lodge Applications for the following Shares and Options pursuant to the Prospectus:
 - (a) Mr Geoffrey Wilson, a Director of the Company will apply for 500,000 Shares and 500,000 Options for a total subscription price of \$500,000;
 - (b) Dynasty Peak Pty Limited as trustee of the Avoca Superannuation Fund of which Mr Wilson is the principal beneficiary will apply for 500,000 Shares and 500,000 Options for a total subscription price of \$500,000;
 - (c) 2 relatives of Mr Geoffrey Wilson will apply for 200,000 Shares and 200,000 Options for a total subscription price of \$200,000;
 - (d) Egnar Holdings Pty Limited, a private company of which Mr Timothy Hughes, (a Director of the Company) is the principal shareholder will apply for 50,000 Shares and 50,000 Options for a total subscription price of \$50,000; and
 - (e) RG Investments (Australia) Pty Limited, a company of which Mr Hughes is an Associate or a related body corporate, will apply for 750,000 Shares and 750,000 Options for a total subscription price of \$750,000.
2. Neither Mr Matthew Kidman nor Mr Ross Greenwood, the remaining Directors of the Company, have formed a view as to whether to lodge Applications for Shares and Options pursuant to the Prospectus.

This is a supplementary prospectus intended to be read with the prospectus dated 26 May 1999 relating to the offer of 20,000,000 ordinary shares in the capital of WAM Capital Limited (ACN 086 587 395) (the "Company") and 20,000,000 options to acquire fully paid ordinary shares in the capital of the Company ("Prospectus").

3. The minimum subscription for the Offer is \$2,500,000, being receipt of valid Applications for 2,500,000 shares and 2,500,000 attaching Options. However, to satisfy the spread requirements of ASX for admission to the Official List of ASX, the Company must demonstrate it has 500 or more shareholders each holding a parcel of shares with a value of \$2,000 or more.

Accordingly, if the Company receives valid Applications from and allots Shares and grants Options to the parties outlined above and satisfies the ASX spread requirements, the minimum gross proceeds raised from the Offer will be \$2,988,000. This minimum amount represents:

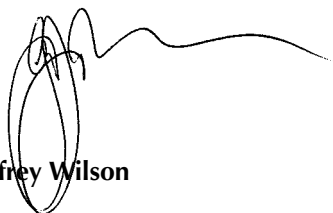
- (a) \$2,000,000 being the amount to be paid by the 6 applicants referred to above; and
- (b) \$988,000 being the amount to be paid by a further 494 applicants other than the applicants referred to in subparagraph (a) who subscribe for no less than 2,000 Shares and 2,000 Options each.

The 6 applicants referred to in subparagraph (a) and the 494 applicants referred to in subparagraph (b) will together represent the minimum number of applicants (500) necessary to satisfy the spread requirements of ASX.

The Directors have authorised the issue of this supplementary prospectus.

This supplementary prospectus is signed by each Director of the Company or by a person authorised by that Director in writing to sign this supplementary prospectus on his behalf.

Dated: 4 June 1999



Geoffrey Wilson



**Timothy Hughes
(by his authorised agent)**



**Ross Greenwood
(by his authorised agent)**



Matthew Kidman