

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2002

DIRECTORY

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

REGISTERED OFFICE

Level 11
131 Macquarie Street
Sydney
NSW 2000
Tel – 02 9247 6755
Fax – 02 9247 6855
Email – wamcap@wamcapital.com.au

SHARE REGISTRY

Moore Stephens WI Pty Ltd
Level 5
14 Martin Place
Sydney
NSW 2000
Tel – 02 9229 7999
Fax – 02 9221 1194

STOCK EXCHANGE LISTING

Australian Stock Exchange (ASX)
The home exchange is in Sydney.
WAM Capital Ltd ASX Code - WAM

OTHER INFORMATION

WAM Capital Limited, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

DIRECTORS

G. Wilson (Chairman)
M. Kidman
T. Hughes
R. Greenwood

SECRETARY

M. Kidman

AUDITORS

Moore Stephens WI
Level 5
14 Martin Place
Sydney
NSW 2000
Tel – 02 9229 7999
Fax – 02 9233 4636

WEBSITE

www.wamcapital.com.au

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2002 HIGHLIGHTS

- Gross assets increased by 32.7% for the year to June 30 2002.
- Profit before tax increased 20.6% to \$7.9m
- Profit after tax increased 24.6% to \$5.9m
- Pre tax net tangible assets increased from 121.6c* a share to 137.6c** a share
- After tax net tangible assets increased from 111.8c* a share to 128.2c** a share
- 33% increase in fully franked final dividend to 4.0c a share
- Fully franked special dividend of 4.0c a share
- Total dividend in 2001/02 of 12.0c a share

* Adjusted for dividends paid

** Undiluted for options

CHAIRMAN'S LETTER

The year was another challenging and rewarding one for WAM Capital Ltd (WAM). Challenging in that equity markets were highly volatile in response to the September terrorist attacks and a faltering world economy. Rewarding in that we delivered a return well in excess of the All Ordinaries Accumulation Index.

For the year 30th June 2002 the gross portfolio (before all expenses and taxes) increased 32.7% compared to a 4.5% fall for the All Ordinaries Accumulation Index. This performance was achieved by holding cash, fixed interest and listed debt instruments of approximately 22% throughout the period. The pre tax net tangible asset (NTA) backing, after dividends paid, increased from 121.6 cents to 137.6 cents and after tax, the NTA increased to 128.2 cents.

Total dividends declared for the year was 12.0 cents a share fully franked, made up of a 4.0 cent interim dividend, a 4.0 cent final dividend and a 4.0 cent special dividend.

At 30th June 2002 WAM owned shares in 72 companies and held approximately 34% of our funds in cash, fixed interest and listed debt securities. At 30th June 2001 WAM owned 56 companies. During the year we sold our position in 35 companies, increased our shareholding in 8 and reduced our shareholding in 8. We also took new positions in 51 companies.

The ongoing focus of the manager is to seek out suitable companies to invest in. Matthew Kidman and myself, the two portfolio managers responsible for making the investment decisions, spend as much time as possible meeting with the management of companies. During the last 12 months we held meetings with the management of 442 companies. We concentrated on medium sized industrial companies, because we believe that is where we can add most value.

Over time our goal is to deliver a return of 15-20% per annum. This would ideally be achieved with a portfolio of 25 to 30 companies that are growing earnings at 15-25% per annum, trading on a low price earnings multiple, are well managed and have a strong position, in a growth market. The problem we find is that companies with all these characteristics are difficult to identify. We will always be looking. Along the way we see numerous opportunities that aren't purely research based and when we believe the risk/reward is in our favor, we will take the risk. That is why the number of companies we own shares in will vary and our levels of cash held will vary.

During the year, in a bid to communicate better with WAM's owners, we held shareholder briefings in Sydney, Melbourne and Brisbane. This will remain a semi-annual event.

In terms of our view on the coming year we remain highly cautious of equity markets. Slow world growth, and the ongoing uncertainty surrounding events in the Middle East will continue to weigh heavily on investor sentiment. These periods tend to provide buying opportunities. We will concentrate on seeking out companies that are trading on low earnings multiples and have strong earnings growth, in a bid to overcome the difficult trading conditions.

Geoff Wilson
Chairman
September 2002

COMPANY PROFILE

WAM Capital Ltd (WAM) is an investment Company providing investors with access to a diversified investment portfolio and the management expertise of Wilson Asset Management (International) Pty Limited (WAMI).

COMPETITIVE ADVANTAGE

What distinguishes the Investment manager WAMI from others is:

- A unique research rating process
- a target of meeting with as many companies as possible
- a total focus on managing money

INVESTMENT OBJECTIVES

The two 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.

INVESTMENT PROCESS

The Company has two investment approaches

- Research Based - Buying shares in companies after extensive research. This may involve detailed discussion with management of the investee entity and its competitors.
- 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 Company will focus on the following criteria in appraising potential research based 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 strong growth characteristics, generates surplus cashflow, is well managed and has a sound position in its industry is an ideal investment for the Company.

Once the research and relative ranking has been undertaken, the manager will seek to identify a catalyst or an event that alters the market's perception of the entity which will lead to a re-rating of the Company's share price by the market.

WAM CAPITAL LIMITED

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under following headings: Board of Directors and its Committees, Composition of the Board, Remuneration of Directors and Executives, Ethical Standards, Role of Shareholders, the Board's Policy on Dealing in Shares, Independent Professional Advice and Access to Company Information, and Conflict of Interests.

Board of Directors and its Committees

Subject at all times to any written guidelines issued by the Board of Directors of WAM Capital Limited, the day-to-day management and investment of funds is carried out by Wilson Asset Management (International) Pty Limited pursuant to a management agreement.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for the appointed Manager and monitoring the achievement of these goals. The Board regularly reviews the reports of its Manager on the operational and financial performance of the Company.

Considering the size of the Company and the fact that it does not have any employees it is the Directors' view that to delegate responsibilities to an Audit Committee is unnecessary and inappropriate. As such all Directors are actively involved in the establishment and maintenance of a framework of internal control, financial reporting practices and appropriate ethical standards for the Company and monitoring and assessing the quality and reliability of financial information.

The Directors liaise with and review the performance of the external auditor.

Composition of the Board

The Board comprises the Chairman and three other non-executive Directors who consider the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

Remuneration of Directors and Executives

The maximum total remuneration of the Directors of the Company has been set at \$60,000 per annum to be divided amongst them in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level.

The Chairman and Secretary of WAM Capital Limited are employees, and the Chairman is the sole Director, of Wilson Asset Management (International) Pty Limited and they are further remunerated by that Company.

Ethical Standards

The Board aims to ensure that all Directors and its Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company.

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Financial Report, monthly asset backing data and Half-Year Financial Report lodged with the Australian Stock Exchange.

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

Board's Policy on Dealing in Shares

Subject to their not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company when appropriate. As WAM Capital Limited is an investment Company announcing its results monthly, the Board believes the shareholders are generally fully informed.

Independent Professional Advice and Access to Company Information

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

Conflict of Interest

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

WAM CAPITAL LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2002

The Directors present their report together with the financial report of WAM Capital Limited ("the Company") for the year ended 30 June 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company is making investments in listed and unlisted companies. No change in this activity took place during the year or is likely in the future.

REVIEW OF OPERATIONS AND OPERATING RESULTS

Investment operations over the year resulted in an operating profit after tax of \$ 5,907,416. Investments are revalued monthly to market value. For the year ended 30 June 2002, investments were revalued by \$1,060,926 (2001: \$2,783,029), after an adjustment for deferred tax on unrealised gains, a net increment of \$ 1,024,925 (2001: \$1,948,120) was transferred to an Unrealised Capital Profits Reserve.

Asset backing for each ordinary share at 30 June 2002 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.29 per share (2001: \$1.22). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.34 per share. The equivalent asset backing before tax was \$1.38 per share (2001: \$1.32).

DIVIDENDS

Dividends paid or declared for payment are as follows: \$

Fully franked final dividend of 3c per share was paid on the 2 November 2001 as recommended in last year's report:	686,253
Fully franked special dividend of 8c per share was paid on the 2 November 2001 as recommended in last year's report:	1,830,008
Fully franked interim dividend of 4c per share was paid on the 19 April 2002	1,378,658
Fully franked Final dividend of 4c per share is proposed to be paid on the 7 th November 2002	1,429,173
Fully franked special dividend of 4c per share is proposed to be paid on the 7 th November 2002	1,429,173

OPTIONS

On 19 December 2001 the Company issued 22,734,695 options to acquire fully paid ordinary shares relating to a one for one non-renounceable bonus rights issue. The options are to acquire fully paid ordinary shares exercisable at \$1.20 per option. The options began trading on the Australian Stock Exchange on 20 December 2001 and expire on 17 December 2002. During the year the Company issued 11,532,863 ordinary shares as a result of the exercise of options. The market values on the dates of exercise ranged from \$1.28 to \$1.66. There were no amounts unpaid on the shares issued. There are 11,201,832 options still on issue, that can potentially be converted into ordinary shares by the 17th of December 2002.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2002.

DIRECTORS

The names of the Directors in office at any time during or since the end of the year, and, their qualifications and experience are as follows:-

Geoffrey J. Wilson – Chairman;

Geoffrey Wilson is Chairman of Wilson Asset Management (International) Pty Limited, an investment management Company, and has 22 years experience in the Australian and International securities industry. He is Chairman of the Australian Stockbrokers Foundation Limited and a Director of the Sporting Chance Cancer Foundation, North Shore Heart Foundation, and JAM Development Capital Limited. He holds a Bachelor of Science and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors, a Fellow of the Securities Institute of Australia and an affiliate of the Australian Stock Exchange. Age 44.

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DIRECTORS' REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2002

Mathew J. Kidman – Non Executive Director and Secretary;

Matthew Kidman is a portfolio manager for Wilson Asset Management (International) Pty Limited. Mr Kidman worked as a finance reporter/investment editor for the Sydney Morning Herald for four years between 1994 and 1998. He is a Director of JAM Development Capital Limited. Mr Kidman has degrees in Economics and Law. Age 33.

Timothy J. Hughes – Non-executive Director;

Timothy Hughes is Executive Chairman of RG Capital Radio Limited and RG Capital Multimedia Pty Limited. Mr Hughes has worked for Reg Grundy since 1983 apart from November 1992 to December 1994, when he was Managing Director and Chief Executive of Sunshine Broadcasting Network Limited. Prior to joining Sunshine, he was Senior Vice President, Corporate Development and Investment for Grundy Worldwide's Executive Committee. Mr Hughes is also a Director of Photon Group, Sporting Chance Cancer Foundation and Equity Capital Markets. Mr Hughes holds a Bachelor of Business. Age 39.

Ross S. Greenwood – Non-executive Director;

Ross Greenwood has been a leading media commentator on Australian and UK financial markets and personal investment for over a decade. He was formerly the Chairman of the investment committee of the JUST Superannuation Fund. He is currently the editor of Shares Magazine in the UK. Age 43.

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' INTERESTS

Director	Holdings at 30 June 2002	
	Ordinary Shares	Options
G.J. Wilson	2,738,095	970,883
M. J. Kidman	97,505	-
R.S. Greenwood	77,068	25,000
T. J. Hughes	64,127	62,407

DIRECTORS' MEETINGS

Director	Directors' Meetings	
	No. Held	Attended
G.J. Wilson	5	5
M. J. Kidman	5	5
R.S. Greenwood	5	5
T. J. Hughes	5	5

Considering the size of the Company and the fact that it does not have any employees it is the Directors' view that to delegate responsibilities to an Audit Committee is unnecessary and inappropriate. As such all Directors are active in monitoring and assessing the reliability of financial information and in determining policies relating to the basis of preparation of financial statements.

DIRECTORS' EMOLUMENTS

Directors are entitled to receive Directors' fees of \$60,000 p.a. to be shared amongst the Directors. Additional remuneration may be paid in accordance with the Company's constitution. The following are the Directors' remuneration received for the year ended 30 June 2002:

Director	Directors Fees
G.J. Wilson	\$10,000
M. J. Kidman	\$10,000
T. J. Hughes	\$20,000
R.S. Greenwood	\$20,000

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2002

Mr G.J. Wilson is a shareholder and sole Director, and Mr Kidman is an employee, of Wilson Asset Management (International) Pty Limited, which provides the Company with investment management services. In its capacity as manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% of the gross value of the portfolio per annum. Total management fees paid or provided for the year ended 30 June 2002 was \$414,336. In addition, at 30 June 2002, a performance fee of \$2,043,361 was due to Wilson Asset Management (International) Pty Limited. Details of this performance fee can be found in note 16(d) of the financial report. These amounts are in addition to the above Directors remuneration.

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

No other remuneration was received by the Directors of the Company.

DIRECTORS' BENEFITS

No Director since the end of the previous financial year has received or become entitled to receive a benefit (other than emoluments shown in the annual financial report or notes thereto) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

AFTER BALANCE DATE EVENTS

No matters have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS

The entity will continue to pursue its policy of investment during the next financial year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

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

M.J. KIDMAN, Director

Dated at Sydney this 27th day of September, 2002

WAM CAPITAL LIMITED

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DIRECTORS' DECLARATION

In the opinion of the Directors' of WAM Capital Limited:

1. The financial statements and notes, as set out on pages 10 to 24, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the Company as at 30 June 2002 and its performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

M.J. KIDMAN, Director

Dated at Sydney this 27th day of September, 2002

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

Scope

We have audited the financial report of WAM Capital Limited for the year ended 30 June, 2002 consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the Financial Statements and the Directors' Declaration set out on pages 10 to 25. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of WAM Capital Limited is in accordance with:

- (a) The Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's financial position as at 30 June, 2002 and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

S.M. Whiddett
Partner

Moore Stephens WI
14 Martin Place, Sydney

Dated: 27th September, 2002

WAM CAPITAL LIMITED

ABN: 34 086 587 395

ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS

Substantial shareholders

The following have advised that they have a relevant interest in the capital of WAM Capital Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial shareholders as at ex-date	No. of shares	% of total
Geoffrey Wilson & related entity	2,738,095 ordinary	7.65

On-market buy back

There is no current on-market buy back.

Distribution of shareholders (as at 1st September, 2002)

Category	No. of shareholders	
	Ordinary	Options
1 – 1,000	180	2
1,001 – 5,000	882	241
5,001 – 10,000	559	126
10,001 – 100,000	574	135
100,001 and over	35	17
	<hr/> 2,230	<hr/> 521

Number of ordinary holders holding less than a marketable parcel 41

Twenty largest shareholders - ordinary shares (as at 1st September, 2002)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Geoffrey Wilson	2 422 290	6.77
Namberry Way Pty Limited	1 400 000	3.91
Vilo Finance Pty Limited	1 400 000	3.91
Ego Pty Limited	1 343 758	3.75
VBS Investments Pty Limited	1 200 000	3.35
Marbear Holdings Pty Limited	840 300	2.35
Mrs Fay Martin-Weber	813 068	2.27
Commerce Capital Management Limited	550 000	1.54
Halcyon Pty Limited	350 000	0.98
Dynasty Peak Pty Limited	315 805	0.88
Mr Erich Gustav Brosell	288 944	0.81
Mrs Joanne Elizabeth Crothers	256 513	0.72
Golden Words Pty Limited	255 349	0.71
Mrs Roma Lilian Roberts	200 000	0.56
Mr Darren Mark Van Gemert	196 318	0.55
Maju Enterprises Pty Ltd <Rusbatch Super Fund A/C>	194 544	0.54
Mr Peter Michael Antaw	193 810	0.54
Irish Global Equity Limited	174 617	0.49
Mr Peter Vincent Liston	171 076	0.48
Trophy Components Pty Limited	160 803	0.45
	<hr/> 12 734 195	<hr/> 35.56%

WAM CAPITAL LIMITED

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ASX ADDITIONAL INFORMATION

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

SHAREHOLDINGS (continued)

Twenty largest option holders (as at 1st September, 2002)

Name	Number of options held	Percentage of capital held
Mr Geoffrey Wilson	963 883	8.70
Irish Global Equity Limited	962 907	8.69
Clodene Pty Limited	588 889	5.29
Golden Words Pty Limited	484 351	4.35
Dekanic & Associates Pty Limited <Dekanic Family A/C>	312 200	2.80
Delbant Pty Limited	262 000	2.35
Mr Erich Gustav Brosell	217 949	1.96
P R Perry Nominees Pty Limited <Famliy Acocunt>	202 800	1.82
Allison Valley Pty Limited	200 000	1.80
Chi-Kuang Jiang & Shu-Ying Teng <Famliy Account>	187 000	1.68
Trador Holdings Pty Ltd <Sargo Family Account>	150 000	1.35
Mr John Joseph Ryan	132 164	1.19
Invia Custodian <Sell Power Pty Ltd Super Fund A/C>	109 500	0.98
Ryan Constructions Pty Ltd <J Ryan Super Fund A/C>	105 856	0.95
Thomas James Storey & Elizabeth Kathleen Storey	101 300	0.91
Dennis John Banks <Banks Family Account>	100 000	0.90
Paul Douglas Butts	100 000	0.90
Josip & Carolina Dekanic	100 000	0.90
M & H Nominees Pty Limited	96 900	0.87
Mr Darren Mark Van Gemert	95 000	0.85
	5 472 699	48.70%

STOCK EXCHANGE LISTING

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

WAM CAPITAL LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the Shareholders of WAM CAPITAL LIMITED will be held on 27th November 2002, at 2.30pm at Lodge Room 2, Level 3, Sydney Masonic Centre, 279 Castlereagh Street, SYDNEY.

BUSINESS

Financial Report:

To receive, consider and adopt the financial report of the company for the year ended 30 June 2002, and the reports by the directors and the auditors thereon.

Dividends:

To declare final and special dividends on ordinary shares as recommended by directors.

Election of Directors:

Mr Timothy Hughes retires by rotation in accordance with the Company's Constitution and being eligible, offers himself for re-election.

General:

To transact any business which may be lawfully brought forward.

By Order and the board

M. Kidman
Secretary

27th September, 2002

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. The proxy need not be a member, but should be a natural person over the age of 18 years. Where there are two proxies appointed, each must be appointed to represent a specific proportion of the member's voting rights. Proxy forms must be lodged at the registered office or the facsimile number of the company not less than 48 hours before the timing of the meeting. A proxy form accompanies this notice of meeting.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395
Level 11, 131 Macquarie Street
Sydney NSW 2000
Tel: (02) 9247 6755 Fax: (02) 9247 6855

PROXY FORM

Registered Office: Level 11, 131 Macquarie Street Sydney NSW 2000

I/We

of

being a member/members of WAM CAPITAL LIMITED, hereby appoint

.....(First or sole proxy)

or failing him, the Chairman of the meeting, to attend and exercise.....%

and (see note 1)..... (Second proxy)

or failing him, the Chairman of the meeting, to attend and exercise.....%

of my/our voting rights for and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on 27th November 2002, at 2.30 p.m. and at any adjournment thereof.

Unless otherwise instructed the proxy will vote as he or she thinks fit, or abstain from voting should the member wish to direct the proxy how to vote, the following should be completed.

	First or sole proxy			Second proxy (if any)		
	For	Abstain	Against	For	Abstain	Against
1. Adoption of the Financial Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Declaration of final and special dividends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr Timothy Hughes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated thisday of, 2002

.....
Signature/s of Shareholder/s

Notes

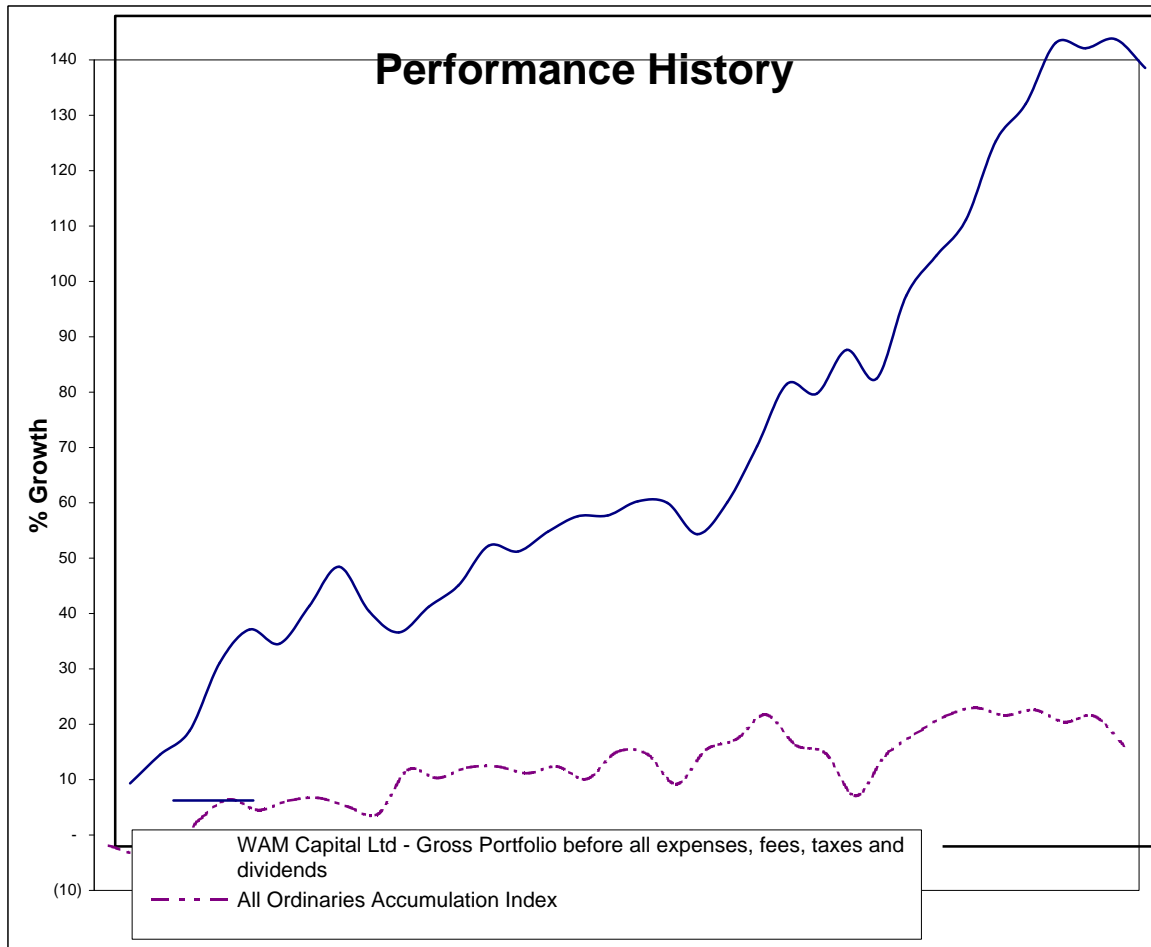
1. A member entitled to attend and vote may appoint a proxy, or if desired, two proxies, who need not be members of the Company. In the absence of a special choice as proxy, the Chairman of the Meeting may be nominated.
2. Joint shareholders must each sign; companies may either sign under seal or under the hand of an officer or attorney duly authorised; attorneys must supply a notice of non-revocation and, if not previously noted by the Company, exhibit power of attorney.
3. To be effective completed proxy forms must be received at the registered office of the Company not less than 48 hours before the time set for the holding of the meeting.

INVESTMENTS AT MARKET VALUE

	Quantity	Market Value \$		Quantity	Market Value \$
Corporate Debt			Retail		
Consolidated Min. 11.25% Conv.Note	450,000	360,000	A P Eagers Ltd	99,681	508,373
Mount Gibson 10% Conv. Note	800,000	240,000	Brazin Ltd	302,887	696,640
Noni B 10.5% Conv. Note	500,000	500,000	Colorado Group Ltd	264,435	811,815
Port Doug. 9% Unsec. Conv. Note	8,330,000	849,660	Housewares International Ltd	445,873	869,452
Reynolds Wines 9% Conv. Pref.	2,768,000	1,384,000			2,886,281
Timbercorp 9% Conv. Pref.	892,400	910,248			
Wide Bay Reset Conv. Pref. Share	2,880	288,000	Food & Drug Retailing		
Sydney Gas 12% Conv.Note	666,666	393,333	Metcash Trading Ltd	395,666	874,422
Gympie 8.5% Conv. Note	400,000	412,000			874,422
Kagara Zinc 9.75% Conv. Note	470,400	470,400			
		5,807,641	Food Beverage & Tobacco		
Property Domestic Listed			Burns Philp Ltd 7.5% Conv. Pref.	2,293,799	1,490,969
James Fielding Group Ltd	73,814	214,061	Burns Philp Ltd	(1,435,795)	(933,267)
		214,061	Greens Food Ltd	1,436,783	502,874
			McGuigan Simeon Wines Ltd	520,558	2,446,623
			Reynolds Wines Ltd	1,841,120	414,252
			Ridley Corporation Ltd	526,634	721,489
			Roberts Ltd	390,432	1,307,947
			Select Harvests Ltd	265,000	821,500
			Snack Foods Ltd	421,121	833,820
					7,606,207
Energy			Health Care Equipment & Services		
Amity Oil Ltd	466,316	335,748	DCA Group Ltd	291,755	574,757
		335,748	Foundation Healthcare Ltd	616,352	215,723
			Gribbles Group Ltd	643,776	424,892
			Healthscope Ltd	370,984	927,460
			Norwood Abbey Ltd	268,572	188,000
			Nova Health Ltd	936,721	843,049
			Q-Vis Ltd	1,750,696	253,851
					3,427,733
Materials			Pharmaceuticals & Biotechnology		
Brickworks Ltd	68,000	431,800	Medica Holdings Ltd	200,539	218,588
Dominion Mining Ltd	396,000	277,200			218,588
Great Southern Plantation Ltd	352,330	211,398			
Intec Ltd	800,000	112,000	Banks		
Normandy NFM Ltd	20,000	330,000	Homeloans Ltd	427,932	312,390
Perserverance Corporation Ltd	2,097,574	314,636			312,390
Perserverance Options	1,237,600	129,948	Diversified Financials		
Plaspak Group Ltd	908,479	1,135,599	Australian Stock Exchange Ltd	90,448	1,212,003
Selwyn Mining Ltd	723,304	433,982	Alliance Finance Corp. Ltd	360,000	180,000
		3,376,563	BT Aust. Equity Mgmt Ltd	197,388	124,354
			Credit Corp. Group Ltd	286,000	214,500
			CSX Capital Ltd	14,992,861	300,300
			Deakin Fin. Services Group Ltd	400,000	82,000
			The Intern. Wine Fund Ltd	352,000	827,200
			Loftus Capital Partners Ltd	1,374,245	783,320
			Pacific Strategic Inv. Ltd	4,555,546	1,138,887
			SME Growth Ltd	167,213	58,525
			Wilson Taurine Invest. Fund Ltd	301,147	355,353
					5,276,442
			Insurance		
			OAMPS Ltd	369,159	1,107,477
					1,107,477
			Software & Services		
			Commsoft Group Ltd	11,045,728	66,274
			Innovonics Ltd	762,000	163,830
			Melbourne IT Ltd	395,949	162,339
					392,443
			Technology Hardware & Equipment		
			Lighting Corp Ltd	194,374	145,781
					145,781
					39,011,046

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395



WAM Capital Limited's Gross Portfolio has added value over the last 3 years

	Gross Portfolio	All Ords. Accumulation Index	Outperformance
1999/2000	33.3%	11.3%	22.0%
2000/2001	30.2%	8.9%	21.3%
2001/2002	32.7%	-4.5%	37.2%

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	Notes	June 2002 \$	June 2001 \$
Sale of Investments		75,808,137	54,391,976
Cost of Investments Sold		<u>(68,313,659)</u>	<u>(50,818,001)</u>
Gross profit		7,494,478	3,573,975
Unrealised gain on investments		1,060,926	2,783,029
Other revenue from ordinary activities	2	2,134,050	1,744,387
Performance fee		(2,043,361)	(1,026,962)
Management fee		(414,336)	(296,826)
Directors fees	16(a)	(60,000)	(60,000)
Other expenses from ordinary activities		<u>(253,288)</u>	<u>(151,416)</u>
Profit from ordinary activities before related income tax expense		7,918,469	6,566,187
Income tax expense relating to ordinary activities	3 (a)	<u>(2,018,800)</u>	<u>(1,832,899)</u>
Profit from ordinary activities after related income tax expense		5,899,669	4,733,288
Changes in Equity other than those Resulting from Transactions with Owners as Owners			
Amount transferred to unrealised capital profits reserve	9	<u>(1,024,925)</u>	<u>(1,948,120)</u>
Total Changes in Equity other than those Resulting from Transactions with Owners as Owners	10	<u>4,874,744</u>	<u>2,785,168</u>
Basic earnings per share	12(a)	0.21	0.21
Diluted earnings per share	12(b)	0.18	0.21
Dividends per share	7	0.12	0.14

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2002

	Notes	June 2002 \$	June 2001 \$
ASSETS			
Cash assets	11 (a)	13,311,283	6,849,868
Receivables	4	982,469	2,063,996
Investments	5	39,011,046	24,157,204
Tax Assets	3 (b)	179,217	95,195
TOTAL ASSETS		<u>53,484,015</u>	<u>33,166,263</u>
LIABILITIES			
Payables	6	4,020,242	2,510,528
Provision	7	2,858,346	2,516,261
Current tax liabilities	3 (c)	1,709,407	745,799
Deferred tax liabilities	3 (d)	1,883,004	1,495,682
TOTAL LIABILITIES		<u>10,470,999</u>	<u>7,268,270</u>
NET ASSETS		<u>43,013,016</u>	<u>25,897,993</u>
EQUITY			
Contributed Equity	8	37,799,704	22,347,346
Reserve	9	3,608,818	2,583,893
Retained Profits	10	1,604,494	966,754
TOTAL EQUITY		<u>43,013,016</u>	<u>25,897,993</u>

WAM CAPITAL LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2002

	Notes	June 2002 \$	June 2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends Received		1,784,841	1,302,898
Interest Received		209,452	346,900
Other Investment Income Received		320,912	108,173
Investment Management Fees		(405,831)	(298,499)
Investment Performance Fees		(1,026,962)	(924,360)
Payments for Administration Expenses		(316,831)	(197,555)
Income Tax Paid	3 (c)	132,953	169,236
NET CASH PROVIDED BY OPERATING ACTIVITIES	11 (b)	698,534	506,793
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Investments		76,308,509	53,241,549
Payments for Purchase of Investments		(81,301,711)	(57,191,697)
Income tax paid	3 (c)	(801,357)	(1,599,644)
NET CASH USED IN INVESTING ACTIVITIES		(5,794,559)	(5,549,792)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends Paid		(2,281,996)	(1,627,934)
Options Exercised		13,839,436	12,650
NET CASH USED IN FINANCING ACTIVITIES		11,557,440	(1,615,284)
NET INCREASE (DECREASE) IN CASH HELD		6,461,415	(6,658,283)
CASH AT 1 JULY 2001		6,849,868	13,508,151
CASH AT 30 JUNE 2002	11 (a)	13,311,283	6,849,868

The Statement of Financial Performance should be read in conjunction with the Notes to the Financial Statements which follow.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year. The Directors revalue investments on a monthly basis. Apart from this policy, the accounts have been prepared on the basis of historical costs.

(b) Investments

i) Classification

Investments consist of shares in publicly listed and unlisted companies and investments in fixed interest securities.

Investments are akin to inventory and are readily marketable. Consequently the directors have adopted a liquidity method of classifying listed investments.

ii) Valuation

Shareholdings in listed companies are brought to account at market value including the potential tax charges that may arise from the future sale of the investments.

Market values are calculated as the closing price traded on the balance date. If there have been no trades on the balance date, then the shares are valued at the last sale price.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at current market value, rather than historical cost.

iii) Unrealised Gains and Losses

Unrealised gains and losses are included in operating profit for the year and are transferred to an unrealised profits and losses reserve, net of the potential tax charges that may arise from the future sale of the investments.

iv) Dividend income

Dividend income is recognised in the profit and loss statement on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

v) Interest income

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(c) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on operating profit 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 provisions for deferred income tax or as an asset described as current tax assets at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Current tax assets are not brought to account unless realisation of the asset is assured beyond 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 to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Cash

For the purpose of the statement of cash flows, cash includes cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months.

(e) Receivables

Trade debtors to be settled within 60 days are carried at amounts due.

(f) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(g) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
2. OTHER REVENUE FROM ORDINARY		
Dividends Received	1,602,638	1,283,312
Interest Received	209,452	346,900
Underwriting Fees Received	254,450	53,048
Trust Distributions Received	50,385	61,127
Stock Lending Rebate Received	17,125	-
	<u>2,134,050</u>	<u>1,744,387</u>
3. TAXATION		
The prima face tax on profit from ordinary activities before income tax is reconciled to the income tax accounts as follows:		
(a) Income Tax Expense		
Prima facie income tax before income tax expense is calculated at 30% of operating profit; (2001: 34%)		
	2,375,540	2,232,504
Increase / (Decrease) in income tax expense due to:		
Rebatable dividend income	(364,487)	(208,220)
Sundry items	7,747	(11,394)
Restatement of deferred tax due to changes in company tax rate (from 34% to 30%)		
	-	(179,991)
	<u>2,018,800</u>	<u>1,832,899</u>
Total income tax expense results in a:		
Movement in Current Income Tax Provision	1,632,011	1,176,216
Movement in Deferred Income Tax Provision	387,322	655,910
Movement in Future Income Tax Provision	(533)	773
	<u>2,018,800</u>	<u>1,832,899</u>

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
3. TAXATION (continued)		
(b) Current Tax Assets		
Estimated expense at expected future income tax rate of 30% on expense provisions currently not deductible	1,800	1,267
Goods and Services Tax Receivable	177,417	93,928
	<u>179,217</u>	<u>95,195</u>
(c) Provision for Current Income Tax Expense		
Movements in the year were as follows:		
Opening Balance	745,799	999,990
Adjustment for prior year	-	334,690
Current year income tax expense on operating profit	1,632,011	841,527
Income tax paid:		
- operating activities	132,953	169,236
- investing activities	(801,356)	(1,599,644)
	<u>1,709,407</u>	<u>745,799</u>
(d) Provision for Deferred Income Tax		
Provision for deferred income tax comprises the estimated expense at the future income tax rate of 30%.	<u>1,883,004</u>	<u>1,495,682</u>
4. RECEIVABLES		
Outstanding Share Disposals	813,485	1,713,857
Investment Income Receivable	168,984	350,139
	<u>982,469</u>	<u>2,063,996</u>
5. INVESTMENTS		
Listed Investment Portfolio - at Market Value	<u>39,011,046</u>	<u>24,157,204</u>
The market values of individual investments are disclosed on page 3.		

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
6. PAYABLES		
Outstanding Share Acquisitions	1,756,774	1,352,778
Other Payables	2,263,468	1,157,750
	<u>4,020,242</u>	<u>2,510,528</u>

7. DIVIDENDS

Provision for dividends

Dividends paid or proposed by the Company are:

\$	<u>2,858,346</u>	\$	<u>2,516,261</u>
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	Cents Per Share	Total amount \$	Date of payment	Tax Rate for Franking credit	Percentage franked
2002					
Interim - ordinary	4	1,378,658	19th Apr 2002	30%	100%
Final - ordinary	4	1,429,173	7th November 2002	30%	100%
Final - special	4	1,429,173	7th November 2002	30%	100%
Total franked amount	<u>12</u>	<u>4,237,004</u>			
2001					
Interim - ordinary	3	676,073	2nd April 2001	34%	100%
Final - ordinary	3	686,253	2nd November 2001	30%	100%
Final - special	8	1,830,008	2nd November 2001	30%	100%
Total franked amount	<u>14</u>	<u>3,192,334</u>			

Dividend Franking Account

Balance of franking account at 30% adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements and on the receipt of dividends recognised as receivable, and after deducting franking credits to be used in the payment of the above dividends

<u>822,135</u>	<u>122,229</u>
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The ability to utilise the franking credits is dependent upon there being sufficient available profits to pay dividends.

The balance of the franking account does not include the franking credits of \$4,393,676 at 30% (2001: \$3,489,925 at 30%) which relates to the tax to be paid on unrealised investment gains currently recognised as a deferred income tax liability.

WAM CAPITAL LIMITED
A.B.N. 34 086 587 395
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
8. CONTRIBUTED EQUITY		
Issued and Paid-up Capital		
35,666,608 ordinary shares fully paid (2001: 22,875,184)	<u>37,799,704</u>	<u>22,347,346</u>
Movement in Ordinary Share Capital	15,452,358	1,216,987
(a) At the beginning of the reporting period	22,347,346	21,130,359
- 11,500 ordinary shares issues from the exercise of options at an exercise price of \$1.10 per share	-	12,650
- 11,532,863 ordinary shares issues from the exercise of options at an exercise price of \$1.20 per share	13,839,436	-
- 974,973 ordinary shares issued on 30/10/00 under a dividend reinvestment plan	-	893,962
- 338,229 ordinary shares issued on 2/4/01 under a dividend reinvestment plan	-	310,375
- 949,270 ordinary shares issued on 2/11/01 under a dividend reinvestment plan	1,163,780	-
- 309,291 ordinary shares issued on 19/04/02 under a dividend reinvestment plan	449,142	-
At reporting date	<u>37,799,704</u>	<u>22,347,346</u>

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

WAM CAPITAL LIMITED

A.B.N. 34 086 587 395

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
9. RESERVE		
Unrealised Capital Profits Reserve		
Balance at the beginning of the financial year	2,583,893	635,773
Transfer from statement of financial performance	1,024,925	1,948,120
Balance at the end of the financial year	<u>3,608,818</u>	<u>2,583,893</u>

The nature and purpose of this reserve is outlined at Note 1 (b) (iii).

10. RETAINED EARNINGS

Retained earnings at the beginning of the year	966,754	1,373,921
Total change in equity recognised in the statement of financial performance	4,874,744	2,785,168
Dividends paid or proposed (refer Note 7)	(4,237,004)	(3,192,335)
	<u>1,604,494</u>	<u>966,754</u>

11. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits at call and fixed interest securities with maturity within three months. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on Hand	1	1
Cash at Bank	920,074	1,928
Cash Management Account	1,995,787	1,005,198
Money on Deposit with Lender	889,475	-
Fixed Interest Securities	9,505,946	5,842,741
	<u>13,311,283</u>	<u>6,849,868</u>

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
11. NOTES TO THE STATEMENT OF CASH FLOWS (continued)		
(b) Reconciliation of Operating Profit after Income tax		
Operating Profit After Income Tax	5,907,416	4,733,288
Add/(less) items classified as investing/financing activities:		
Profit on Sale of Investments	(7,494,478)	(3,573,975)
Income tax on sale of investments	801,357	1,599,644
Add/(less) non cash items:		
Unrealised Profits on Investments	(1,060,926)	(2,783,029)
Net cash provided by Operating activities before changes in assets and liabilities:		
Decrease/(Increase) in Receivables	181,155	13,584
Decrease/(Increase) in Tax Assets	(533)	773
Increase/(decrease) in Deferred Tax Liability	387,322	655,910
Increase/(decrease) in Payables	1,021,361	114,789
Increase/(decrease) in Current Tax Liability	955,860	(254,191)
Net cash provided by Operating activities	<u>698,534</u>	<u>506,793</u>
12. EARNINGS PER SHARE		
Basic earnings per share	<u>0.21</u>	<u>0.21</u>
Diluted earnings per share	<u>0.18</u>	<u>0.21</u>
(a) Net Profit after Tax used in the calculation of basic earnings per share:	5,899,669	4,733,288
Add: notional option earnings:	247,380	-
Net Profit after Tax used in the calculation of diluted earnings per share:	<u>6,147,049</u>	<u>4,733,288</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	28,524,149	22,296,167
Weighted average number of options outstanding:	5,890,001	-
Weighted average number of shares outstanding during the year used in the calculation of diluted earnings per share:	<u>34,414,150</u>	<u>22,296,167</u>

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

13 . ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

(a) Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Weighted Average Interest Rate	Floating Interest Rate	Non Interest Bearing	Total
2002				
Financial Assets				
Cash Assets	4.42%	13,311,283	-	13,311,283
Receivables		-	1,159,886	1,159,886
Investments		-	39,011,046	39,011,046
		<u>13,311,283</u>	<u>40,170,932</u>	<u>53,482,215</u>
Financial				
Payables		-	4,020,242	4,020,242
Provisions		-	2,858,346	2,858,346
		<u>-</u>	<u>6,878,588</u>	<u>6,878,588</u>
2001				
Financial Assets				
Cash Assets	4.89%	6,849,868	1	6,849,869
Receivables		-	2,157,924	2,157,924
Investments		-	24,157,204	24,157,204
		<u>6,849,868</u>	<u>26,315,129</u>	<u>33,164,997</u>
Financial				
Payables		-	2,510,528	2,510,528
Provisions		-	2,516,261	2,516,261
		<u>-</u>	<u>5,026,789</u>	<u>5,026,789</u>

(b) Credit Risk Exposure

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

The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

(c) Net Fair Values

The carrying amounts of financial instruments on the Statement of Financial Position approximate their net fair values.

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	June 2002 \$	June 2001 \$
14. AUDITORS REMUNERATION		
Remuneration of the auditor of the entity for:		
Auditing or reviewing the financial report	12,579	3,933
Other services provided by related parties of the auditor:		
Portfolio management / account preparation	38,295	34,388
Share Registry Services	25,449	11,755
	<u>76,323</u>	<u>50,076</u>

15. SEGMENT REPORTING

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

16. RELATED PARTY DISCLOSURE

(a) Directors' Remuneration

The number of directors of the Company whose income from the company or any related party falls within the following bands

\$0 - \$10,000	2	2
\$10,001 - \$20,000	2	2

Total remuneration consisting of income paid or payable, or otherwise made available to the Directors of the Company in connection with the management of the company.

\$	<u>60,000</u>	\$	<u>60,000</u>
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(b) Directors

The names of directors who have held office during the financial year are:

- Geoffrey J Wilson
- Matthew J Kidman
- Ross S Greenwood
- Timothy J Hughes

(c) Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interest in the Company:

Ordinary shares	2,976,795	2,642,700
Options over ordinary shares	<u>1,058,290</u>	<u>-</u>

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

WAM CAPITAL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

16. RELATED PARTY DISCLOSURE (continued)

(d) Director Related Entities

Geoffrey Wilson is the sole director and beneficial owner of Wilson Asset Management (International) Pty Limited, the entity appointed to manage the investment portfolio of WAM Capital Limited. Matthew Kidman is an employee of Wilson Asset Management (International) Pty Limited. In its capacity as manager, Wilson Asset Management (International) Pty Limited was paid a management fee of 1% of gross assets per annum, of \$414,336 (2001: \$296,826). In addition, Wilson Asset Management International Pty Limited is to be paid, annually in arrears, a performance fee being 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 is payable in respect of any performance period where the Portfolio has decreased in Value over that period.

As at 30 June 2002, the performance fee due to Wilson Asset Management (International) Pty Limited totaled \$2,043,361 (2001: \$1,026,962).

17. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 1,979. Each contract note would involve multiple transactions. The total brokerage paid on these contract notes was \$455,462.