

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL AUGUST 2006 INVESTMENT UPDATE & NTA

Since inception in August 1999 WAM Capital Ltd (WAM) has outperformed the overall sharemarket. WAM's portfolio (before all fees, costs, taxes and dividend) has increased by 388.6% compared to a 127.2% increase in the All Ordinaries Accumulation Index.

- In August WAM's gross portfolio (before all fees, costs and taxes) increased by 3.44%, while the All Ordinaries Accumulation Index rose by 3.18%.
- The gross portfolio has increased 3.88% for the 2 months to 31 August 2006.
- The NTA before tax was 172.79 cents a share, as at 31 August 2006.
- The NTA after tax was 161.34 cents a share, as at 31 August 2006.

The above figures are before the payment of a final dividend of 7.0 cents a share fully franked, payable on the 27 October 2006.

WAM is an investment company whose mission is to provide superior returns to its investors over the medium to long term. WAM is managed by Wilson Asset Management (International) Pty Limited.

MARKET OUTLOOK

The Australian sharemarket continues to be volatile. While August was a strong month on the back of a solid profit reporting season, investor nervousness has returned in September. Around the world investors are uncertain about the global growth outlook. This uncertainty has resulted in a sell off in resource stocks. Given this environment, we remain cautious in the short term.

DIVIDEND

The final dividend of 7.0 cents a share fully franked, will bring the full year dividend to 14.0 cents a share. The shares will trade ex dividend on 16 October 2006 with payment on 27 October 2006.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 August 2006, listed securities made up approximately 79% of the portfolio, while fixed interest and cash made up the remaining 21%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, and are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

At 31 August 2006 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
Babcock and Brown Ltd (BNB)	1,407,000
Bank of Queensland Reset Prefs (BOQPB)	1,725,360
Bendigo Bank Ltd (BEN)	1,164,891
Contango Microcap Ltd (CTN)	2,032,948
Credit Corp Group Ltd (CCP)	6,528,370
Customers Ltd (CUS)	1,177,165
DWS Adanced Business Solutions Ltd (DWS)	1,323,700
Gropep Ltd (GRO)	1,012,792
Incremental Petroleum Ltd (IPM)	2,795,625
Jumbuck Entertainment Ltd (JMB)	1,117,256
Linq Resources Fund (LRF)	2,138,261
Loftus Capital Partners Ltd (LCP)	1,988,102
Ludowici Ltd (LDW)	1,246,756
Mariner Financial Ltd (MFI)	1,352,400
McMillan Shakespeare Ltd (MMS)	2,872,733
Melbourne IT Ltd (MLB)	2,287,171
Mortgage Choice Ltd (MOC)	1,222,230
Multimedia Ltd (MUL)	1,294,753
Oakton Ltd (OKN)	1,900,781
Oamps Ltd (OMP)	2,058,588
OFM Investment Group Ltd (OFM)	1,232,649
Petsec Energy Ltd (PSA)	1,742,300
Photon Group Ltd (PGA)	2,716,153
Pro Medicus Ltd (PME)	1,080,342
Rebel Sport Ltd (REB)	1,403,184
Reckon Ltd (RKN)	3,629,407
Reef Casino Trust (RCT)	1,265,675
Reverse Corp Ltd (REF)	1,039,110
Select Harvests Ltd (SHV)	3,164,769
Service Stream Ltd (STR)	1,032,524
SMS Management & Technology Ltd (SMX)	1,088,115
Tassal Group Ltd (TGR)	2,989,654
The Reject Shop Ltd (TRS)	1,109,864
Tower Ltd (TWR)	4,402,410
Webjet Ltd (WEB)	1,705,581
Wentworth Mutual Ltd (WWM)	2,133,089

NTA before tax	172.79c
NTA after tax and before tax on unrealised gains	172.13c
NTA after tax	161.34c

The above figures are before the payment of a final dividend of 7.0 cents a share fully franked, payable on the 27 October 2006.

For further information please contact:

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PERFORMANCE TABLE

	Aug 99	Sep 99	Oct 99	Nov 99	Dec 99	Jan 00
Gross Portfolio *	+1.4%	+5.1%	+4.1%	+11.0%	+4.9%	-2.0%
All Ordinaries Accum.	-1.9%	-1.7%	+0.5%	+5.9%	+3.7%	-1.8%
	Feb 00	Mar 00	Apr 00	May 00	Jun 00	Jul 00
Gross Portfolio *	+5.4%	+5.3%	-5.7%	-2.9%	+3.6%	+2.9%
All Ordinaries Accum.	+1.6%	+0.5%	-1.5%	-1.3%	+7.7%	-1.3%
	Aug 00	Sep 00	Oct 00	Nov 00	Dec 00	Jan 01
Gross Portfolio *	+5.2%	-0.7%	+2.5%	+1.9%	+0.1%	+1.7%
All Ordinaries Accum.	+1.7%	+0.2%	-1.1%	+1.1%	-2.0%	+4.4%
	Feb 01	Mar 01	Apr 01	May 01	Jun 01	July 01
Gross Portfolio *	-0.2%	- 3.7%	+3.9%	+6.7%	+6.9%	-1.0%
All Ordinaries Accum.	-0.2%	- 4.8%	+5.7%	+1.6%	+3.8%	-4.5%
	Aug 01	Sep 01	Oct 01	Nov 01	Dec 01	Jan 02
Gross Portfolio *	+4.6%	-2.9%	+8.6%	+3.8%	+3.3%	+7.0%
All Ordinaries Accum.	-1.3%	-6.7%	+6.8%	+3.4%	+2.7%	+1.3%
	Feb 02	Mar 02	Apr 02	May 02	Jun 02	Jul 02
Gross Portfolio *	+3.1%	+4.9%	-0.4%	+0.7%	-2.2%	-3.0%
All Ordinaries Accum.	-1.1%	+0.8%	-1.8%	+0.9%	-4.4%	-4.1%
	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03
Gross Portfolio *	+3.9%	-1.1%	+1.1%	+1.6%	+1.5%	+1.3%
All Ordinaries Accum.	+1.8%	-4.1%	+2.6%	+1.5%	-1.5%	-1.3%
	Feb 03	Mar 03	Apr 03	May 03	Jun 03	Jul 03
Gross Portfolio *	-1.7%	-0.4%	+3.8%	+1.5%	+3.5%	+3.6%
All Ordinaries Accum.	-5.1%	+3.4%	+4.4%	+0.5%	+1.3%	+3.6%
	Aug 03	Sept 03	Oct 03	Nov 03	Dec 03	Jan 04
Gross Portfolio *	+5.2%	+3.7%	+5.4%	-0.7%	+3.6%	+2.5%
All Ordinaries Accum.	+3.5%	-0.1%	+3.5%	-2.1%	+3.7%	-0.7%
	Feb 04	Mar 04	Apr 04	May 04	Jun 04	Jul 04
Gross Portfolio *	+2.7%	+0.1%	-1.3%	-0.8%	+1.0%	+2.4%
All Ordinaries Accum.	+3.1%	+2.0%	-0.1%	+1.6%	+2.7%	+0.6%
	Aug 04	Sep 04	Oct 04	Nov 04	Dec 04	Jan 05
Gross Portfolio *	+1.2%	+2.5%	+2.9%	+3.3%	+0.7%	+2.7%
All Ordinaries Accum.	+1.1%	+3.8%	+3.1%	+4.6%	+3.0%	+1.3%
	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05
Gross Portfolio *	-0.2%	-0.8%	-4.2%	+0.0%	+2.8%	+2.2%
All Ordinaries Accum.	+1.8%	-0.7%	-3.8%	+3.4%	+4.5%	+2.8%
	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06
Gross Portfolio *	+4.0%	+2.7%	+0.1%	+3.1%	+0.8%	+1.6%
All Ordinaries Accum.	+2.2%	+4.8%	-3.8%	+4.4%	+3.0%	+3.7%
	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
Gross Portfolio *	+4.9%	+5.3%	+2.1%	-2.3%	+0.5%	+0.4%
All Ordinaries Accum.	+0.7%	+4.8%	+2.4%	-4.3%	+1.9%	-1.5%
	Aug 06					Since Inception
Gross Portfolio *	+3.4%					+388.6%
All Ordinaries Accum.	+3.2%					+127.2%

*The change in the portfolio before all expenses, fees and taxes.