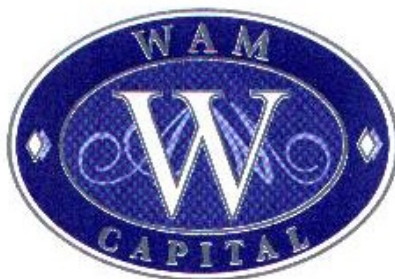


WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL DECEMBER 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 475.1% compared to a 156.0% increase in the All Ordinaries Accumulation Index.

- In December WAM's gross portfolio (before all fees, costs and taxes) increased by 6.11%, while the All Ordinaries Accumulation Index rose by 3.62%.
- The gross portfolio has increased 22.3% for the 6 months to 31 December 2006.
- The NTA before tax was 192.67** cents a share, as at 31 December 2006.
- The NTA after tax was 174.44* cents a share, as at 31 December 2006.

* Undiluted for options

** This is after the payment of \$1,183,015 (1.73 cents a share) in tax.

The above figures are after the payment of a final dividend of 7.0 cents a share fully franked, paid 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 run into the New Year was strong with the All Ordinaries Accumulation index rising more than 3% for the month. Since the bull market began in March 2003 the Australian sharemarket has risen by nearly 140%. This remarkable rise has been brought about by a combination of above average earnings growth and the expansion of price earnings multiples (PE's). The expansion in PE's means investors are prepared to take on greater risk. If, however, the upcoming profit reporting season [February] is stronger than expected then the risk of high PE's will be mitigated. We remain cautiously optimistic.

DIVIDEND

The final dividend of 7.0 cents a share fully franked was paid on the 27 October 2006. This brought the 2006 full year dividend to 14.0 cents a share.

OPTIONS ISSUE

On 24th October 2006, the Directors of WAM Capital Limited announced a 1 for 1 bonus issue of options to its shareholders. The options were allotted to shareholders on 1st December 2006 and

have been issued at no cost to shareholders. The options have an exercise price of \$1.80 per option and can be exercised any time up until the expiry date of 17 December 2007.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 December 2006, listed securities made up approximately 91% of the portfolio, while fixed interest and cash made up the remaining 9%. 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 December 2006 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
Bank of Queensland Reset Prefs (BOQPB)	1,659,000
Clime Investment Ltd (CIW)	2,272,117
Coffey International Ltd (COF)	2,268,370
Contango Microcap Ltd (CTN)	2,264,469
Credit Corp Group Ltd (CCP)	6,742,122
DWS Adanced Business Solutions Ltd (DWS)	1,375,924
Energy Resource of Australia Ltd (ERA)	2,184,000
(John) Fairfax Holdings Ltd (FXJ)	2,113,125
Henderson Group Plc (HGI)	2,252,460
Incremental Petroleum Ltd (IPM)	1,842,932
IWL Ltd (IWL)	1,805,373
Mariner Bridge Investments Ltd (MBR)	4,368,000
Mariner Financial Ltd (MFI)	1,443,360
McMillan Shakespeare Ltd (MMS)	2,843,568
Melbourne IT Ltd (MLB)	2,853,268
NewSat Ltd (NWT)	1,799,894
Oakton Ltd (OKN)	1,583,590
Oxiana Ltd (OXR)	1,775,200
Photon Group Ltd (PGA)	3,932,425
Rattoon Holdings Ltd (RTN)	3,032,195
Rebel Sport Ltd (REB)	2,335,316
Reckon Ltd (RKN)	4,332,920
Reverse Corp Ltd (REF)	3,289,880
SAI Global Ltd (SAI)	1,347,500
Select Harvests Ltd (SHV)	3,567,549
Tassal Group Ltd (TGR)	2,119,473
Timbercorp Ltd (TIM)	2,415,000
Tower Australia Ltd (TAL)	1,765,544
Wentworth Mutual Ltd (WWM)	1,608,788
NTA before tax	192.67c**
NTA after tax and before tax on unrealised gains	188.78c *
NTA after tax	174.44c*

* Undiluted for options

** This is after the payment of \$1,183,015 (1.73 cents a share) in tax.

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

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	Sep 06	Oct 06	Nov 06	Dec 06	Since Inception
Gross Portfolio *	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+475.1%
All Ordinaries Accum.	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+156.0%

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