

WAM CAPITAL LIMITED

(ACN 086 587 395)



WAM CAPITAL MAY 2007 **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 555.8% compared to a 191.5% increase in the All Ordinaries Accumulation Index.

- In May WAM's gross portfolio (before all fees, costs and taxes) increased by 4.68%, while the All Ordinaries Accumulation Index rose by 3.19%.
- The gross portfolio has increased 40.1% for the 12 months to 31 May 2007.
- The gross portfolio has increased 39.4% for the 11 months to 31 May 2007.
- The NTA before tax was 201.51* cents a share, as at 31 May 2007.
- The NTA after tax was 184.14* cents a share, as at 31 May 2007.

* The above figures are after the payment of an interim dividend of 8.0 cents a share fully franked, paid on the 27 April 2007. The above figures are also undiluted for unexercised options but after the exercise of 83,927 options at \$1.80 each during the month.

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

In what has become the norm rather than the exception in this bull market, the All Ordinaries Accumulation Index rose by more than 3% last month. The market strength in recent months has come from the Resources sector. Investors have become increasingly comfortable in the resources boom continuing for several years to come. We remain extremely cautious with valuations becoming stretched.

DIVIDEND

The interim dividend of 8.0 cents a share fully franked was paid on the 27 April 2007.

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.

As at the 8th June, 17,817,546 options have been exercised for a total consideration of \$31,071,583 with a remaining balance of outstanding options being 50,393,225.

PORTFOLIO STRUCTURE & STRATEGY

As at 31 May 2007, listed securities made up approximately 80.7% of the portfolio, while fixed interest and cash made up the remaining 19.3%. We continue to focus on companies with strong earnings per share growth, trading on attractive earnings multiples, are well positioned in growth industries and have proven management. We continue to research heavily to find companies that meet this profile.

At 31 May 2007 the major securities held in the portfolio were:

COMPANY	MARKET VALUE \$
ABC Learning Centres Ltd (ABS)	1,447,314
AJ Lucas Group Ltd (AJL)	1,968,129
Antares Energy Ltd (AZZ)	1,496,980
Antares Energy Ltd Unsec Conv Notes (AZZG)	1,372,000
Bank of Queensland Reset Prefs (BOQPB)	1,660,659
Chandler MacLeod Ltd (CHD)	1,382,311
Clime Investment Ltd (CIW)	2,962,072
Coffey International Ltd (COF)	3,166,246
Credit Corp Group Ltd (CCP)	7,741,502
Gosford Quarry Ltd (GOH)	1,316,355
Harvey Norman Holdings Ltd (HVN)	1,673,070
Henderson Group Plc (HGI)	4,089,720
HFA Holdings Ltd (HFA)	2,450,106
IWL Ltd (IWL)	2,689,534
Jabiru Metals Ltd (JML)	1,402,754
Lihir Gold Ltd (LHG)	1,690,200
Linq Resources Fund (LRF)	1,611,858
Ludowici Ltd (LDW)	1,724,783
Macmahon Holdings Ltd (MAH)	1,548,000
Macquarie Prologis Trust (MPR)	2,277,620
Mariner Bridge Investments Ltd (MBR)	2,487,805
Mariner Financial Ltd (MFI)	1,869,600
McMillan Shakespeare Ltd (MMS)	4,123,459
Melbourne IT Ltd (MLB)	4,386,978
MMC Contrarian Ltd (MMA)	3,241,759
Nomad Building Solutions Ltd (NOD)	2,250,960
Photon Group Ltd (PGA)	4,031,997
Ratton Holdings Ltd (RTN)	4,176,331
Reckon Ltd (RKN)	4,966,572
Reverse Corp Ltd (REF)	4,175,435
Service Stream Ltd (SSM)	2,759,290
Seven Network Ltd (SEV)	4,534,600
Sylvania Resources Limited (SLV)	2,494,000
Tassal Group Ltd (TGR)	2,188,160
Tox Free Solutions Ltd (TOX)	1,639,440
Watpac Ltd (WTP)	2,325,110
Wotif.com Holdings Ltd (WTF)	1,970,486
NTA before tax	201.51c*
NTA after tax and before tax on unrealised gains	197.27c*
NTA after tax	184.14c*

* The above figures are after the payment of an interim dividend of 8.0 cents a share fully franked, paid on the 27 April 2007. The above figures are also undiluted for unexercised options but after the exercise of 83,927 options at \$1.80 each during the month.

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	Jan 07
Gross Portfolio *	+3.4%	+2.4%	+4.7%	+3.6%	+6.1%	+3.8%
All Ordinaries Accum.	+3.2%	+1.3%	+4.8%	+2.5%	+3.6%	+2.0%
	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Since Inception
Gross Portfolio *	+0.4%	+1.9%	+2.6%	+4.7%		+555.8%
All Ordinaries Accum.	+1.6%	+3.3%	+3.0%	+3.2%		+191.5%

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