1 February 2012

WAM CAPITAL LIMITED (WAM)
ABN 34 086 587 395
MEDIA RELEASE
RESULTS FOR HALF YEAR TO 31 DECEMBER 2011

"10% INCREASE IN FULLY FRANKED DIVIDEND"

Key Highlights

- A 10% increase in the interim fully franked dividend to 5.5 cents per share. This represents an annualised fully franked dividend yield of 7.2% based on the 31 January 2012 closing price.
- The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 7.4% for the 6 months to 31 December 2011.
- This outperformance was achieved with an average equity weighting of 55% over the last 6 months.

The strong performance of the investment portfolio against the S&P/ASX All Ordinaries Accumulation Index is set out in the table below. The performance relates to investments only and does not take into account expenses and taxes.

Performance as at 31 December 2011	**6 Mths %**	**1 Yr %**	**3 Yrs %pa**	**5 Yrs %pa**	**10 Yrs %pa**	**Since Inception (Aug-99) %pa**
WAM Capital Limited	-2.2%	-1.3%	+20.0%	+5.6%	+14.3%	+17.7%
S&P/ASX All Ordinaries Accumulation Index	-9.6%	-11.4%	+8.5%	-2.1%	+6.3%	+6.9%
Outperformance	**+7.4%**	**+10.1%**	**+11.5%**	**+7.7%**	**+8.0%**	**+10.8%**

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WAM CAPITAL LIMITED

WAM Capital Limited (WAM Capital) today announced an operating loss before tax for the 6 months to 31 December 2011 of $5.2 million, and an operating loss after tax of $2.6 million. The dividend and interest revenue received was in line with the prior period. The resulting loss is mainly due to the reduction in the value of WAM Capital's listed investments over the period. The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 7.4% for the 6 months to 31 December 2011. During that period, WAM Capital's portfolio declined 2.2% while the S&P/ASX All Ordinaries Accumulation Index fell by 9.6%.

The Board's policy of paying a growing stream of fully franked dividends when possible was continued with an interim fully franked dividend of 5.5 cents per share having been declared by the Board. This is a 10% increase on the prior year's interim dividend. The dividend reinvestment plan will be operating at a 2.5% discount.

"It is pleasing in this difficult time that we can provide our investors with an increased fully franked dividend," said Geoff Wilson, Chairman of WAM Capital.

Small and mid cap value stocks will always provide significant opportunities. WAM Capital's investment philosophy is to invest predominately in industrial companies with an emphasis on stocks that exhibit strong earnings growth, are under researched and mispriced, a situation that has preponderance in the small to medium end of the market as measured by market capitalisation.

"The current challenging environment is presenting some exceptional opportunities both in our Research Driven and Market Driven strategies. We are extremely well positioned to take advantage of these as they present themselves," said Geoff Wilson, Chairman of WAM Capital.

Dividends

A fully franked interim dividend of 5.5 cents per share has been declared by the Board and will be paid on 23 March 2012. The shares will trade ex dividend on 9 March 2012. This is a 10% increase on the prior year's interim dividend.

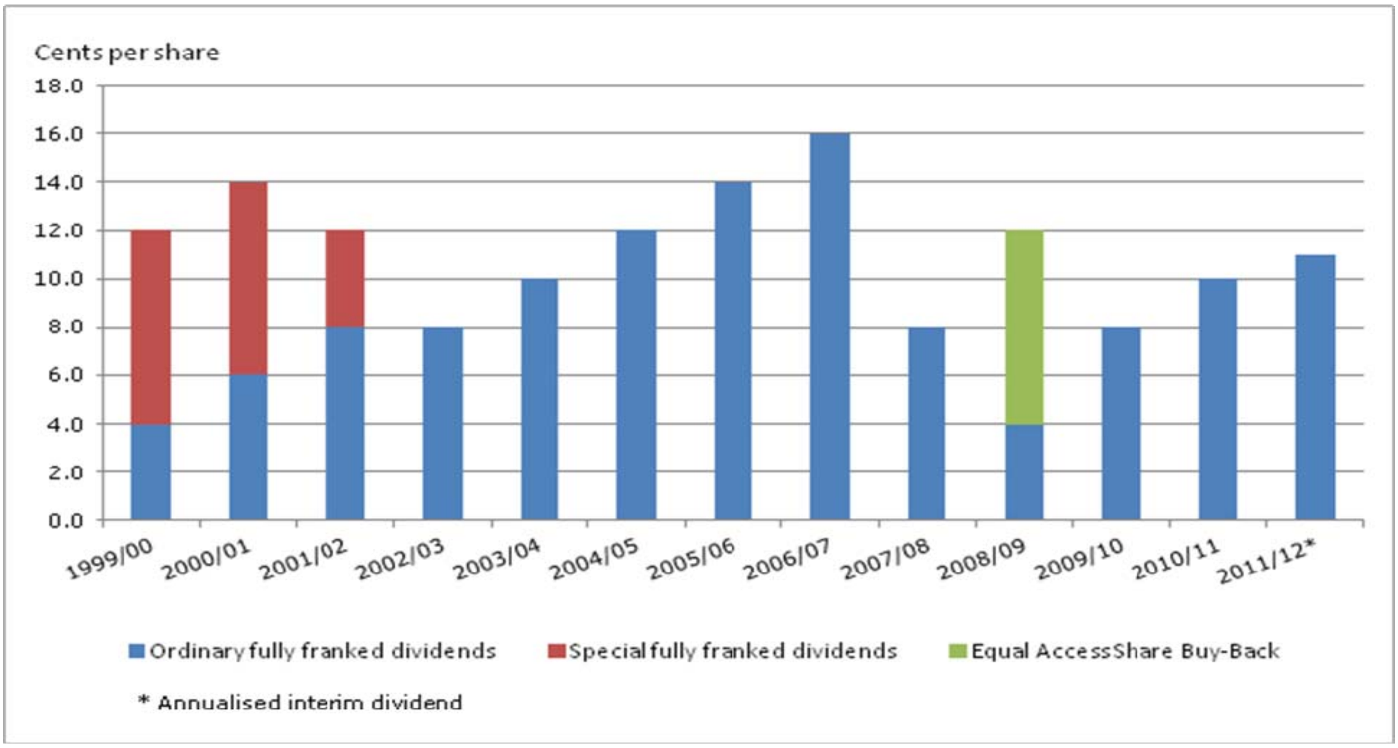
The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings and available franking credits. Essentially, WAM Capital will always be in a position to pay dividends providing it is solvent.

Dividends (continued)

The dividend reinvestment plan will operate at a 2.5% discount to the weighted average market price of shares sold on the ASX on the books closing date, 16 March 2012 for the interim dividend and the three trading days preceding that date.

To participate in the dividend reinvestment plan, please send your election form to our share registrar no later than 16 March 2012. The current share price ($1.52 being the closing price 31 January 2012) is trading at a 3.4% discount to the 31 December 2011 pre-tax NTA.



Net Asset Backing

The net tangible assets (NTA) on listing in August 1999 were 98.0 cents a share.

Below is a table of the Company's position as at 31 December 2011.

NTA before tax (cents per share)	157.27
NTA after tax and before tax on unrealised gains (cents per share)	158.30
NTA after tax (cents per share)	155.20

The above figures are after the payment of 128.0 cents a share in fully franked dividends since inception and an equal access share buy-back equivalent to 8.0 cents a share in 2008/09.

Performance

- The gross portfolio decreased 2.2% for the 6 months to 31 December 2011, significantly outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 9.6%, the S&P/ASX Small Ordinaries Accumulation Index which fell 12.3% and the S&P/ASX Small Industrials Accumulation Index which fell 10.5%.

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Performance (continued)

- The after tax NTA, adjusted for dividends, decreased 1.6%.
- The share price, adjusted for dividends, was 1.4% lower at the end of the 6 month period, compared to the S&P/ASX All Ordinaries Accumulation Index which declined by 9.6%.

These performance results were achieved while holding an average of 45% in cash during the 6 months to 31 December 2011.

Set out below is the investment performance of WAM Capital since listing to 31 December 2011. The performance data is before all expenses, fees and taxes and is used as a guide to how WAM Capital has performed against the S&P/ASX All Ordinaries Accumulation Index, which is also a before all expenses, fees and tax measure.

Financial Year	WAM Capital Limited* Gross Portfolio	S&P/ASX All Ordinaries 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%**
2002/2003	+12.3%	-1.1%	**+13.4%**
2003/2004	+27.3%	+22.4%	**+4.9%**
2004/2005	+13.9%	+24.8%	**-10.9%**
2005/2006	+27.4%	+24.2%	**+3.2%**
2006/2007	+44.1%	+30.3%	**+13.8%**
2007/2008	-23.0%	-12.1%	**-10.9%**
2008/2009	-3.2%	-22.2%	**+19.0%**
2009/2010	+29.8%	+13.8%	**+16.0%**
2010/2011	+17.9%	+12.2%	**+5.7%**
YTD2011/2012	-2.2%	-9.6%	**+7.4%**

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

Investment Strategy

We are focused on investing in undervalued growth companies. We currently see the greatest opportunity for superior risk adjusted returns in the small to mid cap industrial sector. Small to mid cap companies are generally under researched, in a growth phase and have greater upside potential than larger cap stocks. We have a defined investment process to identify and rate companies with the best business fundamentals, valuations and potential for growth.

WAM Capital has a two-fold investment process:

Research Driven: where we undertake extensive research involving over 750 company visits a year with investee company management. It includes understanding the company's ability to generate free cash flow, rating the company's management, earnings growth potential, valuation, industry position and then identifying a catalyst that will change the market's valuation of the company.

Investment Strategy (continued)

Market Driven: where we scour the market for trading opportunities. These could include participating in initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements), corporate spin-offs, restructurings, arbitrage opportunities, LIC discount arbitrages, relative value arbitrages and trading market themes and trends. This part of the portfolio is traded actively.

Portfolio Structure

Investment Type	As at 30 June 2011 $m	%	As at 31 December 2011 $m	%
Listed Equities	94.2	52.5%	79.0	46.8%
Fixed Interest and Cash	85.2	47.5%	89.8	53.2%
Long Portfolio	**179.4**	**100.0%**	**168.8**	**100.0%**
Short Portfolio	**(0.8)**		**(1.3)**	
Total Fund Size	**$178.6m**		**$167.5m**	
Total ordinary shares on issue	**No.** 105,063,158		**No.** 105,899,497	

At 31 December 2011 the top 20 securities held in the portfolio were:

Code	Company	Market Value $	Market Value as % Gross Assets
SGI	Signature Capital Investments Limited*	7,165,613	4.3%
RKN	Reckon Limited	6,915,617	4.1%
ELI	Emerging Leaders Investments Limited	4,213,179	2.5%
MMS	McMillan Shakespeare Limited	3,135,857	1.9%
MYS	Mystate Limited	2,752,478	1.6%
CCQ	Contango Capital Partners Limited	2,633,237	1.6%
BRG	Breville Group Limited	2,229,258	1.3%
MSF	Maryborough Sugar Factory Limited (The)	2,053,101	1.2%
BSL	Bluescope Steel Limited	1,933,065	1.2%
RHG	RHG Limited	1,772,923	1.1%
RCR	RCR Tomlinson Limited	1,749,520	1.0%
WBC	Westpac Banking Corporation	1,702,000	1.0%
NAB	National Australia Bank Limited	1,694,067	1.0%
SDG	Sunland Group Limited	1,676,364	1.0%
NHC	New Hope Corporation Limited	1,660,228	1.0%
SGN	STW Communications Group Limited	1,495,895	0.9%
IMFG	IMF (Australia) Ltd 10.25% Conv Note Dec 2014	1,434,195	0.9%
CIW	Clime Investment Management Limited	1,423,148	0.9%
BKL	Blackmores Limited	1,344,830	0.8%
SAI	SAI Global Limited	1,331,055	0.8%

*We participated in the SGI buy-back with the proceeds received on 31 January 2012.

Market Outlook

In the first 6 months of this financial year, the Australian sharemarket posted a decline of 9.6% as measured by the S&P/ASX All Ordinaries Accumulation Index. Equity markets worldwide were dragged down primarily by the European sovereign debt crisis and the inability of European governments and the ECB to coordinate a credible and robust response.

The European sovereign debt crisis appears, on the face of it at least, to be slowly reaching some form of conclusion. The ECB's near $500bn lending programme to commercial banks just before Christmas seems to be having the desired effect, with yields falling considerably in the January 2012 debt auctions. Continued real progress on the debt crisis and further falls in yields, will remove a strong headwind which has been buffeting equity investors for the last few months. Any resolution in Europe could be a positive for equity markets in the coming months, however at this stage this is far from certain.

In the US, we have seen a steady increase in positive economic data points. We have seen unemployment drop from 9.0% to 8.5% over the last six months. Housing, GDP and manufacturing data have also all shown modest improvements. This suggests a nascent recovery may be underway in the world's largest economy. Any US recovery will have positive spill over effects into the broader world economy, offsetting the drag from the European economies. US companies generally have their balance sheets in good shape, with high levels of cash. This has the potential to be put to use via corporate activity and expansion of products and hiring. The US economy is certainly one to watch carefully in the coming months, especially for Australian companies exposed to the US market, such as James Hardie, Breville and Billabong.

With regards to Australia, the RBA has responded to the slowing down in the domestic economy by cutting interest rates by 0.50% in the period. Looking ahead, we expect further rate cuts in 2012 from the RBA. This will reduce funding costs for companies and could provide a springboard for increased levels of corporate activity in the coming year. It will also reduce the term deposits rates offered by banks, and this may turn investor's attention to higher yielding assets such as shares and provide a boost to equity markets generally.

Equity analysts and market strategists have moved to a more conservative stance in recent months with regard to earnings and the outlook for the Australian economy. The consensus earnings estimates for Australian industrial companies for FY2012 are now 6% compared to 14% a few months ago. This indicates that analysts have adjusted their earnings expectations downwards. In the current interim reporting period, we expect to see more earnings surprises to the downside rather than the upside. These results, we believe, will see analysts adjust downwards FY2013 earnings expectations for industrial companies.

There is still a reasonable amount of uncertainty about how Australian consumers will respond to the rate cuts and whether this nascent recovery in US economic activity can be sustained and improved upon. China, for now, appears to be ticking along at a more moderate pace, but at a pace strong enough to keep the mining boom intact in the medium term. Europe though, continues to remain a key issue. With this backdrop, we are cautiously optimistic that 2012 will be a better year for equity markets.

We would like to thank our investors for their continued support throughout the period which once again has been a volatile one for equity markets. We look forward to seeing you at our shareholder presentation in May, where we will give you a further update on WAM Capital's performance and the broader equity markets.

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