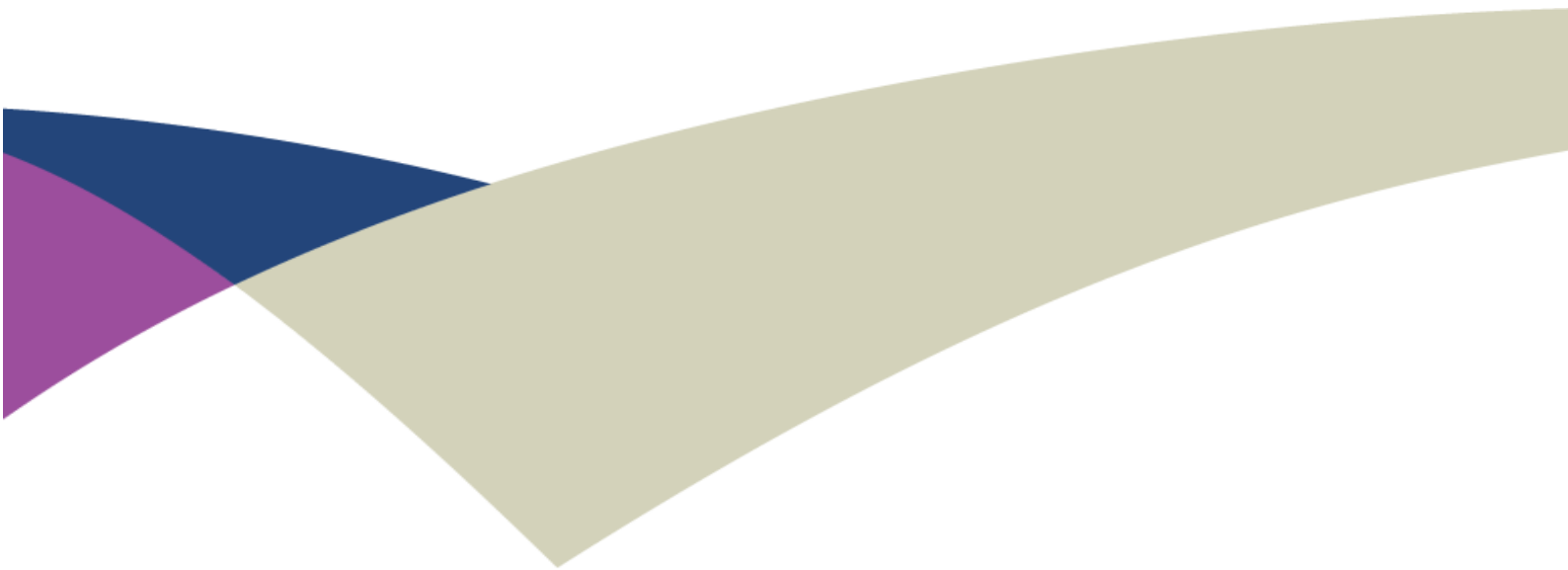




WAM Research Limited

ABN 15 100 504 541

Annual Report for the year ending 30 June 2014



Company Particulars

WAM Research Limited is a Listed Investment Company and is a reporting entity. It is primarily an investor in equities listed on the Australian Securities Exchange.

Directors:	Geoffrey Wilson (Chairman) Matthew Kidman John Abernethy Julian Gosse Kate Thorley Chris Stott
Company Secretary:	Kate Thorley
Investment Manager:	MAM Pty Limited Level 11, 139 Macquarie Street, Sydney NSW 2000
Auditors:	Moore Stephens Sydney
Country of Incorporation:	Australia
Registered Office:	Level 11, 139 Macquarie Street, Sydney NSW 2000
Contact Details:	Postal Address: GPO Box 4658 Sydney NSW 2001 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: info@wamfunds.com.au Website: www.wamfunds.com.au
Share Registrar:	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664 For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.
Australian Securities Exchange:	WAM Research Ordinary Shares (WAX) WAM Research Options (WAXO) expiring 17 June 2015

Shareholder Presentations 2014

Perth
Wednesday 19 November
Presentation only

Rydges Perth
Cnr King & Hay St
Perth WA 6000
10.00am – 12.00pm

**Annual General Meeting and
Presentation
Sydney
Friday 28 November**

Wesley Theatre
Wesley Centre
220 Pitt St
Sydney NSW 2000

AGM: 10.00am – 10.30am
Presentation: 11.30am – 12.30pm



Adelaide
Monday 1 December
Presentation only
National Wine Centre
Cnr Botanic & Hackney Rd
Adelaide SA 5000
10.00am – 12.00pm

Melbourne
Tuesday 2 December
Presentation only
Rydges Hotel
180 Exhibition St
Melbourne VIC 3000
10.00am – 12.00pm

Brisbane
Wednesday 3 December
Presentation only
Brisbane Exhibition &
Convention Centre
Cnr Merivale & Glenelg St
Southbank QLD 4101
10.00am – 12.00pm

Canberra
Thursday 4 December
Presentation only
Belconnen Premier Inn
110 Benjamin Way
Belconnen ACT 2616
10.00am – 12.00pm

Key Highlights FY2014

↑24.0%

Total Shareholder Return

7.5c

Full Year Fully Franked Dividend

↑20.5%

Investment Portfolio Performance

↑16.6%

Pre Tax Net Tangible Assets (NTA) (adjusted for dividends)

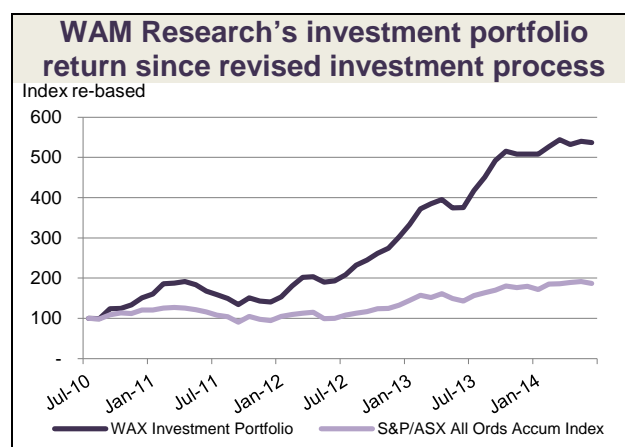
Summary of Results FY2014

WAM Research reported an operating profit before tax of \$21,333,687 (2013: \$22,218,176) and operating profit after tax of \$15,816,590 (2013: \$16,684,313) for the year to 30 June 2014. The decrease in profit in comparison to FY2013 reflects the investment portfolio returning 20.5% compared to 30.4% the year prior.

WAM Research's investment portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 2.9% for the 12 months to 30 June 2014 with an average equity exposure of 63.7%.

The Board declared a fully franked final dividend of 3.75 cents per share which brings the full year fully franked dividend to 7.5 cents per share. This is a 7.1% increase on the previous year.

As at 30 June 2014	
Listing date	August 2003
Market cap	\$156.8m
Share price	\$1.12
Shares on issue	140,026,673
Options on issue	67,990,228
Net Tangible Assets (pre-tax)	\$1.07
Net Tangible Assets (post-tax)	\$1.06
Gross Assets	\$151.7m
Fully franked dividends FY2014	7.5 cents
Fully franked dividends FY2013	7.0 cents
Fully franked FY2014 dividend yield	6.7%



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WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Firstly, I would like to thank you for your support of WAM Research Limited in financial year 2014. I would also like to welcome all new shareholders to the Company.

WAM Research achieved a 20.5% return on the investment portfolio for the year ending 30 June 2014 while being on average 63.7% invested. The return was 2.9% greater than the S&P/ASX All Ordinaries Accumulation Index, which rose 17.6% over the same period. The outperformance delivered for the year demonstrates the success of the Company's flexible mandate and revised investment strategy adopted in July 2010. We are confident of continued sound performance.

Performance

In evaluating the performance of the Company, we look at three key measures set out below. These performance numbers were achieved while holding an average of 36.3% in cash and term deposits with major Australian banks during the year.

1. How the investment manager performed

WAM Research's investment portfolio increased 20.5% for the 12 months to 30 June 2014, while the S&P/ASX All Ordinaries Accumulation Index increased by 17.6% and the S&P/ASX Small Industrials Accumulation Index increased 13.1%. This represents an outperformance of 2.9% and 7.4% respectively. This was achieved while holding an average 36.3% of the portfolio in cash during the year. This measure is before tax and all costs and is compared to the S&P/ASX All Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which are also before tax and costs.

Performance at 30 June 2014	1 Yr	3 Yrs %pa	Since change in investment strategy (Jul-10) %pa
WAM Research Investment Portfolio	20.5%	18.0%	17.9%
S&P/ASX All Ordinaries Accumulation Index	17.6%	9.7%	10.3%
Outperformance	+2.9%	+8.3%	+7.6%

* Investment performance and Index returns are before expenses, fees and taxes.

2. The movement in net tangible assets (NTA) after taxes, fees and other costs

WAM Research's after tax NTA, adjusted for dividends, increased 14.2% for the 12 months to 30 June 2014. This increase is after tax paid of 2.8 cents per share and options exercised during the year. This performance measure shows the change in the value of the assets which belong to the shareholders over the 12 month period. Corporate tax (30%) is a significant item of difference between the investment portfolio and the net asset performance. The franking credits attached to corporate tax payments are available for distribution to shareholders through fully franked dividends.

3. Total shareholder return

The total shareholder return for WAM Research for the year to 30 June 2014 was 24.0%. This measure shows the return to shareholders (assuming a proportionate exercise of options during the year) being the change in share price together with dividends reinvested. This measure does not value the potential benefit of franking credits.

WAM RESEARCH LIMITED

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CHAIRMAN'S LETTER

Investment Portfolio

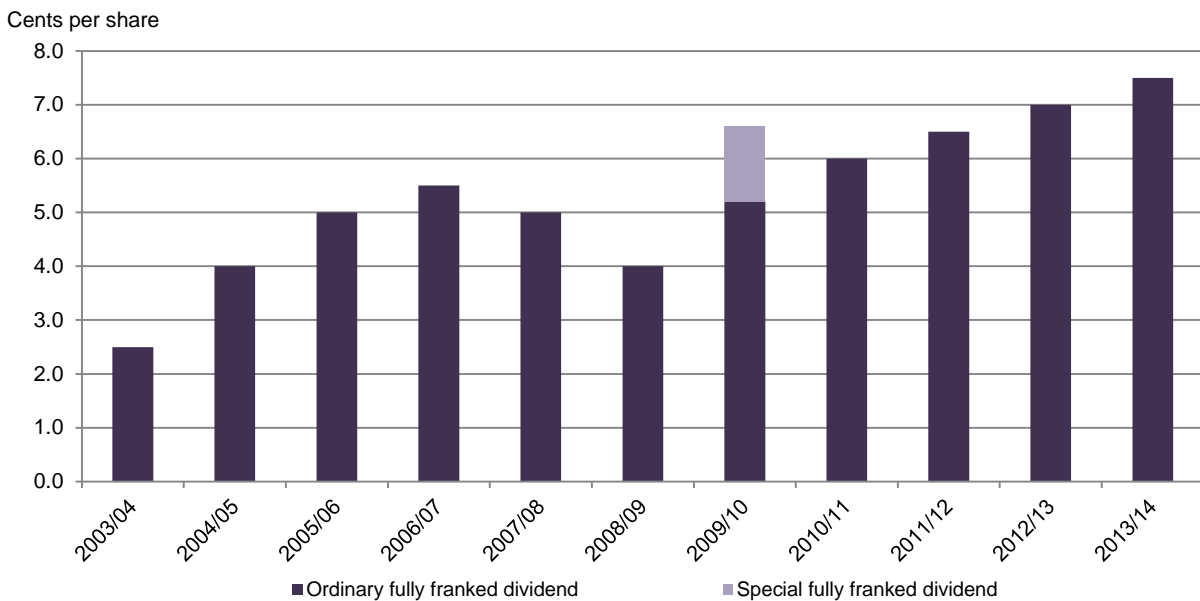
The Company's investment portfolio performed strongly in financial year 2014. The best performing stocks for FY2014 were: Slater & Gordon Limited (SGH), iProperty Group Limited (IPP), and Vocus Communications Limited (VOC). We believe opportunities are, and continue to be, available irrespective of the direction of the overall equity market. In the last six months the Company has established new positions in stocks such as Infomedia Limited (IFM) and Greencross Limited (GXL), while taking profits and rotating out of existing positions that have reached our valuation targets.

Dividends

On 4 August 2014, the Board announced a fully franked final dividend of 3.75 cents per share. This brought the FY2014 full year dividend to 7.5 cents per share fully franked, a 7.1% increase on the previous year.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. Dividends are paid on a six-monthly basis and the dividend reinvestment plan is available to shareholders for both the interim and final dividend. The dividend reinvestment plan will be operating at a 2.5% discount for the final dividend.

WAM Research Dividends since inception



WAM RESEARCH LIMITED

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CHAIRMAN'S LETTER

Capital Management

During the year, WAM Research undertook a number of capital management initiatives. The objectives of these initiatives have been to increase shareholder value by continuing to grow the Company's assets, lowering its fixed costs per share, increase its relevance in the market and increase liquidity of WAM Research's shares. The proceeds from the capital management initiatives have been invested in accordance with WAM Research's disciplined investment process.

Option issue

In December 2013, the Company issued 68,948,891 options on a one-for-two basis to acquire fully paid ordinary shares in the capital of the Company. The options have an exercise price of \$1.20 and can be exercised at any time on or before 17 June 2015. The options are currently trading on the Australian Securities Exchange ('ASX') under the code WAXO.

As at 30 June 2014, 958,753 options had been exercised for a total consideration of \$1,150,503, with the remaining balance of outstanding options being 67,990,138.

Placement

In October 2013, WAM Research successfully raised \$16.5 million (14.4 million ordinary shares) through the DRP Shortfall Placement ('Placement'). The Placement was oversubscribed with strong interest from a range of investors.

Equity Market Outlook

Globally, the US economic remains in recovery mode six years post recession, with the housing market strong and the US share-market hitting record highs. The economic recovery will continue to improve but the performance of the share-market will depend on the reaction to the anticipated increase in interest rates in 2015.

The outlook for the European markets remains mixed with sluggish recoveries in several regions and economic growth expected to remain well below trend for many years to come.

China has a number of significant challenges as its strong growth rates decline. We anticipate China's new regime will restore the country's growth to a more sustainable level.

Domestically, Australian investors should expect interest rates to remain low by historical standards. The Australian economy is still adjusting to the slowdown in the mining sector after a decade of strong growth. Any increase in economic growth from early 2014 has since been lost, with the May Federal Budget thwarting further growth with consumer confidence dipping below pre-GFC levels. Unemployment is currently above 6% and continues to trend higher.

At a micro level, IPO activity over the past 12 months recovered to pre GFC levels, and the 2015 financial year is expected to exceed this level again. Corporate balance sheets are strong and with the cost of debt remaining low, mergers and acquisitions will continue.

Overall, equity market returns in the near term are likely to remain below longer term averages after their recent strong performances. Over the medium to longer term, our view of the market is more positive.

WAM RESEARCH LIMITED

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CHAIRMAN'S LETTER

Company Outlook

With a conservative cash weighting, no debt and a flexible and proven investment approach, WAM Research is well positioned to capitalise on opportunities in the market as they arise. The investment team remains committed to identifying undervalued growth companies and providing investors with exposure to those undervalued growth companies predominantly in the small-to-mid cap industrial sector which, over the long term, have outperformed larger companies. We are strongly of the view that we can continue to find opportunities irrespective of market conditions.

Shareholder Communication

We take an active approach to keeping shareholders informed about WAM Research's activities and performance. Regular communications include monthly investment updates and NTA announcements, yearly and half yearly profit announcements, semi-annual shareholder briefings and access to all relevant information, such as independent research reports, on our website:

www.wamfunds.com.au.

We encourage shareholders and interested investors to use the "Subscribe Here" feature on our website to receive weekly market updates and notification when announcements and other important information is made available.

During the year we continued the successful and well-attended shareholder briefings, with presentations held in Sydney, Melbourne, Adelaide, Brisbane, Perth and Canberra. The team at Wilson Asset Management enjoys the opportunity to meet with you and are committed to maintaining shareholder briefings as a bi-annual event. We invite you to attend the upcoming briefings in November and December 2014 – please see details at the front of this document.

We aim to provide valuable and insightful communications and welcome all feedback on how we can improve our communication with shareholders – please contact our office on (02) 9247 6755 or send an email to info@wamfunds.com.au.

Thank you for your continuing support.



Geoff Wilson
Chairman

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

OBJECTIVES AND INVESTMENT PROCESS

WAM Research Objectives

The investment objectives of WAM Research Limited ('WAM Research' or 'the Company') are to:

- provide investors a rising stream of fully franked dividends; and
- achieve a high real rate of return, comprising both income and capital growth within risk parameters acceptable to the Directors.

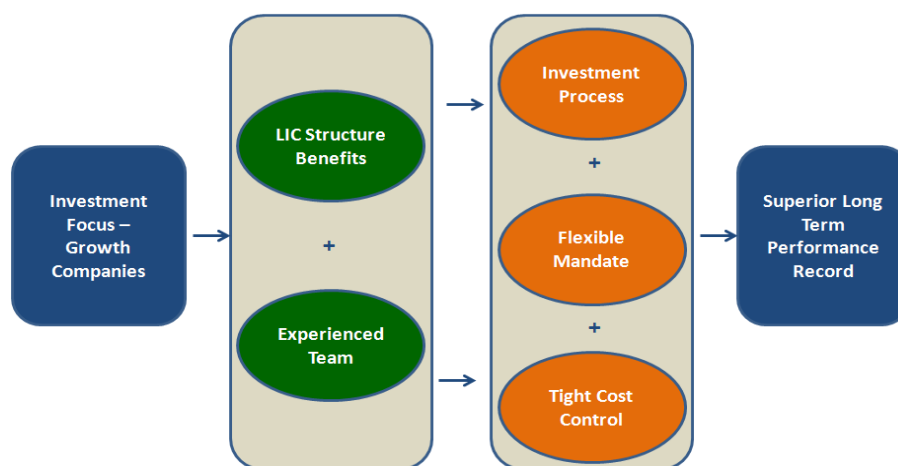
Our Approach and Business Model

Our focus is to invest in growth companies with an emphasis on identifying stocks that are under researched and undervalued. These companies have strong earnings growth, trade on low price to earnings multiples and have an experienced management team. They are well positioned in their industry and tend to be small to medium sized industrial companies listed on the ASX. We believe small cap stocks outperform their big cap rivals for a number of reasons:

- small companies tend to grow at a faster rate than their larger peers;
- the dilution of the Efficient Market Hypothesis (EMH) as you move from large cap stocks to small cap stocks; and
- the increased possibility of corporate activity.

Our disciplined approach is to provide the maximum return possible while taking the minimum amount of risk. WAM Research has a relatively low risk profile for a number of reasons. If we do not identify a catalyst under our investment process, we revert to cash. The average net cash position held over the last four years, since the adoption of the revised investment strategy, is 33.1%. The Company also has a low exposure to the resources sector because we consider this sector is subject to extreme volatility and is difficult to value according to conservative accounting and investment principles.

Business Model



Our investment team has over 50 years of collective experience in the Australian sharemarket with a high degree of 'street smarts'. The team comprises of Geoff Wilson as Chairman/Portfolio Manager, Chris Stott, Chief Investment Officer, Martin Hickson, Senior Equity Analyst/Dealer, Matthew Haupt, Senior Equity Analyst and Tobias Yao, Equity Analyst. The team spends as much time as possible meeting with the management of investee companies - during the past year we have had over 1,000 company meetings.

WAM RESEARCH LIMITED

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OBJECTIVES AND INVESTMENT PROCESS

Our Style

Our investment style can be summarised as:

- fundamental bottom-up approach
- absolute return focus, benchmark unaware
- quick decision making from a flat organisational structure
- increased flexibility due to the relatively small funds under management and flexible mandates
- a focus on risk adjusted returns with above average cash positions

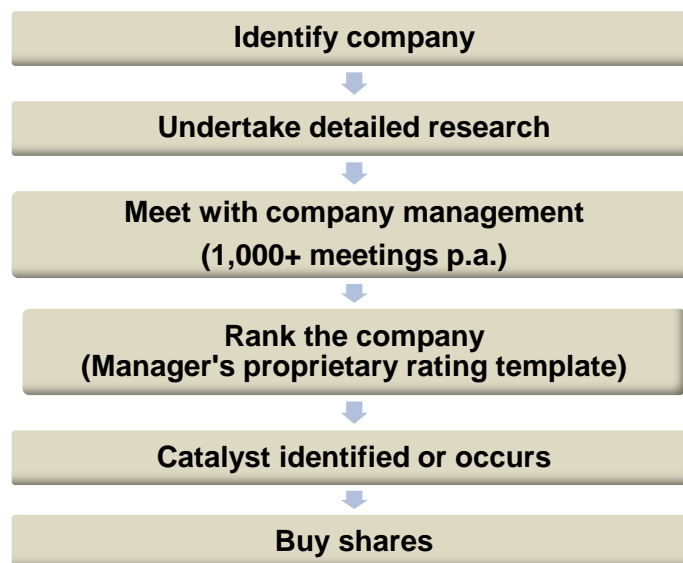
Investment Process

We employ the following investment processes to achieve the Company's objectives:

Research Driven Investing

We undertake extensive research of companies, focusing on free cash flow, return on equity and the quality of the business. Then we rate each company with respect to management, earnings growth potential, valuation and industry position. Once the company rates, we only buy when we can identify a catalyst or an event that will change the valuation the market gives to the company. We sell once the company reaches our valuation. This process is very labour intensive with over 1,000 company meetings each year.

Research Driven Investment Process



Investment Driven Investing

The investee company has a sustainable business model, a track record of profit making and dividends, generates free cash flow, acceptable financial strength and generates a sound return on equity.

Yield Arbitrage Strategies

We also participate in investment opportunities that provide the Company with a yield that is better than our return on cash.

WAM RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

The Board is committed to the Company operating effectively and in the best interests of shareholders. The Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) for the 2014 financial year, subject to the exceptions noted below.

Role of the Board (Recommendations: 1.1 to 1.3)

The Company has a Board but no full time employees. Subject at all times to any written guidelines issued by the Board of Directors of WAM Research Limited, the day-to-day management and investment of funds is carried out by MAM Pty Limited ("the Manager") pursuant to a management agreement. Consequently, there is no need to delegate functions to senior management or for a process to evaluate the performance of senior executives under Recommendations 1.1, 1.2 and 1.3.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:

- To oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- Ensuring significant business risks are identified and appropriately managed;
- Approving the interim and final financial statements and related reports and generally various other communications to the ASX and shareholders that the Board deems material; and
- Setting appropriate business standards and code for ethical behaviour.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board aims to act in a manner designed to create and build sustainable value for shareholders.

Composition & Operation of the Board (Recommendations: 2.1 to 2.6)

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term in office are detailed in the Directors' Report on page 14 to 18.

The Board has the following three independent Directors:

- John Abernethy
- Julian Gosse
- Matthew Kidman

These Directors are considered independent as per the criteria outlined in the Board of Directors Charter which includes the Company's criteria for independence of Directors, and can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au. The criteria is in accordance with ASX Corporate Governance Council's Principles.

WAM RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

Whilst the Company agrees with the benefits of a majority of independent Directors, under Recommendation 2.1, it believes that it can better achieve the results of the Company with the current Board's level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

The Chairman is not an independent Director. The Company believes that an independent Chairman, under Recommendation 2.2, does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, as is the case with this Company, it adds value to the Company and all shareholders' benefit. The Company does not employ a Chief Executive Officer, consequently Recommendation 2.3 is not applicable.

Given the size of the Board, a nomination committee has not been formed under Recommendation 2.4. The Board as a whole considers the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise with the aim of achieving the optimal mix of skills and diversity.

Under the Board of Directors Charter, the performance of each Director was reviewed by the Chairman during the year and the Board undertook the annual review of the performance of the Chairman to ensure the Board's activities continue to be efficiently organised and conducted. 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.

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.

Code of Conduct (Recommendations 3.1 and 3.5)

The Company has established a Directors Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company. The Directors Code of Conduct can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Diversity Policy (Recommendations: 3.2 to 3.5)

As the Company has no full time employees and given the size of the Board, a diversity policy has not been established under Recommendations 3.2 to 3.5. The Board's composition is reviewed on an annual basis. In the event a vacancy arises, the Board will include diversity in its nomination process. Currently, there is one women on the Board.

Audit & Risk Committee (Recommendations 4.1 to 4.4)

The Company has formed an Audit & Risk Committee consisting of three independent non-executive Directors. This is considered adequate given the size of the Board and the nature of the Company. The members of the Audit & Risk Committee are:

- John Abernethy Chairman, independent director
- Julian Gosse Non-Executive Director, independent director
- Matthew Kidman Non-Executive Director, independent director

WAM RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

The Committee's responsibilities are to:

- Oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
- Oversee the financial reporting process;
- Review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- Nominate external auditors; and
- Review the existing external audit arrangements.

The qualifications of those appointed to the Committee are detailed in the Directors' Report on pages 14 to 18.

The Audit & Risk Committee Charter can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

The Committee formally reports to the Board after each of its meetings. Details of the number of meetings of the Audit & Risk Committee during the 2014 year are set out in the Directors' Report on page 21.

The external audit firm partner responsible for the Company audit attends meetings of the Board and Audit & Risk Committee by invitation.

The Company's external audit is undertaken by Moore Stephens Sydney and the audit engagement partner is required to be changed at regular intervals. Scott Whiddett, a partner of Moore Stephens Sydney, is the partner responsible for the external audit of the Company for the 2014 financial year.

ASX Listing Rule Compliance (Recommendations 5.1 and 5.2)

The Company has established a continuous disclosure policy to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*. The policy aims to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way. The Continuous Disclosure Policy can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Under the Securities Dealing Policy, which can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au, Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current relevant interests in the Company's shares are shown in the Directors' Report. Directors must not deal in shares of the Company if they are in possession of price sensitive or inside information. The Board has also nominated they may not deal in shares of the Company the 5 business days before the announcement of a dividend or any other capital management initiative that might have a material impact on the share price.

In addition, the Company has established a Conflict of Interest Policy, in accordance with the *Corporations Act 2001*. Under this policy, 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 RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

Shareholder Rights & Communication (Recommendations 6.1 and 6.2)

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

Information is communicated to shareholders through the:

- Website;
- ASX Company Announcements platform;
- Annual Report;
- Investor newsletters;
- Investor presentations;
- Monthly Investment Updates and NTA releases; and
- Other correspondence regarding matters impacting on shareholders as required.

Monthly NTA releases contain additional information concerning the underlying investment portfolio of the Company in an effort to give investors a better understanding of the Company.

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. Shareholder information sessions are also held twice a year in May and November following the AGM. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

The Communications Policy can be found in the Corporate Governance section of the Company's website at www.wamfunds.com.au.

Risk Management (Recommendations: 7.1 to 7.4)

The Company has an established enterprise risk management program in accordance with the International Risk Standard AS/NZS ISO 31000:2009. It also has an established internal control program based upon the principles set out in the Australian Compliance Standard AS 3806:2006.

The Company's enterprise risk management program addresses its material business risks. Each identified risk is individually assessed in terms of the likelihood of the risk event occurring and the potential consequences in the event that the risk event was to occur. The CompliSpace Assurance software has been implemented through which material business risks and their mitigating controls can be monitored in real time. It also ensures transparency of data and ease of reporting to the Board on the performance of its enterprise risk and compliance programs.

The Manager has provided to the Board a report as to the overall effectiveness of the Company's management of its material business risks.

WAM RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

The Board has received assurance from the Director and the Chief Executive Officer of the Manager that in their view:

- the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board requires the Manager to report annually on the operation of internal controls to manage the Company's material business risk, reviews any external audit commentary in respect to internal controls and conducts any other investigations it requires in order to report on the effectiveness of the internal control system. In respect of the current financial year, all necessary declarations have been submitted to the Board.

There are two main areas of risk that have been identified:

- Market risk; and
- Operational risk.

Market Risk

The Manager is responsible for recognising and managing market related risk as per the management agreement. The Manager provides periodic reports to the Board regarding this area of risk. By its nature, as a listed investment company, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate. However, the Company seeks to reduce and manage market risk by not being overly exposed to one investee company or one particular sector of the market. The Manager reviews the relative weightings of individual securities and the relevant market sectors regularly. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

MAM Pty Limited, the Manager, is required to act in accordance with the management agreement and reports to the Board regularly on the Company's performance and any material actions that have occurred in the period.

Operational Risk

The Manager is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and outsourcing risk. The Company outsources its administrative functions to service providers: MAM Pty Limited (investment management), Wilson Asset Management (International) Pty Limited (accounting and compliance), RBC Investor Services (custody) and Boardroom Pty Limited (share registry) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures.

MAM Pty Limited, the Manager, provides a declaration to the Board twice a year to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the *Corporations Act 2001*.

WAM RESEARCH LIMITED

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CORPORATE GOVERNANCE STATEMENT

Remuneration of Directors (Recommendations: 8.1 to 8.4)

Given the size of the Board, a remuneration committee has not been formed under Recommendation 8.1. The Board believes that such a committee would not serve to protect or enhance the interests of the shareholders. The Board as a whole considers the issue of remuneration.

The maximum total remuneration of the Directors of the Company has been set at \$100,000 per annum to be divided 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. Further detail is provided in the Directors' Report on page 18.

All directors of WAM Research are non-executive directors. Accordingly, the requirement under Recommendation 8.3 to distinguish the structure of the remuneration paid to executive and non-executive directors is not applicable to the Company.

No equity based remuneration is paid to Directors. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration.

The Chairman of WAM Research Limited is a Director of MAM Pty Limited. Further detail is provided in the Directors' Report.

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

The Directors present their report together with the financial report of WAM Research Limited ('the Company') for the financial year ended 30 June 2014.

Principal Activity

The principal activity of the Company is making investments in listed companies. The Company's investment objectives are to achieve a high real rate of return, comprising both income and capital growth, within the risk parameters acceptable to the Directors. No change in this activity is likely in the future.

Operating and Financial Review

Investment operations over the year resulted in an operating profit before tax of \$21,333,687 (2013: \$22,218,176) and an operating profit after tax of \$15,816,590 (2013: \$16,684,313). The decrease in profit in comparison to the previous year is a reflection of the investment portfolio returning 20.5% compared to 30.4% in FY2013.

Under Australian Accounting Standards, realised gains and losses on the investment portfolio and dividend income are added to or reduced by the changes in the market value of WAM Research's investments. This can lead to large variations in reported profits. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA) per share, adjusted for dividends. The after tax NTA, adjusted for dividends, increased 14.2% for the 12 months to 30 June 2014. This increase is after tax paid of 2.8 cents per share and options exercised during the year.

The NTA after tax for each share as at 30 June 2014 amounted to 105.85 cents per share (2013: 99.14). The NTA before tax was 107.19 cents per share (2013: 98.17). These figures are after the payment of 7.25 cents in fully franked dividends to shareholders during the year (2013: 6.75 cents).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on pages 1 to 4 of the Annual Report.

Financial Position

The net asset value of the Company for the current financial year was \$148,555,696 (2013: \$121,750,967). Further information on the financial position of the Company is contained in the Chairman's Letter on pages 1 to 4 of the Annual Report.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2014.

Dividends Paid or Recommended

Dividends paid or declared are as follows:

Fully franked 2013 final dividend of 3.5 cents per share was paid on 31 October 2013	\$4,290,977
Fully franked 2014 interim dividend of 3.75 cents per share was paid on 30 April 2014	\$5,195,381

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Since year end the Board has declared a final dividend of 3.75 cents per share fully franked to be paid on 24 October 2014.

Options

On 28 October 2013, the Company announced a one for two bonus option issue ('Bonus Option Issue') to acquire ordinary shares in the capital of the Company. A total of 68,948,891 options were allotted to shareholders on the 9 December 2013. The options have an exercise price of \$1.20 per share and can be exercised at any time on or before 17 June 2015. The options are currently trading on the Australian Securities Exchange ('ASX') under the code WAXO.

As at 30 June 2014, 958,753 options had been exercised for a total consideration of \$1,150,503, with the remaining balance of outstanding options being 67,990,138.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

G.J. Wilson
M.J. Kidman
J.J. Gosse
J.B. Abernethy
C.D. Stott (appointed 1 August 2014)
K.A. Thorley (appointed 1 August 2014)

Information on Directors

Geoffrey Wilson (Chairman – Non-independent)

Experience and expertise

Geoffrey Wilson has 34 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Securities Institute of Australia.

Geoffrey Wilson has been Chairman of the Company since June 2003.

Other current directorships

Geoffrey Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Active Limited (appointed July 2007) and Australian Stockbrokers Foundation. He is a Director of Future Generation Investment Fund Limited (appointed July 2014), Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Global Value Fund Limited (appointed April 2014), Century Australia Investments Limited (appointed September 2014), Incubator Capital Limited (appointed February 2000), Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a Member of the Second Bite NSW Advisory Committee. He is also a Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Geoffrey Wilson (Chairman – Non-independent) (cont'd)

Former directorships in the last 3 years

Geoffrey Wilson is a former Director of Cadence Capital Limited (November 2003 to February 2013).

Special responsibilities

Chairman of the Board.

Interests in shares of the Company

Details of Geoffrey Wilson's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

Matthew Kidman (Non-Executive Director – Independent)

Experience and expertise

Matthew Kidman worked as a Portfolio Manager at Wilson Asset Management (International) Pty Limited for 13 years between 1998 and 2011. Prior to joining Wilson Asset Management, Matthew worked as a finance journalist at the Sydney Morning Herald between the years 1994 and 1998. In 1997 he was made Business Editor of the paper and was charged with the responsibility of company coverage. He has degrees in Law and Economics and a Graduate Diploma in Applied Finance.

Matthew Kidman has been a Director of the Company since May 2002.

Other current directorships

Matthew Kidman is currently Chairman of Watermark Market Neutral Fund Limited (appointed May 2013). He is a Director of WAM Capital Limited (appointed March 1999), WAM Active Limited (appointed July 2007), Incubator Capital Limited (appointed February 2000), Centrepoint Alliance Limited (appointed February 2012) and Sandon Capital Investments Limited (appointed October 2013).

Former directorships in the last 3 years

Matthew Kidman has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Matthew Kidman's interests in shares of the Company are included later in this report.

Interests in contracts

Matthew Kidman has no interests in contracts of the Company.

John Abernethy (Non-Executive Director – Independent)

Experience and expertise

John Abernethy has over 30 years experience in funds management and corporate advisory. He spent ten years at NRMA Investments as Head of Equities managing portfolios. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Clime Investment

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

John Abernethy (Non-Executive Director – Independent) (cont'd)

Management Limited in 1996. John was also appointed Chairman of Clime Capital Limited in July 2009. He has a Bachelor of Law and Commerce from University of NSW.

John Abernethy has been a Director of the Company since May 2002.

Other current directorships

John Abernethy is Chairman of Clime Capital Limited (appointed July 2009). He is Executive Director of Clime Investment Management Limited (appointed July 2000), WAM Active Limited (appointed November 2007), Australian Leaders Fund Limited (appointed November 2003), Jasco Holdings Limited and Watermark Market Neutral Fund Limited (appointed June 2013).

Former directorships in the last 3 years

John Abernethy has not resigned as a Director from any listed companies within the last three years.

Special responsibilities

Chairman of the Audit & Risk Committee.

Interests in shares of the Company

Details of John Abernethy's interests in shares of the Company are included later in the report.

Interests in contracts

John Abernethy has no interests in contracts of the Company.

Julian Gosse (Non-Executive Director – Independent)

Experience and expertise

Julian Gosse has spent the last 20 years of his career working as a Professional Director of Public Companies. Prior to that he was involved in the stockbroking, merchant banking and venture capital industries.

Julian Gosse has been a Director of the Company since June 2003.

Other current directorships

Julian Gosse is a Non-Executive Director of Iron Road Limited (appointed May 2009). He is also a Director of Australian Leaders Fund Limited (appointed October 2003) and Clime Capital Limited (appointed November 2003).

Former directorships in the last 3 years

Julian Gosse resigned as a Director of ITL Limited in January 2014.

Special responsibilities

Member of the Audit & Risk Committee.

Interests in shares of the Company

Details of Julian Gosse's interests in shares of the Company are included later in this report.

Interests in contracts

Julian Gosse has no interests in contracts of the Company.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Chris Stott (Non-Executive Director – Non-independent)

Experience and expertise

Chris Stott has over 10 years experience in the funds management industry. Chris is the Chief Investment Officer/Portfolio Manager of Wilson Asset Management (International) Pty Limited and is responsible for the research, management and construction of the company's portfolios. Previously, Chris was employed at Challenger Financial Services Group for four years in various research and administrative roles specialising in Australian Equities. He holds a Bachelor of Business from the University of Technology, Sydney and a Graduate Diploma in Applied Finance and Investment.

Chris Stott has been a Director of the Company since 1 August 2014.

Other current directorships

Chris Stott is a non-executive Director of WAM Active Limited (appointed 1 July 2014).

Former directorships in the last 3 years

None

Special responsibilities

None

Interests in shares of the Company

Details of Chris Stott's interests in shares of the Company are included later in this report.

Interests in contracts

Chris Stott has no interests in contracts of the Company.

Kate Thorley (Non-Executive Director – Non-independent/Company Secretary)

Experience and expertise

Kate Thorley has nine years experience in the funds management industry and more than 15 years of financial accounting and corporate governance experience. Kate is the Chief Executive Officer of Wilson Asset Management (International) Pty Limited and is also the Company Secretary of WAM Capital Limited, WAM Active Limited and Future Generation Investment Fund Limited. Previously, Kate held the positions of Chief Financial Officer and Financial Accountant for Wilson Asset Management (International) Pty Limited. She holds a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, Graduate Diploma of Applied Corporate Governance and is a fully qualified CPA.

Kate Thorley has been a Director of the Company since 1 August 2014 and Company Secretary since October 2008.

Other current directorships

Kate is a non-executive Director of Sandon Capital Opportunities Pty Limited and WAM Active Limited (appointed 1 July 2014).

Former directorships in the last 3 years

None

Special responsibilities

Company Secretary

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Kate Thorley (Non-Executive Director – Non-independent/Company Secretary) (cont'd) *Interests in shares of the Company*

Details of Kate Thorley's interests in shares of the Company are included later in this report.

Interests in contracts

Kate Thorley's has no interests in contracts of the Company.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of WAM Research Limited.

a) Remuneration of Directors

All Directors of WAM Research are non-executive Directors. The Board from time to time determines remuneration of Directors within the maximum amount approved by the shareholders at the Annual Shareholders Meeting. Directors are not entitled to any other remuneration.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

The maximum total remuneration of the Directors of the Company has been set at \$100,000 per annum. Directors do not receive bonuses nor are they issued options on securities as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2014:

Director	Position	Short-term employee benefits	Post-employment benefits	Total
		Directors' Fees	Superannuation	
		\$	\$	\$
G.J. Wilson	Chairman	9,153	847	10,000
M.J. Kidman	Non-Executive Director	25,172	2,328	27,500
J.B. Abernethy	Non-Executive Director	25,172	2,328	27,500
J.J. Gosse	Non-Executive Director	27,500	-	27,500
		86,997	5,503	92,500

Directors receive a superannuation guarantee contribution required by the government, which was 9.25% of individuals benefits for FY2014 and do not receive any retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Remuneration Report (Audited) (cont'd)

The following table reflects the Company's performance and Directors' remuneration over five years:

	2014	2013	2012	2011	2010
Operating profit after tax (\$)	15,816,590	16,684,313	1,956,069	9,414,300	4,004,434
Ordinary dividends (cents per share)	7.5	7.0	6.5	6.0	5.2
Special dividends (cents per share)	-	-	-	-	1.4
After tax net tangible asset (cents per share)	105.85	99.14	89.32	92.73	88.97
Total Directors' remuneration (\$)	92,500	92,500	92,500	75,000	75,000
Shareholders' equity (\$)	148,555,696	121,750,967	108,215,410	111,441,067	104,939,507

As outlined above, the Directors' fees are not directly linked to the Company's performance.

b) Director Related Entities Remuneration

All transactions with related entities were made on normal commercial terms and conditions and at market rates.

Geoffrey Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Research Limited. Entities associated with Geoffrey Wilson hold 100% of the issued shares of MAM Pty Limited. The core duties of the Manager in addition to managing the investment portfolio of WAM Research Limited include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the *Corporations Act 2001*; liaison with the share registrar of the Company; investor relations; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$1,614,576 inclusive of GST (2013: \$1,289,324). As at 30 June 2014, the balance payable to the Manager was \$416,242 inclusive of GST (2013: \$339,919).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- 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
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in 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. For the year ended 30 June 2014, a performance fee of

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Remuneration Report (Audited) (cont'd)

\$745,083 inclusive of GST was payable to MAM Pty Limited (2013: \$1,702,190).

Wilson Asset Management (International) Pty Limited employs accounting personnel to provide accounting services to WAM Research Limited. These services are provided on commercial terms and amounted to \$38,500 inclusive of GST for the financial year 2014 (2013: \$38,500).

These amounts are in addition to the above Directors' remuneration. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) 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.

c) Remuneration of Executives

There are no executives that are paid by the Company. MAM Pty Limited, the Manager of the Company provides the day to day management of the Company and is remunerated as outlined above.

d) Equity Instruments Disclosures of Directors and Related Parties

As at 30 June 2014, and the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares	Options
G.J. Wilson	5,768,072	1,955,359
M.J. Kidman	242,848	117,982
J.B. Abernethy	60,000	30,000
J.J. Gosse	-	-

For further details, please refer to Note 18 of the financial statements.

As at the date of their appointment, and the date of this report, the following Directors held the below interests in the Company:

Directors	Ordinary Shares	Options
C.D. Stott (appointed 1 August 2014)	55,281	25,080
K.A. Thorley (appointed 1 August 2014)	29,539	12,392

Directors and Director related entities disposed of and acquired ordinary shares and options over ordinary shares in the Company on the same terms and conditions available to other shareholders. The Directors have not, during or since the end of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

Directors' Meetings

Director	No. eligible to attend	Attended
G.J. Wilson	6	6
M.J. Kidman	6	6
J.B. Abernethy	6	6
J.J. Gosse	6	5
C.D. Stott (appointed 1 August 2014)	-	-
K.A. Thorley (appointed 1 August 2014)	-	-

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

Audit & Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance section on page 9 of the Annual Report.

Director	No. eligible to attend	Attended
J.B. Abernethy	3	3
M.J. Kidman	3	3
J.J. Gosse	3	3

After Balance Date Events

Since year end the Company declared a final dividend of 3.75 cents per share fully franked to be paid on 24 October 2014.

On 1 August 2014, the Board announced the appointment of Ms Kate Thorley and Mr Chris Stott as non-executive Directors. Ms Thorley and Mr Stott will offer themselves for election by shareholders at the Company's 2014 Annual General Meeting to be held on 28 November 2014.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

Future Developments

The Company will continue to pursue investment activities – primarily investing in equities listed on the Australian Securities Exchange – to achieve the Company's stated objectives.

The Company's future performance is dependent on the performance of the Company's investments. In turn, the performance of these investments is impacted by company-specific factors and prevailing industry conditions. In addition, a range of external factors including economic growth rates, interest rates, exchange rates and macro-economic conditions impact the overall equity market and these investments.

As such, we do not believe it is possible or appropriate to accurately predict the future performance of the Company's investments and, therefore, the Company's performance.

Environmental Issues

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnification and Insurance of Officers or Auditors

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.

WAM RESEARCH LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on behalf of the 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.

Non Audit Services

During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Limited, a related party of the Company's auditor, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provisions of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 23 of this Annual Report.

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



G.J Wilson
Chairman

Dated in Sydney this 30th day of September 2014

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Auditor's Independence Declaration to the Directors of WAM Research Limited

As lead auditor for the audit of WAM Research Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WAM Research Limited during the period.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, 30 September 2014

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Net realised and unrealised gains on financial assets		19,007,677	19,383,344
Investment revenue	2	5,338,660	6,295,393
Management fees		(1,504,491)	(1,201,415)
Performance fees		(694,282)	(1,586,131)
Directors fees		(92,500)	(92,500)
Brokerage expense on share purchases		(317,313)	(285,200)
Custody fees		(41,455)	(32,780)
ASX listing and chess fees		(98,463)	(57,009)
Share registry fees		(87,984)	(72,292)
Other expenses from ordinary activities		(176,162)	(133,234)
Profit before income tax		21,333,687	22,218,176
Income tax expense	3(a)	(5,517,097)	(5,533,863)
Profit attributable to members of the Company		15,816,590	16,684,313
Basic earnings per share	14	11.9 cents	13.7 cents
Diluted earnings per share	14	11.9 cents	13.7 cents

The accompanying notes form part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$			2013 \$		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit for the year	15,816,590	-	15,816,590	16,684,313	-	16,684,313
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Revaluation of investment portfolio during the year	-	884,599	884,599	-	4,940,231	4,940,231
Provision for tax expense on above	-	(265,380)	(265,380)	-	(1,482,069)	(1,482,069)
Total other comprehensive income for the year	-	619,219	619,219	-	3,458,162	3,458,162
Total comprehensive income for the year	15,816,590	619,219	16,435,809	16,684,313	3,458,162	20,142,475

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
Assets			
Cash and cash equivalents	12	45,857,890	52,689,125
Trade and other receivables	6	906,196	3,967,136
Equity investments at fair value through Income Statement	7	108,086,052	63,875,542
Equity investments held for sale	7	2,619,165	4,188,944
Deferred tax assets	3(b)	73,582	356,830
Total assets		157,542,885	125,077,577
Liabilities			
Trade and other payables	8	7,037,869	2,861,203
Current tax liabilities	3(c)	1,597,006	-
Deferred tax liabilities	3(d)	352,314	465,407
Total liabilities		8,987,189	3,326,610
Net assets		148,555,696	121,750,967
Equity			
Issued capital	9(a)	141,990,462	122,135,184
Reserves	10	11,468,519	3,674,489
Accumulated losses	11	(4,903,285)	(4,058,706)
Total equity		148,555,696	121,750,967

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Note	Issued capital	Accumulated losses	Capital profits reserve – capital account	Capital profits reserve – revenue account	Profits reserve	Asset revaluation reserve	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	120,557,134	(1,647,556)	518,049	(19,847,541)	5,574,026	3,061,298	108,215,410
Profit for the year	-	16,684,313	-	-	-	-	16,684,313
Transfer to profits reserves	-	(19,095,463)	-	-	19,095,463	-	-
Transfer from asset revaluation reserve	-	-	3,560,517	-	1,872,992	(5,433,509)	-
Other comprehensive income for the year	-	-	-	-	-	3,458,162	3,458,162
Shares issued via dividend reinvestment plan	1,578,050	-	-	-	-	-	1,578,050
Dividends paid	-	-	(1,821,394)	-	(6,363,574)	-	(8,184,968)
Balance at 30 June 2013	122,135,184	(4,058,706)	2,257,172	(19,847,541)	20,178,907	1,085,951	121,750,967
Profit for the year	-	15,816,590	-	-	-	-	15,816,590
Transfer to profits reserves	-	(16,661,169)	-	-	16,661,169	-	-
Transfer from asset revaluation reserve	-	-	-	-	883,103	(883,103)	-
Other comprehensive income for the year	-	-	-	-	-	619,219	619,219
Shares issued via dividend reinvestment plan	2,353,117	-	-	-	-	-	2,353,117
Shares issued via placement	16,543,769	-	-	-	-	-	16,543,769
Shares issued via exercise of options	1,150,395	-	-	-	-	-	1,150,395
Unallotted option monies received	108	-	-	-	-	-	108
Capitalised share issue costs	(192,111)	-	-	-	-	-	(192,111)
Dividends paid	-	-	(2,255,826)	-	(7,230,532)	-	(9,486,358)
Balance at 30 June 2014	141,990,462	(4,903,285)	1,346	(19,847,541)	30,492,647	822,067	148,555,696

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Dividends received		2,867,952	3,766,369
Interest received		2,119,815	2,279,860
Other investment income		351,436	551,697
Management fees (inclusive of GST)		(1,538,254)	(1,231,968)
Performance fee (inclusive of GST)		(1,702,190)	(727,053)
Payments for administration expenses (inclusive of GST)		(512,224)	(383,256)
Brokerage on share purchases (inclusive of GST)		(340,426)	(307,213)
GST on brokerage on share sales		(24,649)	(21,555)
Net GST received from ATO		293,992	181,028
Net income tax paid		(2,632,966)	(1,300,017)
Net cash (used in)/provided by operating activities	13	(1,117,514)	2,807,892
Cash flows from investing activities			
Proceeds from sale of investments		127,563,489	108,423,819
Payments for purchase of investments		(143,563,797)	(98,630,389)
Net cash (used in)/provided by investing activities		(16,000,308)	9,793,430
Cash flows from financing activities			
Proceeds from issue of shares		17,694,272	-
Payments for issue of shares		(274,444)	-
Dividends paid – net of reinvestment		(7,133,241)	(6,606,918)
Net cash provided by/(used in) financing activities		10,286,587	(6,606,918)
Net (decrease)/increase in cash and cash equivalents held		(6,831,235)	5,994,404
Cash and cash equivalents at beginning of financial year		52,689,125	46,694,721
Cash and cash equivalents at end of financial year	12	45,857,890	52,689,125

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED
A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue on 30th September 2014 by the Board of Directors.

WAM Research Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs with the exception of certain financial assets and liabilities which have been measured at fair value.

a) Financial assets

Initial recognition

Financial assets are recognised when the Company becomes party to the contractual provisions to the asset. This is equivalent to the date that the Company commits itself to purchase or sell the asset (i.e trade date accounting is adopted).

Classification and subsequent measurement

Financial assets are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including recent arm's length transactions and reference to similar instruments.

The Company classifies its financial assets into the following categories:

i) Equity investments at fair value through income statement

Equity investments are classified 'at fair value through income statement' when they are held for trading for the purpose of short-term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in the Income Statement in the period in which they arise.

ii) Equity investments held for sale

Equity Investments held for sale are recognised initially at cost and the Company has elected to present subsequent changes in the fair value of equity investments in the Statement of Comprehensive Income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability. When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the profits reserve.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of significant accounting policies (cont'd)

b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the current financial year. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are only offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, at call deposits with banks or financial institutions and term deposits maturing within three months or less.

d) Revenue and other income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

e) Trade and other receivables

Trade and other receivables are non-derivative financial assets and are stated at their amortised cost.

f) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are stated at their amortised cost.

WAM RESEARCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of significant accounting policies (cont'd)

g) Impairment of assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except where the amount of 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 the expense.

Receivables and payables are stated inclusive of GST. 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 presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

There are no estimates that have a material impact on the financial results of the Company for the year ended 30 June 2014. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgements are required in respect to their valuation.

k) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

l) New and amended accounting policies adopted

The Company has adopted AASB 13: Fair Value Measurement and associated Amending Standards. AASB 13 defines fair value, addresses how to measure fair value and requires disclosures about fair value measurement. The amounts reported in the Company's financial statements were not affected as a consequence of applying AASB 13. However the Company has included new disclosures regarding assets that are measured at fair value in the Company's financial statements.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date or, in the absence of such a market, the most advantageous market to which the Company has access to at that date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of significant accounting policies (cont'd)

l) New and amended accounting policies adopted (cont'd)

As fair value is a market-based measure, the Company uses closing quoted last prices as a basis of measuring the fair value of assets that are listed. The fair values of assets that are not traded in an active market are determined using valuation techniques that maximise the use of observable market data.

m) New standards and interpretations not yet adopted

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The following new and amended pronouncement is relevant to the Company, but applicable in future reporting periods:

- i) AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014). This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132. This Standard is not expected to significantly impact the Company as no financial assets and liabilities are offset in the financial statements.

2. Investment revenue

	2014	2013
	\$	\$
Dividends	2,845,318	3,582,003
Interest	2,060,169	2,161,693
Trust distributions	404,755	461,843
Underwriting and other fees	28,418	89,854
	<u>5,338,660</u>	<u>6,295,393</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. Income tax

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2014 \$	2013 \$
Prima facie tax on profit before income tax at 30% (2013: 30%)	6,400,106	6,665,453
Imputation credit gross up	381,343	508,483
Franking credit offset	(1,271,142)	(1,694,943)
Other non-assessable items	6,790	55,310
Over provision in prior year	-	(440)
	<u>5,517,097</u>	<u>5,533,863</u>

Total income tax expense results in a:

Current tax liability	5,499,689	5,531,693
Deferred tax asset	17,408	2,610
Over provision in prior period	-	(440)
	<u>5,517,097</u>	<u>5,533,863</u>

b) Deferred tax assets

	2014 \$	2013 \$
Tax losses	-	348,173
Provisions	6,732	6,584
Capitalised costs	66,850	2,073
	<u>73,582</u>	<u>356,830</u>

Movement in deferred tax assets

Balance at the beginning of the period	356,830	8,355,683
Losses recouped	(348,173)	(7,996,243)
Charged to the Income Statement	(17,408)	(2,610)
Capitalised share issue costs	82,333	-
At reporting date	<u>73,582</u>	<u>356,830</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. Income tax (cont'd)

c) Current tax liabilities	2014	2013
	\$	\$
Movement in current tax liabilities		
Balance at the beginning of the year	-	-
Current year income tax expense on operating profit	5,499,689	5,531,693
Income tax expense on realised gains on investments	378,473	2,328,647
Income tax paid	(3,932,983)	(1,300,017)
Income tax refund due	-	1,300,017
Losses recouped	(348,173)	(7,996,243)
Under provision in prior year	-	135,903
At reporting date	<u>1,597,006</u>	<u>-</u>

d) Deferred tax liabilities	2014	2013
	\$	\$
Fair value adjustments	<u>352,314</u>	<u>465,407</u>
	<u>352,314</u>	<u>465,407</u>

Movement in deferred tax liabilities		
Balance at the beginning of the year	465,407	1,448,328
Charged to the Statement of Comprehensive Income	(113,093)	(846,578)
Over provision in prior year	-	(136,343)
At reporting date	<u>352,314</u>	<u>465,407</u>

4. Dividends

a) Ordinary dividends paid during the year	2014	2013
	\$	\$
Final dividend FY2013: 3.5 cents per share fully franked at 30% tax rate paid 31 October 2013 (Final dividend FY2012: 3.25 cents per share fully franked)	4,290,977	3,927,765
Interim dividend FY2014: 3.75 cents per share fully franked at 30% tax rate paid 30 April 2014 (Interim dividend FY2013: 3.5 cents per share fully franked)	<u>5,195,381</u>	<u>4,257,203</u>
	<u>9,486,358</u>	<u>8,184,968</u>

The final fully franked dividend of 3.5 cents per share paid 31 October 2013 included 1.84 cents in Listed Investment Company ('LIC') capital gain dividends paid out of the capital profits reserve.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Dividends (cont'd)

b) Dividends not recognised at year end	2014	2013
	\$	\$
In addition to the above dividends, since the end of the year, the Directors have declared a 3.75 cent per share fully franked dividend which has not been recognised as a liability at the end of the financial year:	<u>5,251,000</u>	<u>4,290,973</u>

c) Dividend franking account

Balance of franking account at year end	106,247	267,721
Adjusted for franking credits arising from:		
- Estimated income tax payable/(refundable)	1,597,006	(1,300,017)
- Franking credits on dividends receivable	-	9,700
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b):	<u>(2,250,429)</u>	<u>(1,838,989)</u>
	<u>(547,176)</u>	<u>(2,861,585)</u>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred tax liability of \$352,314 (2013: \$465,407).

5. Auditor's remuneration

Remuneration of the auditor for:	2014	2013
	\$	\$
Auditing or reviewing the financial report	36,379	31,735
Other services provided by a related practice of the auditor:		
Taxation services	<u>10,148</u>	<u>7,810</u>
	<u>46,527</u>	<u>39,545</u>

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

6. Trade and other receivables

	2014	2013
	\$	\$
Outstanding settlements	446,892	2,152,656
Income receivable	358,402	358,945
GST receivable	100,902	155,518
Income tax refund due	-	1,300,017
	<u>906,196</u>	<u>3,967,136</u>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within three days of the date of the transaction. Income receivable relates to interest, sub-underwriting fees, dividend, and trust distributions receivable at the end of the reporting period.

7. Financial assets

	2014	2013
	\$	\$
Equity investments at fair value through Income Statement	108,086,052	63,875,542
Equity investments held for sale	<u>2,619,165</u>	<u>4,188,944</u>
	<u>110,705,217</u>	<u>68,064,486</u>

The market values of equity investments held for sale at the end of the reporting period are disclosed in note 22. The details of all equity investments are disclosed on pages 51 to 52.

8. Trade and other payables

	2014	2013
	\$	\$
Outstanding settlements	5,763,935	721,552
Management fee payable	416,242	339,919
Performance fee payable	745,083	1,702,190
Sundry creditors	<u>112,609</u>	<u>97,542</u>
	<u>7,037,869</u>	<u>2,861,203</u>

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within three days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. Issued capital

a) Paid-up capital	2014 \$	2013 \$
140,026,673 ordinary shares fully paid (2013: 122,599,235)	<u>141,990,462</u>	<u>122,135,184</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 winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

b) Ordinary shares	2014 \$	2013 \$
Balance at the beginning of the year	122,135,184	120,557,134
14,385,886 ordinary shares issued from the placement on 1 November 2013	16,543,769	-
958,663 ordinary shares issued from the exercise of options	1,150,395	-
Options exercised at \$1.20, not yet allotted at 30 June 2014	108	-
911,714 ordinary shares issued on 31 October 2013 under a dividend reinvestment plan	1,038,976	-
1,171,175 ordinary shares issued on 30 April 2014 under a dividend reinvestment plan	1,314,141	-
Share issue costs (net of tax)	(192,111)	-
780,029 ordinary shares issued on 19 October 2012 under a dividend reinvestment plan	-	634,909
964,978 ordinary shares issued on 19 April 2013 under a dividend reinvestment plan	-	943,141
At reporting date	<u>141,990,462</u>	<u>122,135,184</u>

c) Capital management

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the Company employs its capital including share capital and unexercised options. At the core of this, management is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and option issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

d) Options

During the year to 30 June 2014, the Company issued 68,948,891 options to acquire fully paid ordinary shares, exercisable at \$1.20 per option. The options were allotted on the 9 December 2013 and are currently trading on the ASX under the code WAXO. At 30 June 2014, 958,663 shares had been allotted from the exercise of options. 67,990,138 options remain unexercised and can be exercised at any time on or before 17 June 2015.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. Reserves	2014	2013
	\$	\$
Capital profits reserve – capital account	1,346	2,257,172
Capital profits reserve – revenue account	(19,847,541)	(19,847,541)
Profits reserve	30,492,647	20,178,907
Asset revaluation reserve	822,067	1,085,951
	<u>11,468,519</u>	<u>3,674,489</u>

The profits reserve details an amount preserved for future dividend payments as outlined in accounting policy Note 1(k). The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of the investments, net of potential tax, as described in accounting policy Note 1(a)(ii).

	2014	2013
	\$	\$
Movement in capital profits reserve – capital account		
Balance at the beginning of the year	2,257,172	518,049
Final dividend FY2013 paid (refer Note 4a)	(2,255,826)	(483,417)
Interim dividend FY2014 paid (refer Note 4a)	-	(1,337,977)
Transfer from asset revaluation reserve	-	3,560,517
At reporting date	<u>1,346</u>	<u>2,257,172</u>

Movement in capital profits reserve – revenue account		
Balance at the beginning of the year	(19,847,541)	(19,847,541)
At reporting date	<u>(19,847,541)</u>	<u>(19,847,541)</u>

Movement in profits reserve		
Balance at the beginning of the year	20,178,907	5,574,026
Transfer from retained earnings	16,661,169	19,095,463
Transfer from asset revaluation reserve	883,103	1,872,992
Final dividend FY2013 paid (refer Note 4a)	(2,035,151)	(3,444,348)
Interim dividend FY2014 paid (refer Note 4a)	(5,195,381)	(2,919,226)
At reporting date	<u>30,492,647</u>	<u>20,178,907</u>

Movement in asset revaluation reserve		
Balance at the beginning of the year	1,085,951	3,061,298
Transfer to capital profits reserve – capital account	-	(3,560,517)
Transfer to profits reserve	(883,103)	(1,872,992)
Other comprehensive income	619,219	3,458,162
At reporting date	<u>822,067</u>	<u>1,085,951</u>

11. Accumulated losses	2014	2013
	\$	\$
Balance at the beginning of the year	(4,058,706)	(1,647,556)
Profit for the year attributable to members of the Company	15,816,590	16,684,313
Transfer to profits reserve	(16,661,169)	(19,095,463)
	<u>(4,903,285)</u>	<u>(4,058,706)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

12. Cash and cash equivalents

Cash 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:

	2014	2013
	\$	\$
Cash at bank and on hand	3,440,711	779,187
Term deposits	42,417,179	51,909,938
	<u>45,857,890</u>	<u>52,689,125</u>

The weighted average interest rate for cash and term deposits as at 30 June 2014 is 3.45% (2013: 3.89%). The term deposits have an average maturity of 86 days (2013: 90 days). The majority of term deposits are invested with major Australian banks and their banking subsidiaries institutions that have a Standard & Poor's A-1+ rating.

13. Cash flow information

	2014	2013
	\$	\$
Reconciliation of profit after tax to cash flow from operations:		
Profit after income tax	15,816,590	16,684,313
Cash flows excluded from profit attributable to operating activities:		
Realised gains on sale of investments	(14,119,302)	(15,248,148)
Non-cash flow items in profit:		
Unrealised gains on investments	(4,888,375)	(4,135,196)
Changes in assets and liabilities:		
Decrease in receivables	55,159	225,460
(Increase)/decrease in deferred tax assets	(12,892)	5,533,863
(Decrease)/increase in payables	(865,717)	1,047,617
Increase/(decrease) in current tax liabilities	2,897,023	(1,300,017)
Cash flow from operating activities	<u>(1,117,514)</u>	<u>2,807,892</u>

14. Earnings per share

	2014	2013
	\$	\$
Profit after income tax used in the calculation of basic earnings per share	<u>15,816,590</u>	<u>16,684,313</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	<u>133,211,188</u>	<u>121,659,015</u>

There are no securities on issue that are potentially dilutive in nature.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. Financial risk management

The Company's financial instruments consist of listed and unlisted investments, trade receivables and trade payables. The risks exposed to through these financial instruments are discussed below and include credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objective, policies and processes for managing or measuring the risks from the previous period.

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis the investment team meet on a weekly basis to monitor and manage the below risks as appropriate.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled three days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk.

Credit risk is not considered to be a major risk to the Company as the majority of cash and term deposits held by the Company or in its portfolios are invested with financial institutions that have a Standard and Poor's short rating of A-1+ and long term rating of AA-. Also the majority of maturities are within three months.

None of the assets exposed to credit risk are overdue or considered to be impaired.

b) Liquidity risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's major cash payments are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the Manager.

The Company's cash receipts depend upon the level of sales of securities, dividends and interest received and the exercise of Company options that may be on issue from time to time.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15. Financial risk management (cont'd)

b) Liquidity Risk (cont'd)

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash payments as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Furthermore the assets of the Company are largely in the form of tradable securities which, if liquidity is available, can be sold on market when, and if required.

The table below reflects an undiscounted contractual maturity analysis for the Company's liabilities. The timing of cash flows presented in the table to settle liabilities reflects the earliest possible contractual settlement date to the reporting date.

30 June 2014	>1 month	<1 month	Total
	\$	\$	\$
Liabilities			
Total trade and other payables	-	7,037,869	7,037,869
Total	-	7,037,869	7,037,869

30 June 2013	>1 month	<1 month	Total
	\$	\$	\$
Liabilities			
Total trade and other payables	-	2,861,203	2,861,203
Total	-	2,861,203	2,861,203

c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other market prices will affect the fair value or future cash flows of the Company's financial instruments.

By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

(i) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its cash and term deposits mature within three months. As the Company's exposure to interest rate risk is not significant, interest rate sensitivities have not been performed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. Financial risk management (cont'd)

c) Market risk (cont'd)

i) Interest rate risk (cont'd)

At the end of the reporting period, the Company's exposure to interest rate risk and the effective weighted average interest rate was as follows:

30 June 2014	Weighted average interest rate (% pa)	Interest bearing \$	Non- interest bearing \$	Total \$
Assets				
Cash and cash equivalents	3.45%	45,857,890	-	45,857,890
Trade and other receivables		-	906,196	906,196
Financial assets		-	110,705,217	110,705,217
Total		45,857,890	111,611,413	157,469,303
Liabilities				
Trade and other payables		-	7,037,869	7,037,869
Total		-	7,037,869	7,037,869

30 June 2013	Weighted average interest rate (% pa)	Interest bearing \$	Non- interest bearing \$	Total \$
Assets				
Cash and cash equivalents	3.89%	52,689,125	-	52,689,125
Trade and other receivables		-	3,967,136	3,967,136
Financial assets		-	68,064,486	68,064,486
Total		52,689,125	72,031,622	124,720,747
Liabilities				
Trade and other payables		-	2,861,203	2,861,203
Total		-	2,861,203	2,861,203

(ii) Other price risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Company's investments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect net investment income.

WAM RESEARCH LIMITED
A.B.N. 15 100 504 541

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15. Financial risk management (cont'd)

c) Market risk (cont'd)

ii) Other price risk (cont'd)

The Manager seeks to manage and reduce the other price risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a daily basis. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's industry sector weighting of the gross assets as at 30 June is as below:

Industry sector	2014	2013
	%	%
Consumer Discretionary	25.5	12.9
Financials	14.7	8.1
Information Technology	12.0	9.0
Industrials	5.5	7.3
Health Care	4.3	1.2
Telecommunications Services	4.2	9.0
Materials	3.2	0.3
Utilities	2.0	-
Consumer Staples	1.3	7.4
Energy	0.3	0.3
	73.0%	55.5%

Securities representing over 5 per cent of the gross assets at 30 June were:

Company name	2014 (%)
N/A	N/A

Company name	2013 (%)
Graincorp Limited	6.1%

Sensitivity analysis

For investments held by the Company at the end of the reporting period, a sensitivity analysis was performed relating to its exposure to market risk. This analysis demonstrates the effect on current year net assets after tax as a result from a reasonably possible change in the risk variable. The sensitivity assumes all other variables remain constant.

Investments represent 73.0% (2013: 55.5%) of gross assets at year end. A 5% movement in the market value of each of the investments within the portfolio would result in a 3.7% (2013: 2.8%) movement in the net assets after tax. This would result in the net asset backing after tax moving by 3.9 cents per share using the 30 June 2014 numbers (2013: 2.7 cents per share).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15. Financial risk management (cont'd)

d) Financial instruments measured at fair value

AASB 13: Fair Value Measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the closing quoted last prices at the end of the reporting period, excluding transaction costs.

Investments included in Level 2 of the hierarchy include amounts in relation to Initial Public Offerings and Placements in which the Company has subscribed to during the year. These investments have not listed on the Australian Securities Exchange as at 30 June 2014 and therefore represent investments in an inactive market. In valuing these unlisted investments, included in Level 2 of the hierarchy, the fair value has been determined using the valuation technique of the subscription price and the amount of securities subscribed for by the Company under the relevant offers. Valuation techniques such as comparisons to similar investments for which market observable prices are available or the last sale price are also adopted to determine the fair value of investments included in Level 2 of the hierarchy.

30 June 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	104,887,797	5,817,420	-	110,705,217
Total	104,887,797	5,814,420	-	110,705,217
30 June 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	67,737,486	327,000	-	68,064,486
Total	67,737,486	327,000	-	68,064,486

16. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 2,197 (2013: 1,951). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$701,943 (2013: \$591,947).

17. Segment reporting

The Company engages in investing activities, including cash, term deposits and equity investments. It has no reportable business or geographic segments.

WAM RESEARCH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. Key management personnel compensation

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

G.J. Wilson	Chairman
M.J. Kidman	Non-Executive Director
J.B. Abernethy	Non-Executive Director
J.J. Gosse	Non-Executive Director

a) Remuneration

There are no executives that are paid by the Company.

Individual Directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 18, as permitted by Corporations Regulation 2M.3.03 and 2M.6.04.

	Short-term employee benefits Directors' Fees \$	Post-employment benefits Superannuation \$	Total \$
Total Directors' remuneration paid by the Company for the year ended 30 June 2014	86,997	5,503	92,500
Total Directors' remuneration paid by the Company for the year ended 30 June 2013	87,132	5,368	92,500

b) Share holdings

The number of ordinary shares held in the Company during the financial year by each key management personnel of the Company and their related parties are set out below:

30 June 2014

<i>Ordinary Shares held</i>	Balance at 30 June 2013	Acquisitions	Disposals	Balance at 30 June 2014
Directors				
G.J. Wilson	5,632,839	135,233	-	5,768,072
M.J. Kidman	229,826	13,022	-	242,848
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	5,922,665	148,255	-	6,070,920

<i>Options held</i>	Balance at 30 June 2013	Bonus Allotment	Disposals	Balance at 30 June 2014
Directors				
G.J. Wilson	-	2,816,420	861,061	1,955,359
M.J. Kidman	-	117,982	-	117,982
J.B. Abernethy	-	30,000	-	30,000
J.J. Gosse	-	-	-	-
	-	2,964,402	861,061	2,103,341

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

18. Key management personnel compensation (cont'd)

30 June 2013

<i>Ordinary Shares held</i>	Balance at 30 June 2012	Acquisitions	Disposals	Balance at 30 June 2013
Directors				
G.J. Wilson	5,632,839	-	-	5,632,839
M.J. Kidman	215,511	14,315	-	229,826
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	5,908,350	14,315	-	5,922,665

Directors and Director related entities disposed of and acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

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

19. Related party transactions

All transactions with related parties were made on normal commercial terms and conditions and at market rates.

Geoffrey Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Research Limited. Entities associated with Geoffrey Wilson hold 100% of the issued shares of MAM Pty Limited. The core duties of the Manager in addition to managing the investment portfolio of WAM Research Limited include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the *Corporations Act 2001*; liaison with the share registrar of the Company; investor relations; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$1,614,576 inclusive of GST (2013: \$1,289,324). As at 30 June 2014, the balance payable to the Manager was \$416,242 inclusive of GST (2013: 339,919).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- 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
- where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in 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 2014, a performance fee of \$745,083 inclusive of GST was payable to MAM Pty Limited (2013: \$1,702,190).

Wilson Asset Management (International) Pty Limited employs accounting personnel to provide accounting services to WAM Research Limited. These services are provided on commercial terms and include a standard charge of \$2,750 inclusive of GST per month and an additional charge of \$5,500 inclusive of GST is charged for preparing the half year and full year financial statements. These accounting services total \$38,500 inclusive of GST for the financial year 2014

WAM RESEARCH LIMITED
A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. Related party transactions (cont'd)

(2013: \$38,500). Wilson Asset Management (International) Pty Limited is owned by an entity associated with Geoffrey Wilson.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) 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.

20. Contingent liability

There are no contingent liabilities as at 30 June 2014 (2013: nil).

21. Capital commitments

There are no capital commitments as at 30 June 2014 (2013: nil).

22. Holdings at fair value through other comprehensive income

	2014	2013
	\$	\$
Clime Investment Management Limited	2,619,165	2,683,768
AP Eagers Limited	-	1,505,176
Total	<u>2,619,165</u>	<u>4,188,944</u>

23. Events subsequent to reporting date

Since year end, the Board declared a final dividend of 3.75 cents per share fully franked to be paid on 24 October 2014.

On 1 August 2014, the Board announced the appointment of Ms Kate Thorley and Mr Chris Stott as non-executive Directors. Ms Thorley and Mr Stott will offer themselves for election by shareholders at the Company's 2014 Annual General Meeting to be held on 28 November 2014.

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

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

DIRECTORS' DECLARATION

The Directors of WAM Research Limited declare that:

- 1) The financial report as set out in pages 24 to 47 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 18 to 20, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b) giving a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Director of the Manager, MAM Pty Limited has declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view.
- 3) At the date of this declaration, in the Directors' opinion 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.



G.J. Wilson
Chairman

Dated in Sydney this 30th day of September 2014

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**Independent Auditor's Report
To the Members of WAM Research Limited
A.B.N. 15 100 504 541**

Report on the Financial Report

We have audited the accompanying financial report of WAM Research Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state that, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a) the financial report of WAM Research Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 20 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of WAM Research Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report for the year ended 30 June 2014 included on WAM Research Limited's website. The Company's directors are responsible for the integrity of WAM Research Limited's website. We have not been engaged to report on the integrity of WAM Research Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Moore Stephens Sydney
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, 30 September 2014

WAM RESEARCH LIMITED
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INVESTMENTS AT MARKET VALUE
AS AT 30 JUNE 2014

Company Name	Code	Market Value \$	% of Gross Assets
Consumer Discretionary			
Ardent Leisure Group	AAD	3,119,530	2.1%
Amalgamated Holdings Limited	AHD	2,952,656	1.9%
Automotive Holdings Group Limited	AHE	4,457,435	2.9%
APN News & Media Limited	APN	1,809,459	1.2%
Beacon Lighting Group Limited	BLX	1,119,006	0.7%
Corporate Travel Management Limited	CTD	2,405,093	1.6%
Enero Group Limited	EGG	1,257,663	0.8%
Fairfax Media Limited	FXJ	4,685,185	3.1%
Indoor Skydive Australia Group Limited	IDZ	140,453	0.1%
iSelect Limited	ISU	29,624	0.0%
Mantra Group	MTR	3,869,856	2.6%
RCG Corporation Limited	RCG	964,943	0.6%
Slater & Gordon Limited	SGH	5,730,701	3.8%
Southern Cross Media Group Limited	SXL	3,014,260	2.0%
Vocation Limited	VET	3,003,183	2.0%
		38,559,044	25.4%
Financials			
Centrepoint Alliance Limited	CAF	898,185	0.6%
CBA Perpetual Exc Resale Listed Sec - PERLS V	CBAPA	5,738,121	3.8%
Clime Investment Management Limited	CIW	2,619,164	1.7%
Equity Trustees Limited	EQT	2,783,291	1.8%
Mystate Limited	MYS	1,498,780	1.0%
SFG Australia Limited	SFW	3,183,195	2.1%
Servcorp Limited	SRV	1,555,200	1.0%
WBC Stapled Preferred Security II	WBPCPB	2,560,430	1.6%
Yellow Brick Road Holdings Limited	YBR	1,483,707	1.0%
		22,320,073	14.6%
Information Technology			
3P Learning Limited	TPN	2,551,500	1.7%
CSG Limited	CSV	3,977,423	2.6%
Freelancer Limited	FLN	139,492	0.1%
Infomedia Limited	IFM	2,602,332	1.7%
iSentia Group Limited	ISD	3,049,179	2.0%
Nearmap Limited	NEA	2,021,686	1.3%
Praemium Limited	PPS	122,742	0.1%
Technology One Limited	TNE	3,772,059	2.5%
		18,236,413	12.0%

WAM RESEARCH LIMITED
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INVESTMENTS AT MARKET VALUE
AS AT 30 JUNE 2014

Company Name	Code	Market Value \$	% of Gross Assets
Industrials			
Australian Infrastructure Fund Limited	AIX	78,413	0.1%
Austal Limited	ASB	735,433	0.5%
Crowe Horwath Australasia Limited	CRH	401,327	0.3%
Logicamms Limited	LCM	300,705	0.2%
PMP Limited	PMP	915,939	0.6%
Royal Wolf Holdings Limited	RWH	1,952,624	1.3%
Smartgroup Corporation Limited	SIQ	1,969,920	1.3%
Seymour Whyte Limited	SWL	1,102,229	0.7%
Transpacific Step-Up Preference Securities	TPAPA	886,547	0.6%
		8,343,137	5.6%
Health Care			
Azure Healthcare Limited	AZV	632,230	0.4%
Greencross Limited	GXL	2,418,256	1.6%
Pulse Health Limited	PHG	77,176	0.1%
Sirtex Medical Limited	SRX	1,832,662	1.2%
Vita Life Sciences Limited	VSC	1,510,560	1.0%
		6,470,883	4.3%
Telecommunication Services			
iiNet Limited	IIN	3,247,811	2.1%
Vocus Communications Limited	VOC	3,174,406	2.1%
		6,422,217	4.2%
Materials			
Alexium International Group Limited	AJX	156,400	0.1%
DuluxGroup Limited	DLX	4,657,954	3.1%
		4,814,354	3.2%
Utilities			
Energy Developments Limited	ENE	3,100,771	2.0%
		3,100,771	2.0%
Consumer Staples			
Bellamys Australia Limited	BAL	1,296,000	0.9%
Gage Roads Brewing Co Limited	GRB	196,300	0.1%
Yowie Group Limited	YOW	545,459	0.4%
		2,037,759	1.4%
Energy			
Matrix Composites & Engineering Limited	MCE	400,566	0.3%
		400,566	0.3%
Total Long Portfolio		110,705,217	73.0%
Total Cash and cash equivalents, income receivable and net outstanding settlements		41,000,151	27.0%
Gross Assets		151,705,368	

WAM RESEARCH 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

Substantial shareholders (as at 31 August 2014)

There are currently no substantial shareholders of WAM Research Limited.

Distribution of shareholders (as at 31 August 2014)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	276	484
1,001 – 5,000	986	1,484
5,001 – 10,000	991	749
10,001 – 100,000	2,337	1,106
100,001 and over	204	84
	4,794	3,907

The number of shareholdings held in less than marketable parcels is 95.

Twenty largest shareholders – Ordinary shares (as at 31 August 2014)

Name	Number of ordinary shares held	Percentage of issued capital held
Entities associated with Mr Geoffrey Wilson	5,747,830	4.1
Mr Victor John Plummer	3,200,000	2.3
Invia Custodian Pty Limited (Thelma Martin-Weber A/C)	1,000,000	0.7
Anchorfield Pty Ltd (Brazil Family Fndn A/C)	890,000	0.6
Somoke Pty Limited (Pulman Super Fund A/C)	860,865	0.6
R B & S J Baxter Pty Ltd (Super Fund A/C)	852,129	0.6
Dr & Mrs & Miss English (N English No1 Super Ben A/C)	800,176	0.6
Mrs Jean Plummer	750,000	0.5
Pollywam Pty Ltd (DPS Superannuation Fund A/C)	721,761	0.5
Sanolu Pty Limited	703,612	0.5
Citicorp Nominees Pty Limited	684,249	0.5
Navigator Australia Ltd (MLC Investment Sett A/C)	670,335	0.5
Mr & Mrs Antaw (Petavic Super Fund A/C)	660,000	0.5
Mr & Mrs O'Brien (MA& A O'Brien Super Fund A/C)	564,754	0.4
Mr & Mrs Tonkin (Tonkin Family S/F A/C)	546,607	0.4
Dr & Mrs English (N English Sf No 1 A/C)	536,712	0.4
Tendword Pty Ltd (David Fawcett Sup Plan A/C>)	500,000	0.4
Mrs Philippa Blomfield	500,000	0.4
RJC Nominees Pty Ltd (Hoover Ford Emp S/F A/C)	485,000	0.4
Mr Richard Tooher	476,527	0.3
	21,150,557	15.1

Securities exchange listing

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



WILSON
ASSET MANAGEMENT

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