

**WAM RESEARCH LIMITED**  
**(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)**  
A.B.N. 15 100 504 541  
**APPENDIX 4D**  
**HALF YEAR REPORT**  
**for the half year ended 31 December 2010**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
*All comparisons to the half year ended 31 December 2009*

	\$	Up/Down	% Mvmt
Revenue from operating activities	6,605,586	up	154.5%
Profit from operating activities before income tax expense	5,701,654	up	213.6%
Profit from operating activities after income tax expense	5,369,783	up	149.8%
Net profit for the period attributable to members	5,369,783	up	149.8%
<b>Dividend Information</b>	<b>Amt per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
2011 Interim dividend per share	3.0c	3.0c	30%
2010 Special dividend per share	1.4c	1.4c	30%
2010 Final dividend per share	2.6c	2.6c	30%

**Interim dividend dates**

Ex dividend date	15 March 2011
Record Date	21 March 2011
Payment Date	28 March 2011

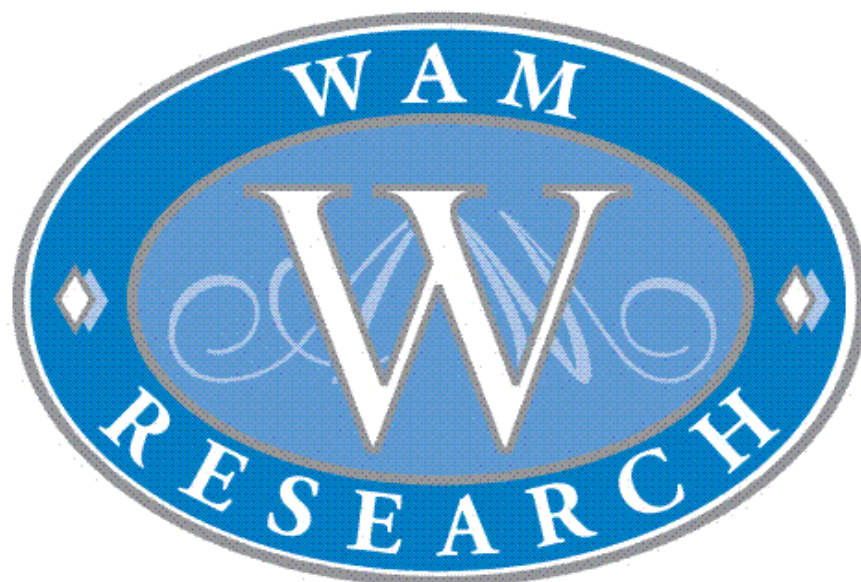
**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan is in operation and the recommended Interim Dividend of 3.0 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at no discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date for the relevant dividend and the 3 trading days preceding that date).

	31 Dec 10	31 Dec 09
Net tangible asset backing after tax	\$0.94	\$0.97

*This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors, Moore Stephens Sydney. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2010 Annual Financial Report.*

**WAM RESEARCH LIMITED**  
**(FORMERLY KNOWN AS**  
**WILSON INVESTMENT FUND LIMITED)**  
**A.B.N. 15 100 504 541**



**FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2010**

# COMPANY PARTICULARS

## WAM RESEARCH LIMITED

(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)

A.B.N. 15 100 504 541

WAM Research Limited is a Listed Investment Company and is a reporting entity. It is an investor in equities and similar securities on the stock market primarily in Australia.

**DIRECTORS:** Geoffrey Wilson (Chairman)  
Matthew Kidman  
Julian Gosse  
John Abernethy

**SECRETARY:** Katherine Thorley

**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:** Mail Address: GPO Box 4658  
Sydney NSW 2001  
Telephone: (02) 9247 6755  
Fax: (02) 9247 6855  
Email: [info@wami.com.au](mailto:info@wami.com.au)  
Website: [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au)

**SHARE REGISTRAR:** Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600  
Fax: (02) 9279 0664

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

**STOCK EXCHANGE:** Australian Securities Exchange (ASX), Sydney  
ASX code for Ordinary shares: WAX  
(Formerly ASX code: WIL)

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**DIRECTORS' REPORT TO SHAREHOLDERS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

The Directors present their report together with the financial report of WAM Research Limited (the Company) for the half year ended 31 December 2010.

**Directors**

The names of the Directors in office at any time during or since the end of the period:

- Geoffrey Wilson (Chairman – Non-independent)
- Matthew Kidman (Non-Executive Director – Non-independent)
- Julian Gosse (Non-Executive Director – Independent)
- John Abernethy (Non-Executive Director – Independent)

The Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

**Operating and Financial Review**

The principal activity of the Company is making investments in listed and unlisted companies. During the period a modification to the investment strategy allowing for a more actively managed portfolio was implemented following a strategic review of the Company on how best to maximise value for shareholders. 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 and to preserve the capital of the Company.

Investment operations over the half year resulted in an operating profit before tax of \$5,701,654 (2009: \$1,817,909) and operating profit after tax of \$5,369,783 (2009: \$2,150,840).

Asset backing for each ordinary share as at 31 December 2010 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 93.53 cents per share (2009: 97.12 cents per share). The equivalent asset backing before tax was 88.82 (2009: 94.40). This is after the payment of 6.6 cents in fully franked dividends during 2010 and tax paid of 1.22 cents per share.

A final dividend of 2.6 cents per share fully franked together with a special dividend 1.4 cents per share fully franked have been paid in the period to 31 December 2010. Since period end the Board has declared an interim fully franked dividend of 3.0 cents per share which will be paid on 28 March 2011.

**Auditors' Independence Declaration**

A copy of the Auditors' Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 2.

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



G.J. Wilson, Chairman  
Dates at Sydney this 8th day of February 2011

Level 7, 20 Hunter Street  
Sydney NSW 2000

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

[www.moorestephens.com.au](http://www.moorestephens.com.au)

**Auditor's Independence Declaration  
to the Directors of WAM Research Limited (formerly known as Wilson Investment  
Fund Limited)**

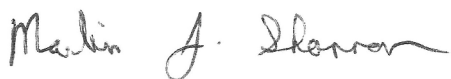
As lead auditor for the review of WAM Research Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

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

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



**Moore Stephens Sydney**  
Chartered Accountants



**Martin J. (Joe) Shannon**  
Partner

Dated in Sydney this 8<sup>th</sup> day of February 2010

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Notes	December 2010 \$	December 2009 \$
Proceeds from sale of investments		18,391,928	-
Cost of investments sold		(19,435,426)	-
Realised losses on equity investments		(1,043,498)	-
Unrealised gains on equity investments		2,897,836	-
Other investment revenue	2	4,751,248	2,595,873
Management fees		(525,944)	(568,040)
Directors fees		(37,500)	(37,500)
Brokerage expense on share purchases		(152,514)	(10,085)
Other expenses from ordinary activities		(187,974)	(162,339)
<b>Profit before income tax expense and realised gains on long term equity investments prior to 7 Dec 2009*</b>		<b>5,701,654</b>	<b>1,817,909</b>
Income tax (expense)/benefit		(331,871)	332,931
<b>Profit from operating activities before realised loss on long term equity investments prior to 7 Dec 2009</b>		<b>5,369,783</b>	<b>2,150,840</b>
Realised loss on long term equity investments before tax prior to 7 Dec 2009		-	(1,601)
Income tax benefit on realised loss on long term equity investments prior to 7 Dec 2009		-	480
<b>Net realised loss on long term equity investments prior to 7 Dec 2009</b>		<b>-</b>	<b>(1,121)</b>
<b>Profit for the half year attributable to members of the Company</b>	6	<b>5,369,783</b>	<b>2,149,719</b>
<b>Basic earnings per share before realised loss on long term equity investments prior 7 Dec 2009</b>		<b>4.44 cents</b>	<b>1.76 cents</b>
<b>Basic earnings per share</b>		<b>4.44 cents</b>	<b>1.75 cents</b>
<b>Diluted earnings per share</b>		<b>4.44 cents</b>	<b>1.75 cents</b>

\*The Company has elected to early adopt "AASB 9: Financial Instruments", which was issued on 7 Dec 2009. Refer Note 1.

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Half Year to December 2010			Half Year to December 2009		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit for the half year	5,369,783	-	5,369,783	2,150,840	(1,121)	2,149,719
<b>Other comprehensive income</b>						
Revaluation of investment portfolio during the period	-	7,018,223	7,018,223	-	17,652,774	17,652,774
Provision for tax expense on above	-	(2,105,466)	(2,105,466)	-	(5,295,832)	(5,295,832)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>4,912,757</b>	<b>4,912,757</b>	<b>-</b>	<b>12,356,942</b>	<b>12,356,942</b>
<b>Total comprehensive income</b>	<b>5,369,783</b>	<b>4,912,757</b>	<b>10,282,540</b>	<b>2,150,840</b>	<b>12,355,821</b>	<b>14,506,661</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010**

	Notes	December 2010 \$	June 2010 \$
<b>Current Assets</b>			
Cash and cash equivalents		19,854,004	12,324,016
Trade and other receivables		983,504	5,366,102
Equity investments at fair value through income statement		45,029,143	-
Equity investments held for sale		26,254,473	1,158,750
<b>Total Current Assets</b>		<b>92,121,124</b>	<b>18,848,868</b>
<b>Non-Current Assets</b>			
Long term equity investments		13,820,264	79,676,130
Deferred tax assets		7,210,655	7,909,779
<b>Total Non-Current Assets</b>		<b>21,030,919</b>	<b>87,585,909</b>
<b>Total Assets</b>		<b>113,152,043</b>	<b>106,434,777</b>
<b>Current Liabilities</b>			
Trade and other payables		328,695	169,130
Current tax liability		-	1,257,649
<b>Total Current Liabilities</b>		<b>328,695</b>	<b>1,426,779</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		1,628,160	68,491
<b>Total Non-Current Liabilities</b>		<b>1,628,160</b>	<b>68,491</b>
<b>Total Liabilities</b>		<b>1,956,855</b>	<b>1,495,270</b>
<b>Net Assets</b>		<b>111,195,188</b>	<b>104,939,507</b>
<b>Equity</b>			
Issued capital	4	118,881,155	118,206,031
Reserves	5	(11,615,556)	(13,854,815)
Retained earnings	6	3,929,589	588,291
<b>Total Equity</b>		<b>111,195,188</b>	<b>104,939,507</b>

The accompanying notes form part of these financial statements



**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Notes	December 2010 \$	December 2009 \$
<b>Total equity as at 1 July</b>		<b>104,939,507</b>	<b>107,437,918</b>
Profit for the period attributable to members of the Company		5,369,783	2,149,719
Total other comprehensive income for the period	5(c)	4,912,757	12,356,942
Shares bought back in the period	4(b)	-	(5,025,547)
Shares issued in the period	4(b)	675,124	392,370
		<b>115,897,171</b>	<b>117,311,402</b>
Dividends paid	3	(4,701,983)	(2,474,054)
<b>Total equity as at 31 December attributable to members of the Company</b>		<b>111,195,188</b>	<b>114,837,348</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**STATEMENT OF CASH FLOW**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	<b>December 2010 \$</b>	<b>December 2009 \$</b>
<b>Cash Flows from Operating Activities</b>		
Dividends received	4,770,080	2,617,455
Interest received	506,036	322,887
Other investment income received	36,658	39,647
Investment management fees	(519,759)	(369,911)
Income tax paid	(1,436,194)	-
Payments for administration expenses	(399,829)	(240,693)
<b>Net Cash provided by Operating Activities</b>	<b>2,956,992</b>	<b>2,369,385</b>
 <b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	73,510,170	3,402
Payments for purchases of investments	(64,910,316)	(3,141,773)
<b>Net Cash provided by/(used in) Investing Activities</b>	<b>8,599,854</b>	<b>(3,318,371)</b>
 <b>Cash Flow from Financing Activities</b>		
Dividends paid	(4,026,858)	(2,081,684)
Shares bought back	-	(5,013,172)
<b>Net Cash used in Financing Activities</b>	<b>(4,026,858)</b>	<b>(7,094,856)</b>
 <b>Net Increase/(Decrease) in Cash Held</b>	<b>7,529,988</b>	<b>(7,863,842)</b>
 Cash and cash equivalents at the beginning of the half year	12,324,016	15,859,506
<b>Cash and Cash Equivalents at the End of Half Year</b>	<b>19,854,004</b>	<b>7,995,664</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**1. Statement of Significant Accounting Policies**

**Basis of Preparation**

The half year financial statements are a general purpose financial statement prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report was authorised for issue on 8th February 2011 by the Board of Directors.

It is recommended that the half year financial report be read in conjunction with the Annual financial Report for the year ended 30 June 2010 and any public announcements made by WAM Research Limited ("the Company") during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical cost with the exception of certain financial assets and liabilities which have been measured at fair value.

The half year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2010 Annual Financial Report.

**Details of Reporting Period**

The current reporting period is the half year ended 31 December 2010. For the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow, the previous corresponding period is the half year ended 31 December 2009. For the Statement of Financial Position, the previous corresponding date is 30 June 2010.

**Equity Investment at Fair Value**

Equity investments at fair value are non-derivative equity assets that are designated as such. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**Long Term Equity Investments and Equity Investments Held For Sale**

Long term equity investments and equity investment 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 as these investments are long term holdings of equity investments.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profit reserve.

**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 Income Statement in the period in which they arise. Unrealised gains and losses are then transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments, where they are above cost.

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**1. Statement of Significant Accounting Policies (continued)**

Quoted investments are valued continuously at fair value. This fair value is the closing last sale price quoted on the Australian Securities Exchange.

The Company has elected to early adopt "AASB 9: Financial Instruments", which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. These requirements improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of AASB 139.

Investments in equity instruments, which were previously classified as available for sale financial assets, are now classified as equity instruments revalued through other comprehensive income. They continue to be valued at fair value with changes in value being recognised in the asset revaluation reserve. Consequently adoption of AASB 9 has no effect on the valuation of the Company's net assets or total comprehensive income.

Under AASB 9 there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test the Company's investment for impairment so there is no transfer of unrealised impairment losses from the asset revaluation reserve to the income statement.

<b>2. Other Investment Revenue</b>	<b>December 2010 \$</b>	<b>December 2009 \$</b>
Australian sourced dividends	4,276,384	2,337,819
Interest	471,376	252,584
Foreign sourced dividends	(4,712)	-
Underwriting fees	8,200	5,470
	<b>4,751,248</b>	<b>2,595,873</b>

**3. Dividends**

Dividends paid fully franked at 30% tax rate:

Special dividend at 1.40 cents per ordinary share paid 29 September 2010 (2009: nil)	1,645,694	-
Final dividend at 2.60 cents per ordinary share paid 29 September 2010 (2009: 2.00 cents)	3,056,289	2,474,054
	<b>4,701,983</b>	<b>2,474,054</b>

The special dividend of 1.4 cents per share and final dividend of 2.6 cents per share paid 29 September 2010 are both LIC capital gain dividends paid from capital profits reserve.

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	December 2010 \$	June 2010 \$
<b>4. Issued Capital</b>		
<b>a) Paid-up Capital</b>		
118,526,587 ordinary shares (June 2010: 117,549,582)	<b>118,881,155</b>	<b>118,206,031</b>
<b>b) Ordinary Shares</b>		
Balance at the beginning of the reporting period	118,206,031	123,031,986
– 977,005 ordinary shares issued on 29 October 2010 under a dividend reinvestment plan	675,124	-
– 661,037 ordinary shares issued on 12 March 2010 under a dividend reinvestment plan	-	469,569
– 506,153 ordinary shares issued on 30 October 2009 under a dividend reinvestment plan	-	392,370
– 7,320,297 ordinary shares for the period bought back under an on-market buy back commencing 14 September 2009	-	(5,687,894)
At reporting date	<b>118,881,155</b>	<b>118,206,031</b>
<b>5. Reserves</b>		
Capital Profits Reserve - Capital Account	1,561,708	4,724,015
Capital Profits Reserve - Revenue Account	(14,320,752)	-
Asset Revaluation Reserve	1,143,488	(18,578,830)
	<b>(11,615,556)</b>	<b>(13,854,815)</b>
<b>a) Movements in Capital Profits Reserve - Capital Account</b>		
Balance at the beginning of the reporting period	4,724,015	256,834
Dividends paid (refer Note 3)	(4,701,983)	(247,406)
Transfer from Asset Revaluation Reserve	1,539,676	4,715,707
Transfer from Retained Earnings	-	(1,120)
At reporting date	<b>1,561,708</b>	<b>4,724,015</b>

**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	December 2010 \$	June 2010 \$
<b>b) Movements in Capital Profits Reserve - Revenue Account</b>		
Balance at the beginning of the reporting period	-	-
Transfer from Asset Revaluation Reserve	(14,320,752)	-
At reporting date	<b>(14,320,752)</b>	-
<b>c) Movements in Asset Revaluation Reserve</b>		
Balance at the beginning of the reporting period	(18,578,830)	(17,718,010)
Transfer to Capital Profits Reserve - Capital Account	(1,539,676)	(4,715,707)
Transfer to Capital Profits Reserve - Revenue Account	14,320,752	-
Transfer from Retained Earnings	2,028,485	-
Other Comprehensive Income	4,912,757	3,854,887
At reporting date	<b>1,143,488</b>	<b>(18,578,830)</b>
<b>6. Retained Earnings</b>		
Balance at the beginning of the year	588,291	1,867,108
Profit for the period attributable to members of the Company	5,369,783	4,003,314
Transfer to Capital Profits Reserve	-	1,120
Transfer to Asset Revaluation Reserve	(2,028,485)	-
Dividends paid (refer Note 3)	-	(5,283,251)
At reporting date	<b>3,929,589</b>	<b>588,291</b>

**7. Segment Reporting**

The Company currently operates only in the investment industry within Australia. It has no reportable business or geographic segments.

**8. Contingent Liabilities and Commitments**

There are no outstanding contingent liabilities or commitments as at 31 December 2010 (June 2010: nil).

**9. Events Subsequent to Reporting Date**

On 12 January 2011, Directors declared a fully franked interim dividend of 3.0 cents per share to be paid on 28 March 2011.

No matters have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

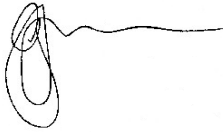
**WAM RESEARCH LIMITED**  
(FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)  
A.B.N. 15 100 504 541

**DIRECTOR'S DECLARATION**

The Directors of WAM Research Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 11, are in accordance with the *Corporations Act 2001*, including:
  - a) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - b) Giving a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance for the half year ended on that date.
2. 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 at Sydney this 8th day of February 2011

Level 7, 20 Hunter Street  
Sydney NSW 2000

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF WAM RESEARCH LIMITED (FORMERLY KNOWN AS WILSON INVESTMENT FUND LIMITED)**

#### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of WAM Research Limited (the company), which comprises the condensed statement of financial position as at 31 December 2010, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flow for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of WAM Research Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.



*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on the website of WAM Research Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WAM Research Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Moore Stephens Sydney*

**Moore Stephens Sydney**  
Chartered Accountants

*Martin J. Shannon*

**Martin J. (Joe) Shannon**  
Partner

Dated in Sydney this 8<sup>th</sup> day of February 2011