

WAM RESEARCH LIMITED
A.B.N. 15 100 504 541
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2010

	\$	Up/Down	% Mvmt
Revenue from operating activities	(3,383,968)	down	151.2%
Loss from operating activities before income tax expense	(4,188,465)	down	173.5%
Loss from operating activities after income tax expense	(1,987,524)	down	137.0%
Loss for the period attributable to members	(1,987,524)	down	137.0%

Dividend Information	Amount per share	Franked amount per share	Tax rate for franking
2012 Interim dividend cents per share	3.25c	3.25c	30%
2011 Final dividend cents per share	3.0c	3.0c	30%

Interim dividend dates

Ex dividend date	10 April 2012
Record Date	16 April 2012
Payment Date	23 April 2012

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended interim dividend of 3.25 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 2011	31 Dec 2010
Net tangible asset backing after tax	\$0.88	\$0.94

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 2011 Annual Financial Report.

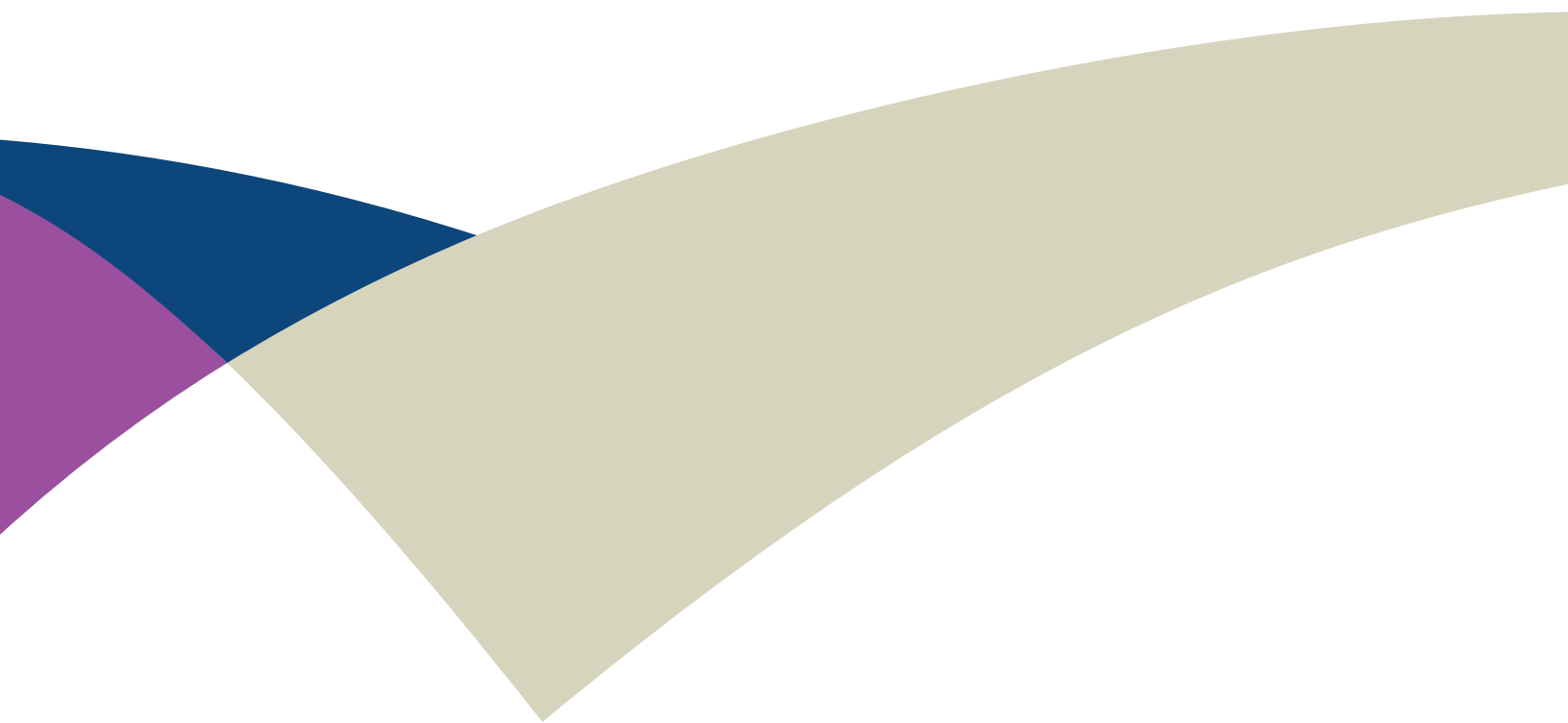


WAM Research Limited (WAX)

ABN 15 100 504 541

Financial Report

for the half year ending 31 December 2011



COMPANY PARTICULARS

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

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

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

SECRETARY: Katherine 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
(Formerly known as: 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.

AUSTRALIAN STOCK EXCHANGE: Ordinary Shares (WAX)

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

The Directors present their report together with the financial report of WAM Research Limited ("the Company") for the half year ended 31 December 2011.

Directors

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

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

Principal Activity

The principal activity of the Company is making investments in listed companies. The investment objectives are to provide a growing stream of fully franked dividends and 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 took place during the period or is likely in the future.

Operating and Financial Review

Investment operations over the half year resulted in an operating loss before tax of \$4,188,465 (2010: operating profit before tax \$5,701,654) and operating loss after tax of \$1,987,524 (2010: operating profit after tax \$5,369,783). The profit or loss largely reflects the variation in the rate of change in the value of the assets of the company. The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 4.9% for the 6 months to 31 December 2011. During that period, WAM Research's portfolio declined 4.7% while the S&P/ASX All Ordinaries Accumulation Index fell by 9.6%.

Under Accounting Standards, realised gains and losses and dividend income are added to or reduced by changes in the market value of the Company's investments. This can lead to large variations in reported profits or losses. In the 6 months to 31 December 2011, the unrealised market value of the portfolio declined by \$4,039,059. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA), adjusted for dividends. The after tax NTA, adjusted for dividends, decreased 2.8% for the 6 months to 31 December 2011. The share price, adjusted for dividends, decreased 2.3% for the 6 months to 31 December 2011.

Net Tangible Asset (NTA) for each ordinary share as at 31 December 2011 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 87.64 cents per share (2010: 93.53 cents per share). The equivalent net tangible assets before tax was 80.26 cents per share (2010: 88.82 cents per share). This is after the payment of 6.0 cents in fully franked dividends during the period.

A fully franked dividend of 3.0 cents per share was paid in the period to 31 December 2011 and an interim fully franked dividend of 3.25 cents per share has been declared by the Board and will be paid on 23 April 2012.

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 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 3.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a long, horizontal, slightly wavy line extending to the right.

G.J. Wilson, Chairman

Dated at Sydney this 8th day of February 2012

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Sydney NSW 2000

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

As lead auditor for the review of WAM Research Limited for the half year ended 31 December 2011, 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 8th day of February 2012

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	December 2011 \$	December 2010 \$
Proceeds from sale of investments		37,273,221	18,391,928
Cost of investments sold		(40,891,889)	(19,435,426)
Realised losses on equity investments		(3,618,668)	(1,043,498)
Unrealised (losses)/gains on equity investments		(4,039,059)	2,897,836
Other investment revenue	2	4,273,759	4,751,248
Management fees		(510,378)	(525,944)
Directors fees		(46,250)	(37,500)
Brokerage expense on share purchases		(72,778)	(152,514)
Other expenses from ordinary activities		(175,091)	(187,974)
(Loss)/profit before income tax		(4,188,465)	5,701,654
Income tax (benefit)/expense		(2,200,941)	331,871
(Loss)/profit for the half year attributable to members of the Company	6	(1,987,524)	5,369,783
Basic earnings per share		(1.64) cents	4.44 cents
Diluted earnings per share		(1.64) cents	4.44 cents

The accompanying notes form part of these financial statements

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half Year to December 2011			Half Year to December 2010		
	Revenue	\$ Capital	Total	Revenue	\$ Capital	Total
Net (loss)/profit for the half year	(1,987,524)	-	(1,987,524)	5,369,783	-	5,369,783
Other comprehensive income						
Revaluation of investment portfolio during the period	-	(1,454,391)	(1,454,391)	-	7,018,223	7,018,223
Provision for tax benefit/(expense) on above	-	436,317	436,317	-	(2,105,466)	(2,105,466)
Total other comprehensive income for the period	-	(1,018,074)	(1,018,074)	-	4,912,757	4,912,757
Total comprehensive income	(1,987,524)	(1,018,074)	(3,005,598)	5,369,783	4,912,757	10,282,540

The accompanying notes form part of these financial statements

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Notes	December 2011 \$	June 2011 \$
Current Assets			
Cash and cash equivalents		40,022,660	27,118,247
Trade and other receivables		520,369	889,334
Equity investments at fair value through income statement		36,369,589	48,764,070
Equity investments held for sale		10,365,413	14,827,453
Total Current Assets		87,278,031	91,599,104
Non-Current Assets			
Long term equity investments		9,580,630	13,780,871
Deferred tax assets		9,788,935	7,913,194
Total Non-Current Assets		19,369,565	21,694,065
Total Assets		106,647,596	113,293,169
Current Liabilities			
Trade and other payables		332,943	156,480
Total Current Liabilities		332,943	156,480
Non-Current Liabilities			
Deferred tax liabilities		934,104	1,695,622
Total Non-Current Liabilities		934,104	1,695,622
Total Liabilities		1,267,047	1,852,102
Net Assets		105,380,549	111,441,067
Equity			
Issued capital	4	119,918,140	119,396,544
Reserves	5	(13,901,266)	(8,543,767)
Retained (losses)/earnings	6	(636,325)	588,290
Total Equity		105,380,549	111,441,067

The accompanying notes form part of these financial statements

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	December 2011 \$	December 2010 \$
Total equity as at 1 July		111,441,067	104,939,507
(Loss)/profit for the period attributable to members of the Company		(1,987,524)	5,369,783
Total other comprehensive income for the period		(1,018,074)	4,912,757
Shares issued via DRP in the period	4(b)	521,596	675,124
		108,957,065	115,897,171
Dividends paid	3(a)	(3,576,516)	(4,701,983)
Total equity as at 31 December attributable to members of the Company		105,380,549	111,195,188

The accompanying notes form part of these financial statements

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	December 2010 \$
Cash Flows from Operating Activities		
Dividends received	3,824,394	4,770,080
Interest received	698,878	506,036
Other investment income received	91,453	36,657
Investment management fee (inclusive of GST)	(375,680)	(557,789)
Brokerage expense on shares purchases (inclusive of GST)	(77,670)	(163,675)
GST on brokerage expense on share sales	(8,497)	(12,343)
Payments for administration expenses (inclusive of GST)	(227,607)	(253,808)
Net GST refunds from the ATO	63,415	68,029
Income tax payment	-	(1,436,194)
Net Cash provided by Operating Activities	3,988,686	2,956,993
Cash Flows from Investing Activities		
Proceeds from sale of investments	44,395,588	73,510,169
Payments for purchases of investments	(32,424,941)	(64,910,316)
Net Cash provided by Investing Activities	11,970,647	8,599,853
Cash Flow from Financing Activities		
Dividends paid – net of reinvestment	(3,054,920)	(4,026,858)
Net Cash used in Financing Activities	(3,054,920)	(4,026,858)
Net increase in cash and cash equivalents held	12,904,413	7,529,988
Cash and cash equivalents at the beginning of the half year	27,118,247	12,324,016
Cash and Cash Equivalents at the end of half year	40,022,660	19,854,004

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 HALF YEAR ENDED 31 DECEMBER 2011

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 2012 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 2011 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 2011 Annual Financial Report.

Details of Reporting Period

The current reporting period is the half year ended 31 December 2011. 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 2010. For the Statement of Financial Position, the previous corresponding date is 30 June 2011.

	December 2011 \$	December 2010 \$
2. Other Investment Revenue		
Australian sourced dividends	3,180,508	4,276,384
Interest	893,159	471,376
Foreign sourced dividends	-	(4,712)
Underwriting fees	19,479	8,200
Trust distributions	84,791	-
Option premium income	95,822	-
	4,273,759	4,751,248

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	December 2010 \$
3. Dividends		
a) Ordinary dividends paid during the period		
3.0 cents per share final fully franked dividend paid 21 October, 2011 (2010: 2.6 cents per share and a special 1.4 cents per share fully franked at 30% paid 29 October 2010)	3,576,516	4,701,983
b) Dividends not recognised during the period		
Since the end of the half year, the Directors have declared an interim fully franked dividend of 3.25 cents per share payable on 23 April 2012 (2010: 3.0 cents per share)	3,899,453	3,555,798

The interim fully franked dividend of 3.25 cents per share payable 23 April 2012 includes 2.5 cents in LIC capital gain dividends to be paid out of the capital profits reserve.

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

	December 2011 \$	June 2011 \$
4. Issued Capital		
a) Paid-up Capital		
119,983,168 ordinary shares fully paid (June 2011: 119,217,215)	119,918,140	119,396,544
b) Ordinary Shares		
Balance at the beginning of the reporting period	119,396,544	118,206,031
765,953 ordinary shares issued on 21 October 2011 under a dividend reinvestment plan	521,596	-
977,005 ordinary shares issued on 29 October 2010 under a dividend reinvestment plan	-	675,125
690,628 ordinary shares issued on 25 March 2011 under a dividend reinvestment plan	-	515,388
At reporting date	119,918,140	119,396,544

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	June 2011 \$
5. Reserves		
Capital Profits Reserve - Capital Account	3,009,291	1,777,220
Capital Profits Reserve - Revenue Account	(19,340,079)	(17,892,851)
Profits Reserve	1,519,079	5,095,595
Asset Revaluation Reserve	910,443	2,476,269
	(13,901,266)	(8,543,767)
 Movement in Capital Profits Reserve - Capital Account		
Balance at the beginning of the reporting period	1,777,220	4,724,015
Dividends paid (refer Note 3a)	-	(4,701,983)
Transfer from Asset Revaluation Reserve	1,232,071	1,755,188
Transfer from Retained Earnings	-	-
At reporting date	3,009,291	1,777,220
 Movement in Capital Profits Reserve - Revenue Account		
Balance at the beginning of the reporting period	(17,892,851)	-
Transfer from Asset Revaluation Reserve	(1,447,228)	(17,892,851)
At reporting date	(19,340,079)	(17,892,851)
 Movement in Profits Reserve		
Balance at the beginning of the reporting period	5,095,595	-
Transfer from Retained Earnings	-	8,651,392
Final dividend FY2011 paid (refer note 3a)	(3,576,516)	-
Interim dividend FY2011 paid	-	(3,555,797)
At reporting date	1,519,079	5,095,595
 Movement in Asset Revaluation Reserve		
Balance at the beginning of the reporting period	2,476,269	(18,578,830)
Transfer to Capital Profits Reserve - Capital Account	(1,232,071)	(1,755,188)
Transfer to Capital Profits Reserve - Revenue Account	1,447,228	17,892,851
Transfer from Retained Earnings	(762,909)	762,909
Other Comprehensive Income	(1,018,074)	4,154,527
At reporting date	910,443	2,476,269

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 \$	June 2011 \$
6. Retained (losses)/earnings		
Balance at the beginning of the year	588,290	588,291
(Loss)/profit for the period attributable to members of the Company	(1,987,524)	9,414,300
Transfer to Profits Reserve	-	(8,651,392)
Transfer to Asset Revaluation Reserve	762,909	(762,909)
At reporting date	<u>(636,325)</u>	<u>588,290</u>

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

There are no outstanding contingent liabilities as at 31 December 2011 (June 2011: \$261,991).

9. Capital Commitments

There are no capital commitments as at 31 December 2011 (June 2011: nil).

10. Events Subsequent to Reporting Date

Since the end of the half year, the Directors declared a fully franked interim dividend of 3.25 cents per share to be paid on 23 April 2012.

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

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

The Directors of WAM Research Limited declare that:

1. The financial statements and notes, as set out on pages 4 to 12, 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 2011 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 2012

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Sydney NSW 2000

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WAM RESEARCH 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 statement of financial position as at 31 December 2011, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it 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 *Corporation Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 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 the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

Independence

In conducting our review, we have complied with the applicable 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 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

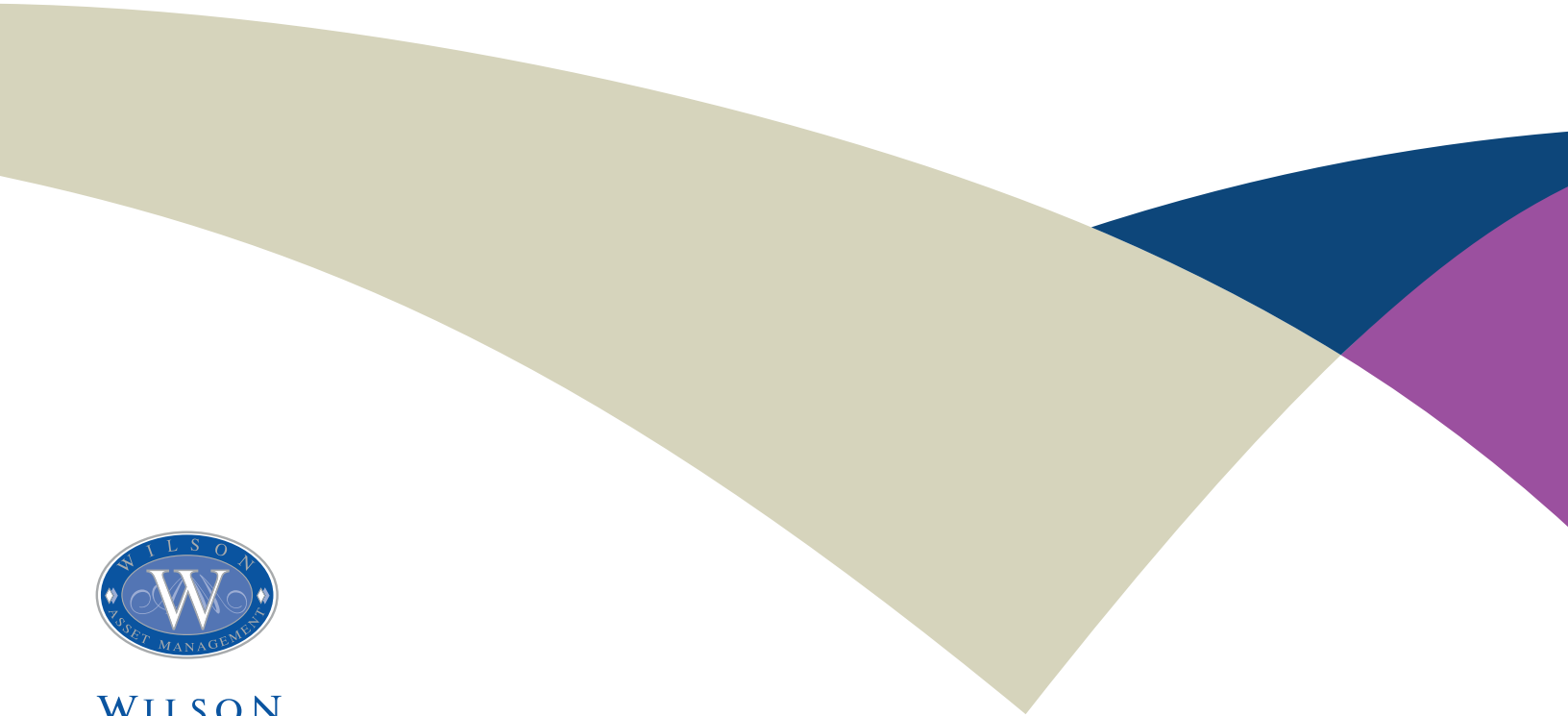
Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

Martin J Shannon

Martin J. (Joe) Shannon
Partner

Dated in Sydney, this 8th day of February 2012



WILSON
ASSET MANAGEMENT

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