

WAM RESEARCH LIMITED
ABN 15 100 504 541
APPENDIX 4D
HALF YEAR REPORT
for the half year ended 31 December 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET
All comparisons to the half year ended 31 December 2011

	\$	up/down	% mvmt
Revenue from operating activities	14,828,809	up	538.2%
Profit from operating activities before income tax expense	13,617,585	up	425.1%
Net profit from operating activities after income tax expense	10,207,796	up	613.6%

Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2013 Interim dividend cents per share	3.5c	3.5c	30%
2012 Final dividend cents per share	3.25c	3.25c	30%

Interim dividend dates

Ex dividend date	8 April 2013
Record Date	12 April 2013
Payment Date	19 April 2013

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the recommended fully franked interim dividend of 3.5 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 2.5% discount to the price (calculated as the weighted average market price of shares sold on the ASX on the books closing date (i.e. record date) for the relevant dividend and the 3 trading days preceding that date).

	31 Dec 2012	31 Dec 2011
Net tangible asset backing (after tax) cents per share	\$0.96	\$0.88

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 2012 Annual Financial Report.

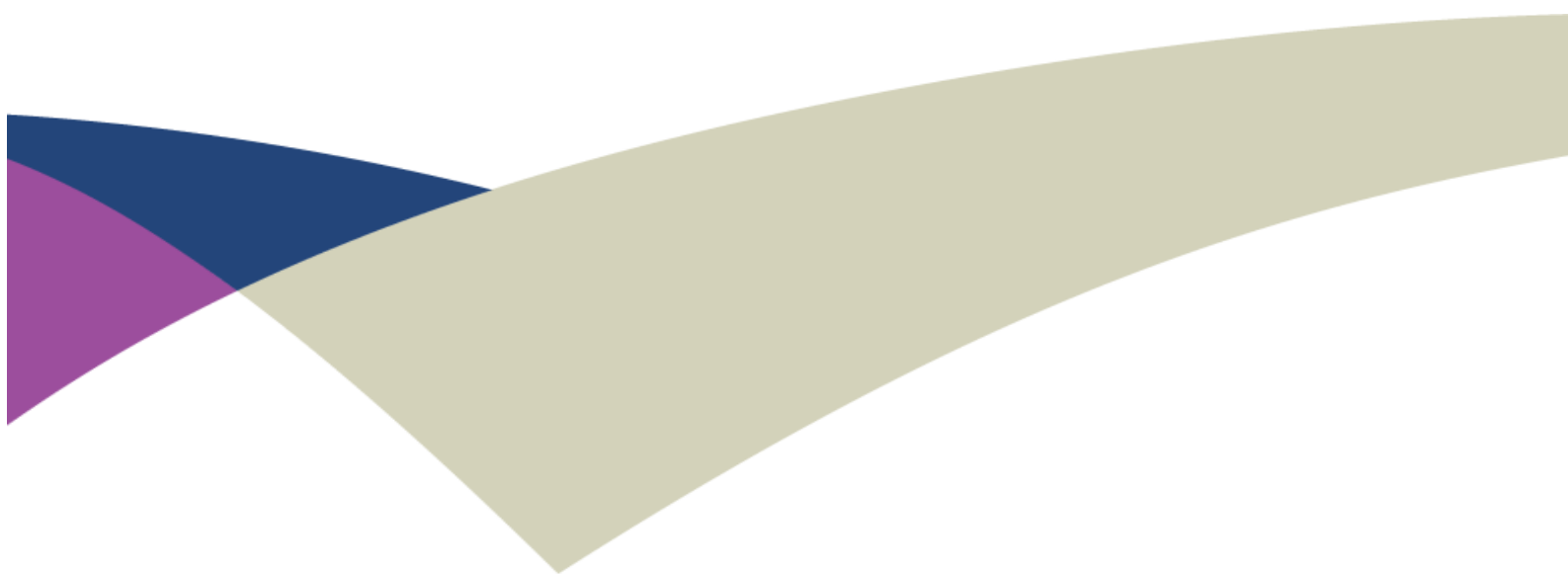


WAM Research Limited

ABN 15 100 504 541

Financial Report

for the half year ending 31 December 2012



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 market.

Directors:	G. Wilson (Chairman) M. Kidman J. Abernethy J. Gosse
Secretary:	K. 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 LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The Directors present their report together with the financial report of WAM Research Limited ("the Company") for the half year ended 31 December 2012.

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. No change in this activity is likely in the future.

Investment Objectives

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.

Operating and Financial Review

Investment operations over the half year resulted in an operating profit before tax of \$13,617,585 (2011: operating loss before tax \$4,188,465) and operating profit after tax of \$10,207,796 (2011: operating loss after tax \$1,987,524). The result reflected a significant increase in the value of the assets of the Company. The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 2.6% for the 6 months to 31 December 2012. During that period, WAM Research's portfolio increased 18.1% while the S&P/ASX All Ordinaries Accumulation Index rose by 15.5%.

Under Australian Accounting Standards, realised gains and losses and dividend income are added to or reduced by changes in the market value of WAM Research's investments. This can lead to large variations in reported profits and losses. We believe a more appropriate measure of the results is the change in Net Tangible Asset (NTA) per share, adjusted for dividends. The pre tax NTA, adjusted for dividends, increased 16.9% for the 6 months to 31 December 2012. The share price, adjusted for dividends, rose 31.3% for the 6 months to 31 December 2012.

Net Tangible Asset (NTA) for each ordinary share as at 31 December 2012 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 96.37 cents per share (2011: 87.64). Net tangible assets after tax on realised gains but before tax on unrealised gains was 96.37 (2011: 87.64). This is after the payment of 6.5 cents in fully franked dividends during the 12 month period.

A final dividend of 3.25 cents per share fully franked was paid in the period to 31 December 2012 and an interim dividend of 3.5 cents per share fully franked has been declared by the Board and will be paid on 19 April 2013. The interim fully franked dividend of 3.5 cents per share includes a 1.1 cent Listed Investment Company (LIC) capital gain dividend.

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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, appearing to be 'G. Wilson', with a long horizontal flourish extending to the right.

Geoffrey Wilson
Chairman

Dated at Sydney this 22nd day of February 2013

Level 7, 20 Hunter Street
Sydney NSW 2000

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

**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 2012, 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



Scott Whiddett
Partner

Dated in Sydney this 22nd day of February 2013.

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	December 2012 \$	December 2011 \$
Proceeds from sale of investments		26,980,852	37,273,221
Cost of investments sold		(24,821,387)	(40,891,889)
Realised gains/(losses) on equity investments		2,159,465	(3,618,668)
Unrealised gains/(losses) on equity investments		9,003,307	(4,039,059)
Investment revenue	2	3,666,037	4,273,759
Management fees		(563,016)	(510,378)
Performance fees		(336,640)	-
Directors' fees		(46,250)	(46,250)
Custody fees		(10,192)	(12,754)
ASX listing and chess fees		(47,637)	(45,177)
Share registry fees		(38,137)	(46,621)
Brokerage expense on share purchases		(104,002)	(72,778)
Other expenses from ordinary activities		(65,350)	(70,539)
Profit/(loss) before income tax		13,617,585	(4,188,465)
Income tax expense/(benefit)		3,409,789	(2,200,941)
Profit/(loss) for the half year attributable to members of the Company	6	10,207,796	(1,987,524)
Basic earnings per share		8.42 cents	(1.64) cents
Diluted earnings per share		8.42 cents	(1.64) 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 2012

	Half Year to December 2012			Half Year to December 2011		
	Revenue	\$ Capital	Total	Revenue	\$ Capital	Total
Net profit/(loss) for the half year	10,207,796	-	10,207,796	(1,987,524)	-	(1,987,524)
Other comprehensive income						
Revaluation of investment portfolio during the period	-	3,375,561	3,375,561	-	(1,454,391)	(1,454,391)
Provision for tax (expense)/benefit on above	-	(1,012,668)	(1,012,668)	-	436,317	436,317
Total other comprehensive income for the period	-	2,362,893	2,362,893	-	(1,018,074)	(1,018,074)
Total comprehensive income	10,207,796	2,362,893	12,570,689	(1,987,524)	(1,018,074)	(3,005,598)

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 2012

	Notes	December 2012 \$	June 2012 \$
Current Assets			
Cash and cash equivalents		46,588,376	46,694,721
Trade and other receivables		638,070	4,272,414
Equity investments at fair value through income statement		53,308,612	35,499,591
Equity investments held for sale		9,166,748	7,716,715
Total Current Assets		109,701,806	94,183,441
Non-Current Assets			
Long term equity investments		6,033,397	8,297,728
Deferred tax assets		4,238,395	8,355,683
Total Non-Current Assets		10,271,792	16,653,411
Total Assets		119,973,598	110,836,852
Current Liabilities			
Trade and other payables		726,855	1,173,114
Total Current Liabilities		726,855	1,173,114
Non-Current Liabilities			
Deferred tax liabilities		1,753,500	1,448,328
Total Non-Current Liabilities		1,753,500	1,448,328
Total Liabilities		2,480,355	2,621,442
Net Assets		117,493,243	108,215,410
Equity			
Issued capital	4	121,192,043	120,557,134
Reserves	5	(2,051,244)	(10,694,168)
Accumulated losses	6	(1,647,556)	(1,647,556)
Total Equity		117,493,243	108,215,410

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 2012

	Notes	December 2012 \$	December 2011 \$
Total equity as at 1 July		108,215,410	111,441,067
Profit/(loss) for the period attributable to members of the Company		10,207,796	(1,987,524)
Total other comprehensive income for the period		2,362,893	(1,018,074)
Shares issued via DRP in the period	4(b)	634,909	521,596
		121,421,008	108,957,065
Dividends paid	3(a)	(3,927,765)	(3,576,516)
Total equity as at 31 December attributable to members of the Company		117,493,243	105,380,549

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 2012

	December 2012 \$	December 2011 \$
Cash Flows from Operating Activities		
Dividends received	2,624,256	3,824,394
Interest received	1,224,737	698,878
Other investment income received	52,691	91,453
Management fees (inclusive of GST)	(578,683)	(375,680)
Performance fees (inclusive of GST)	(727,053)	-
Brokerage on shares purchases (inclusive of GST)	(111,611)	(77,670)
GST on brokerage on share sales	(6,195)	(8,497)
Payments for administration expenses (inclusive of GST)	(236,573)	(227,607)
Net GST received from the ATO	106,036	63,415
Net Cash provided by Operating Activities	2,347,605	3,988,686
Cash Flows from Investing Activities		
Proceeds from sale of investments	34,547,087	44,395,588
Payments for purchases of investments	(33,708,181)	(32,424,941)
Net Cash provided by Investing Activities	838,906	11,970,647
Cash Flow from Financing Activities		
Dividends paid – net of reinvestment	(3,292,856)	(3,054,920)
Net Cash used in Financing Activities	(3,292,856)	(3,054,920)
Net (decrease)/increase in cash and cash equivalents held	(106,345)	12,904,413
Cash and cash equivalents at the beginning of the half year	46,694,721	27,118,247
Cash and Cash Equivalents at the end of half year	46,588,376	40,022,660

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 2012

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 22nd February 2013 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 2012 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 costs 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 2012 Annual Financial Report.

Details of Reporting Period

The current reporting period is the half year ended 31 December 2012. For the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, the previous corresponding period is the half year ended 31 December 2011. For the Statement of Financial Position, the previous corresponding date is 30 June 2012.

	December 2012 \$	December 2011 \$
2. Investment Revenue		
Australian sourced dividends	2,438,031	3,180,508
Interest	1,175,315	893,159
Underwriting fees	-	19,479
Trust distributions	52,691	84,791
Option premium income	-	95,822
	3,666,037	4,273,759

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	December 2012 \$	December 2011 \$
3. Dividends		
a) Ordinary dividends paid during the period		
Final dividend FY2012: 3.25 cents per share fully franked at 30% tax rate paid 19 October 2012 (Final dividend FY2011: 3.0 cents per share fully franked).	<u>3,927,765</u>	<u>3,576,516</u>
b) Dividends not recognised during the period		
Since the end of the half year, the Directors have declared an interim fully franked dividend of 3.5 cents per share payable on 19 April 2013 (Interim dividend FY2012: 3.25 cents per share fully franked).	<u>4,257,199</u>	<u>3,899,456</u>

The final fully franked dividend of 3.25 cents per share paid 19 October 2012 includes 0.4 cents in LIC capital gain dividends paid out of the capital profits reserve.

The interim fully franked dividend of 3.5 cents per share payable 19 April 2013 includes 1.1 cents in LIC capital gain dividends to be paid out of the capital profits reserve.

	December 2012 \$	June 2012 \$
4. Issued Capital		
a) Paid-up Capital		
121,634,257 ordinary shares fully paid (June 2012: 120,854,228)	<u>121,192,043</u>	<u>120,557,134</u>
b) Ordinary Shares		
Balance at the beginning of the reporting period	120,557,134	119,396,544
780,029 ordinary shares issued on 19 October 2012 under a dividend reinvestment plan	634,909	-
765,953 ordinary shares issued on 21 October 2011 under a dividend reinvestment plan	-	521,595
871,060 ordinary shares issued on 23 April 2012 under a dividend reinvestment plan	-	638,995
At reporting date	<u>121,192,043</u>	<u>120,557,134</u>

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	December 2012 \$	June 2012 \$
5. Reserves		
Capital Profits Reserve - Capital Account	1,357,256	518,049
Capital Profits Reserve - Revenue Account	(19,553,933)	(19,847,541)
Profits Reserve	12,337,474	5,574,026
Asset Revaluation Reserve	3,807,959	3,061,298
	<u>(2,051,244)</u>	<u>(10,694,168)</u>
Movement in Capital Profits Reserve - Capital Account		
Balance at the beginning of the reporting period	518,049	1,777,220
Final dividend FY2012 paid (refer Note 3a)	(483,417)	-
Interim dividend FY2012 paid (refer Note 3b)	-	(2,999,579)
Transfer from Asset Revaluation Reserve	1,322,624	1,740,408
At reporting date	<u>1,357,256</u>	<u>518,049</u>
Movement in Capital Profits Reserve - Revenue Account		
Balance at the beginning of the reporting period	(19,847,541)	(17,892,851)
Transfer from/(to) Asset Revaluation Reserve	293,608	(1,954,690)
At reporting date	<u>(19,553,933)</u>	<u>(19,847,541)</u>
Movement in Profits Reserve		
Balance at the beginning of the reporting period	5,574,026	5,095,595
Transfer from Retained Earnings	10,207,796	4,954,824
Final dividend FY2012 paid (refer note 3a)	(3,444,348)	(3,576,516)
Interim dividend FY2012 paid (refer Note 3b)	-	(899,877)
At reporting date	<u>12,337,474</u>	<u>5,574,026</u>
Movement in Asset Revaluation Reserve		
Balance at the beginning of the reporting period	3,061,298	2,476,269
Transfer to Capital Profits Reserve - Capital Account	(1,322,624)	(1,740,408)
Transfer (to)/from Capital Profits Reserve - Revenue Account	(293,608)	1,954,690
Transfer to Retained Earnings	-	(762,909)
Other Comprehensive Income	2,362,893	1,133,656
At reporting date	<u>3,807,959</u>	<u>3,061,298</u>

WAM RESEARCH LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	December 2012 \$	June 2012 \$
6. Accumulated Losses		
Balance at the beginning of the year	(1,647,556)	588,290
Profit for the period attributable to members of the Company	10,207,796	1,956,069
Transfer to Profits Reserve	(10,207,796)	(4,954,824)
Transfer from Asset Revaluation Reserve	-	762,909
At reporting date	<u>(1,647,556)</u>	<u>(1,647,556)</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 2012 (June 2012: nil).

9. Capital Commitments

There are no capital commitments as at 31 December 2012 (June 2012: nil).

10. Events Subsequent to Reporting Date

Since the end of the half year, the Board declared an interim dividend of 3.5 cents per share fully franked to be paid on 19 April 2013. This interim dividend includes 1.1 cents in LIC capital gain.

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

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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 2012 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.



Geoffrey Wilson
Chairman

Dated at Sydney this 22nd day of February 2013

Level 7, 20 Hunter Street
Sydney NSW 2000

T +61 (0)2 8236 7700

F +61 (0)2 9233 4636

www.moorestephens.com.au

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 2012, 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* 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 fraud or error.

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 a 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 half-year 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 2012 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 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.

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 2012 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
Chartered Accountants



Scott Whiddett
Partner

Dated in Sydney, this 22nd day of February 2013.



WILSON
ASSET MANAGEMENT

Level 11, 139 Macquarie Street, Sydney NSW 2000
T (02) 9247 6755 | F (02) 9247 6855 | E info@wamfunds.com.au
www.wamfunds.com.au