



**WAM RESEARCH LIMITED**  
**ABN 15 100 504 541**  
**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**  
**for the year ended 30 June 2011**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
*All comparisons to the year ended 30 June 2010*

	\$	up/down	% mvmt
Revenue from ordinary activities	10,979,973	up	103.8%
Profit from ordinary activities before income tax expense	9,168,914	up	136.6%
Net profit from ordinary activities after income tax expense	9,414,300	up	135.2%
<b>Dividend Information</b>			
	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
Interim dividend cents per share	3.0	3.0	30%
Final dividend cents per share	3.0	3.0	30%
<b>Final dividend dates</b>			
Ex dividend date			10 Oct 2011
Record date			14 Oct 2011
Payment date			21 Oct 2011
<b>Dividend Reinvestment Plan</b>			
<p>The Dividend Reinvestment Plan is in operation and the recommended fully franked final 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 (i.e. record date) for the relevant dividend and the 3 trading days preceding that date).</p>			
		<b>30 June 11</b>	<b>30 June 10</b>
Net tangible asset backing (after tax) cents per share		93.2c	89.0c
<p><i>This report is based on the financial report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.</i></p>			

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note s	2011 \$	2010 \$
Proceeds from sale of investments		39,979,098	-
Cost of investment sold		(41,796,995)	-
Realised losses on equity investments		(1,817,897)	-
Unrealised gains on equity investments		1,089,869	-
Investment revenue	2	11,708,002	5,387,050
Management fees		(1,084,167)	(1,107,613)
Directors fees		(75,000)	(75,000)
Performance fees		(743,180)	-
Performance fees (waived by the Manager)		743,180	-
Brokerage expense on share purchases		(268,481)	(16,260)
Custody fees		(40,949)	(20,074)
ASX listing and chess fees		(63,107)	(52,835)
Share registries fees		(75,197)	(74,449)
Other expenses from ordinary activities		(204,159)	(165,155)
<b>Profit before income tax expense and realised gains on long term equity investments</b>		<b>9,168,914</b>	<b>3,875,664</b>
Income tax benefit	3a)	245,386	128,770
<b>Profit from operating activities before realised gains on long term equity investments</b>		<b>9,414,300</b>	<b>4,004,434</b>
Realised loss on long term equity investments before tax		-	(1,600)
Income tax benefit on realised loss on long term equity investments		-	480
<b>Net realised loss on long term equity investments</b>		<b>-</b>	<b>(1,120)</b>
<b>Profit attributable to members of the Company</b>	11	<b>9,414,300</b>	<b>4,003,314</b>
<b>Basic earnings per share before realised (loss)/gains on long term equity investments</b>	14	<b>7.7 cents</b>	<b>3.3 cents</b>
<b>Basic earnings per share</b>	14	<b>7.7 cents</b>	<b>3.3 cents</b>
<b>Diluted earnings per share</b>	14	<b>7.7 cents</b>	<b>3.3 cents</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
 (Formerly Wilson Investment Fund Limited)  
 A.B.N. 15 100 504 541

**STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$			2010 \$		
	Revenue	Capital	Total	Revenue	Capital	Total
<b>Net profit for the year</b>	9,414,300	-	9,414,300	4,004,434	(1,120)	4,003,314
<b>Other comprehensive income</b>						
Revaluation of investment portfolio during the year	-	5,935,038	5,935,038	-	5,506,982	5,506,982
Provision for tax expense on above	-	(1,780,511)	(1,780,511)	-	(1,652,095)	(1,652,095)
<b>Total other comprehensive income for the year</b>	-	<b>4,154,527</b>	<b>4,154,527</b>	-	<b>3,854,887</b>	<b>3,854,887</b>
<b>Total comprehensive income</b>	<b>9,414,300</b>	<b>4,154,527</b>	<b>13,568,827</b>	<b>4,004,434</b>	<b>3,853,767</b>	<b>7,858,201</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

	Note s	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and cash equivalents	12	27,118,247	12,324,016
Trade and other receivables	6	889,334	5,366,102
Equity investments at fair value through income statement	7	48,764,070	-
Equity investments held for sale	7	14,827,453	1,158,750
<b>Total Current Assets</b>		<b>91,599,104</b>	<b>18,848,868</b>
<b>Non-Current Assets</b>			
Long term equity investments	7	13,780,871	79,676,130
Deferred tax assets	3b)	7,913,194	7,909,779
<b>Total Non-Current Assets</b>		<b>21,694,065</b>	<b>87,585,909</b>
<b>Total Assets</b>		<b>113,293,169</b>	<b>106,434,777</b>
<b>Current Liabilities</b>			
Trade and other payables	8	156,480	169,130
Current tax liabilities	3c)	-	1,257,649
<b>Total Current Liabilities</b>		<b>156,480</b>	<b>1,426,779</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	3d)	1,695,622	68,491
<b>Total Non-Current Liabilities</b>		<b>1,695,622</b>	<b>68,491</b>
<b>Total Liabilities</b>		<b>1,852,102</b>	<b>1,495,270</b>
<b>Net Assets</b>		<b>111,441,067</b>	<b>104,939,507</b>
<b>Equity</b>			
Issued capital	9	119,396,544	118,206,031
Reserves	10	(13,639,362)	(13,854,815)
Retained earnings	11	5,683,885	588,291
<b>Total Equity</b>		<b>111,441,067</b>	<b>104,939,507</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note s	2011 \$	2010 \$
<b>Total equity as at 1 July</b>		<b>104,939,507</b>	<b>107,437,918</b>
Profit for the year attributable to members of the Company	11	9,414,300	4,003,314
Total other comprehensive income for the year	10c)	4,154,527	3,854,887
Shares issued via DRP during the year	9b)	1,190,513	861,939
Shares bought back in the year	9b)	-	(5,687,894)
		<hr/> 119,698,847	<hr/> 110,470,164
Dividends paid	4	(8,257,780)	(5,530,657)
<b>Total equity as at 30 June attributable to members of the Company</b>		<hr/> <b>111,441,067</b>	<hr/> <b>104,939,507</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note s	2011 \$	2010 \$
<b>Cash Flows from Operating Activities</b>			
Dividends received		9,801,133	4,570,661
Interest received		1,216,772	416,896
Other investment income/payments		(26,804)	87,695
Investment management fees (inclusive of GST)		(1,157,216)	(1,189,516)
Payments for administration expenses (inclusive of GST)		(500,890)	(404,206)
Brokerage on share purchases (inclusive of GST)		(288,126)	(19,531)
GST on share sales		(22,567)	(15,088)
Net GST received from ATO		139,702	93,385
Net Income tax payment	3c)	(1,169,058)	-
<b>Net Cash provided by Operating Activities</b>	<b>13</b>	<b>7,992,946</b>	<b>3,540,296</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of investments		106,850,032	7,550,671
Payments for purchase of investments		(92,981,480)	(4,316,885)
Adjustment to CGT cost base of investment	3b)	-	47,040
<b>Net Cash provided by Investing Activities</b>		<b>13,868,552</b>	<b>3,280,826</b>
<b>Cash Flows from Financing Activities</b>			
Dividends paid		(7,067,267)	(4,668,718)
Share buy-back		-	(5,687,894)
<b>Net Cash used in Financing Activities</b>		<b>(7,067,267)</b>	<b>(10,356,612)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents held</b>		<b>14,794,231</b>	<b>(3,535,490)</b>
Cash and Cash Equivalents at Beginning of Financial Year		12,324,016	15,859,506
<b>Cash and Cash Equivalents at End of Financial Year</b>	<b>12</b>	<b>27,118,247</b>	<b>12,324,016</b>

The accompanying notes form part of these financial statements

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. Statement of Significant Accounting Policies**

The financial statements are a general purpose financial statement that has 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*.

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 a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

**a) Financial Assets**

**i) Financial Assets at Fair Value**

Financial assets at fair value are non-derivative financial 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.

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

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

Long term equity Investments and 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 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 instructions.

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.

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.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. Statement of Significant Accounting Policies (cont'd)**

**a) Financial Assets (cont'd)**

**ii) Long Term Equity Investments and Equity Investments Held For Sale (cont'd)**

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.

**iii) 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. 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.

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

**b) Financial Assets at Amortised Cost**

Financial Assets at amortised cost are non-derivative financial assets. They are subsequently measured at amortised cost using the effective interest rate method, only if the following conditions are met: (a) where the financial asset is held within a business model for the objective to collect contractual cash flows; and (b) contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments or principal and interest on the principal amount outstanding. If these terms are not met they are measured at fair value.

The effective interest rate method is used to allocate interest income and interest expense over the relevant period and is equivalent to the rate that exactly discounts future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense.

The fixed interest securities are not classified under this category because the Company does not intend to hold these investments to collect contractual cashflows. The fixed interest securities are classified as cash and cash equivalents.

**c) 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 to be paid to (recovered from) the relevant taxation authority.

Deferred tax is accounted for using the Statement of Financial Position liability 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.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. Statement of Significant Accounting Policies (cont'd)**

**c) Income Tax (cont'd)**

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and is 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 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.

**d) Cash and Cash Equivalents**

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

**e) 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. Revenue from the writing of options is recognised when the right to receive option premiums has been established. All revenue is stated net of the amount of goods and services tax (GST).

**f) Trade and Other Receivables**

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

**g) Trade and Other Payables**

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

**h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the 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 an item 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 2011.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. Statement of Significant Accounting Policies (cont'd)**

**k) New Standards and Interpretations Not Yet Adopted**

There are no impending new accounting standards that will result in any material change in relation to amounts recognised in the financial statements.

**2. Investment Revenue**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Dividends	9,720,583	4,740,388
Interest	1,156,327	536,929
Trust distributions	71,974	104,263
Underwriting and other fees	3,801	5,470
Option premium income	755,317	-
	<u><b>11,708,002</b></u>	<u><b>5,387,050</b></u>

**3. Taxation**

**a) Income Tax Benefit**

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax benefit as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)	2,750,674	1,162,699
Imputation credit gross up	1,233,305	574,134
Franking credit offset	(4,106,747)	(1,903,813)
Foreign tax credit offset	(4,269)	(9,967)
Other non-assessable items	(6,099)	54,688
Under/over provision in prior period	(112,250)	(6,511)
	<u><b>(245,386)</b></u>	<u><b>(128,770)</b></u>

**Total income tax benefit results in a:**

Current tax asset	(42,450)	(158,665)
Deferred tax liability	(26,805)	37,900
Deferred tax asset	(63,881)	(1,494)
Over provision in prior period	(112,250)	(6,511)
	<u><b>(245,386)</b></u>	<u><b>(128,770)</b></u>

**b) Deferred Tax Assets**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Tax losses	7,901,889	7,962,355
Provisions	8,160	7,755
Capitalised costs	3,145	3,547
Adjustment to CGT cost base of investment	-	(63,878)
	<u><b>7,913,194</b></u>	<u><b>7,909,779</b></u>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

<b>3. Taxation (cont'd)</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in deferred tax assets</b>		
Balance at the beginning of the period	7,909,779	8,200,952
Losses recouped	(798,364)	(604,222)
Adjustment to CGT cost base of investment	-	(63,878)
Deferred tax (expense)/benefit on realised losses on investments	625,648	368,922
Over provision in prior year	112,250	6,511
Charged to the Statement of Comprehensive Income	63,881	1,494
At reporting date	<u><b>7,913,194</b></u>	<u><b>7,909,779</b></u>
<b>Current Tax liabilities</b>		
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Movement in current tax liabilities		
Balance at the beginning of the year	1,257,649	-
Current year income tax benefit on operating profit	(42,450)	(158,665)
Income tax expense on realised gains on investments	752,223	2,020,536
Income tax paid	(1,169,058)	-
Transfer to deferred tax asset	(798,364)	(604,222)
At reporting date	<u><b>-</b></u>	<u><b>1,257,649</b></u>
<b>Deferred Tax liabilities</b>		
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Fair value adjustments	1,653,936	-
Income provisions	41,686	68,491
	<u><b>1,695,622</b></u>	<u><b>68,491</b></u>
<b>Movement in deferred tax liabilities</b>		
Balance at the beginning of the year	68,491	30,591
Charged to Statement of Comprehensive Income	1,627,131	37,900
At reporting date	<u><b>1,695,622</b></u>	<u><b>68,491</b></u>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**4. Dividends**

<b>a) Ordinary Dividends Recognised in the Current Year</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Dividends paid by the Company	<u><b>8,257,780</b></u>	<u><b>5,530,657</b></u>
Final dividend for the year ended 30 June 2010 of 2.6 cents per share and a special 1.4 cents per share both fully franked at 30% paid 29 October 2010 (Final dividend 2009: 2.0 cents fully franked at 30% tax rate paid 30 October 2009)	4,701,983	2,474,054
Interim dividend for the year ended 30 June 2011 of 3.0 cents fully franked at 30% tax rate paid 28 March 2011 (Interim dividend 2010: 2.6 cents fully franked at 30% tax rate paid 12 March 2010)	<u>3,555,797</u>	<u>3,056,603</u>
Dividends paid by the Company	<u><b>8,257,780</b></u>	<u><b>5,530,657</b></u>

The final dividend for 30 June 2010 of 2.6 cents per share and the special dividend of 1.4 cents per share were both a fully franked. The final and special dividends include 100% LIC capital gain. (2010: 247,406) Refer note 10(a).

<b>b) Dividends not recognised at Year End</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
In addition to the above dividends, since the end of the year, the Directors have declared the following dividend which have not been recognised as a liability at the end of the financial year:		
Since the end of the year, the Directors have declared a fully franked final dividend of 3.0 cents per share fully franked at 30% payable 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)	<u><b>3,576,516</b></u>	<u><b>4,701,983</b></u>

The final dividend for 30 June 2011 is a fully franked dividend of 3.0 cents per share and carries no attributable LIC capital gain (2010: \$4,701,983).

<b>c) Dividend Franking Account</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.	1,834,520	2,195,552
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in b) above as follows:	<u>(1,532,793)</u>	<u>(2,015,136)</u>
	<u><b>301,727</b></u>	<u><b>180,416</b></u>

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income current recognised as a deferred tax liability of \$1,695,622 (2010: \$68,491).

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**5. Auditor's remuneration**

Remuneration of the auditor of the Company for:	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Auditing or reviewing the financial report	37,721	30,541
Non-audit services	-	-
Other services provided by a related practice of the auditor:		
Taxation Services	20,075	14,300
	<u><b>57,796</b></u>	<u><b>44,841</b></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.

**6. Trade and Other Receivables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Outstanding settlements	-	4,435,646
Income receivable	854,813	893,231
GST receivable	34,521	37,225
	<u><b>889,334</b></u>	<u><b>5,366,102</b></u>

Outstanding settlements are on the terms of operating in the securities industry. These are non-interest bearing and require the settlement within three days of the date of a transaction. Income receivable relates to accrued income and is non-interest bearing and unsecured.

**7. Financial Assets**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Current:		
Equity investments at fair value through income statement	48,764,070	-
Equity investments held for sale	14,827,453	1,158,750
Non-current:		
Long term equity investments	<u><b>13,780,871</b></u>	<u><b>79,676,130</b></u>

The market values of long term equity investments and equity investments held for sale as at 30 June 2011 are disclosed in note 22.

**8. Trade and Other Payables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Management fee payable	96,560	90,280
Sundry creditors	59,920	78,850
	<u><b>156,480</b></u>	<u><b>169,130</b></u>

Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**9. Issued Capital**

**a) Paid-up Capital**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
119,217,215 ordinary shares fully paid (2010: 117,549,582)	<b>119,396,544</b>	<b>118,206,031</b>

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 the 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) Movement in Ordinary Share Capital**

Balance at the beginning of the year	118,206,031	123,031,986
977,005 ordinary shares issued on 29 October 2010 under a dividend reinvestment plan	675,125	-
690,628 ordinary shares issued on 28 March 2011 under a dividend reinvestment plan	515,388	-
506,153 ordinary shares issued on 30 October 2009 under a dividend reinvestment plan	-	392,370
661,037 ordinary shares issued on 12 March 2010 under a dividend reinvestment plan	-	469,569
7,320,297 ordinary shares bought back under an on-market buy back commencing on 14 September 2009	-	(5,687,894)
At reporting date	<b>119,396,544</b>	<b>118,206,031</b>

**c) Capital Management**

The Board manages the Company's capital by regularly reviewing the most efficient manner by which the company employs its capital. At the core of this management is of the belief that shareholder value should be preserved. Shareholder value will be preserved through the management of the level of distributions to shareholders, share and options issues as well as the use of share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board.

**10. Reserves**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Capital Profits Reserve – Capital Account	1,777,220	4,724,015
Capital Profits Reserve – Revenue Account	(17,892,851)	-
Asset Revaluation Reserve	2,476,269	(18,578,830)
	<b>(13,639,362)</b>	<b>(13,854,815)</b>

These reserves are used to record increments and decrements on the revaluation of the investments as described in accounting policy Note 1.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

<b>10. Reserves (cont'd)</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in Capital Profits Reserve – Capital Account</b>		
Balance at the beginning of the year	4,724,015	256,834
Dividends paid (refer Note 4)	(4,701,983)	(247,406)
Transfer from Asset Revaluation Reserve	1,755,188	4,715,707
Transfer from Retained Earnings	-	(1,120)
At reporting date	<u><b>1,777,220</b></u>	<u><b>4,724,015</b></u>
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in Capital Profits Reserve – Revenue Account</b>		
Balance at the beginning of the year	-	-
Transfer from Asset Revaluation Reserve	(17,892,851)	-
At reporting date	<u><b>(17,892,851)</b></u>	<u>-</u>
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in Asset Revaluation Reserve</b>		
Balance at the beginning of the year	(18,578,830)	(17,718,010)
Transfer to Capital Profits Reserve – Capital Account	(1,755,188)	(4,715,707)
Transfer to Capital Profits Reserve – Revenue Account	17,892,851	-
Transfer from Retained Earnings	762,909	-
Other comprehensive income	4,154,527	3,854,887
At reporting date	<u><b>2,476,269</b></u>	<u><b>(18,578,830)</b></u>
<b>11. Retained Earnings</b>		
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	588,291	1,867,108
Profit for the year attributable to members of the Company	9,414,300	4,003,314
Transfer to Capital Profits Reserve	-	1,120
Transfer to Asset Revaluation Reserve	(762,909)	-
Dividends paid (refer Note 4)	(3,555,797)	(5,283,251)
	<u><b>5,683,885</b></u>	<u><b>588,291</b></u>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**12. Cash and Cash Equivalents**

Cash as at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the Statement of Financial Position as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	949,939	497,386
Fixed interest securities	26,168,308	11,826,630
	<u><b>27,118,247</b></u>	<u><b>12,324,016</b></u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2011 is 6.00% (2010: 5.96%). The fixed interest securities have an average maturity of 108 days (2010: 59 days). The fixed interest securities are all rated AA by Standard & Poor's.

**13. Cash Flow Information**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of Operating Profit after Income Tax:		
Cash Flow from operations after income tax	9,414,300	4,004,434
Add back/(less) items classified as Investing/Financing Activities:		
Realised (loss)/gains on sale of investments and option premium	1,062,580	-
Unrealised loss on investments	(1,089,869)	-
Changes in assets and liabilities during the financial year:		
Increase/(Decrease) in receivables	41,120	(296,691)
Decrease in deferred tax assets	(129,991)	(1,494)
(Decrease)/Increase in deferred tax liabilities	(26,805)	37,900
Decrease in payables	(20,741)	(8,475)
Decrease in current tax liabilities	(1,257,648)	(165,178)
<b>Cash flow from operations</b>	<u><b>7,992,946</b></u>	<u><b>3,570,496</b></u>

**14. Earnings Per Share**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Net profit after income tax before realised gains/(loss) used in the calculation of basic earnings per share before realised gains/(loss)	<u>9,414,300</u>	<u>4,004,434</u>
Net profit after income tax used in the calculation of basic earnings per share	<u>9,414,300</u>	<u>4,003,314</u>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	<u>122,345,811</u>	<u>122,649,753</u>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15. Financial Risk Management**

The Company's financial instruments consist of listed and unlisted investments, trade receivables and trade payables.

The terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date, are included under the appropriate note for that instrument.

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 four risks as appropriate.

**a) Credit Risk**

The standard defines this is a 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.

The Company is not materially exposed to credit risk on its fixed interest securities as the majority of cash and fixed interest securities are held with Australian banks who 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.

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 fixed interest securities 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 if necessary.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15 Financial Risk Management (cont'd)**

**b) Liquidity Risk**

The table following analyses the Company's liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows. The company has no financial liabilities.

<b>30 June 2011</b>	<b>&gt;1 month</b>	<b>&lt;1 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total trade and other payables	-	156,480	156,480
Deferred tax liability	1,695,622	-	1,695,622
<b>Total Liabilities</b>	<b>1,695,622</b>	<b>156,480</b>	<b>1,852,102</b>

<b>30 June 2010</b>	<b>&gt;1 month</b>	<b>&lt;1 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total trade and other payables	-	169,130	169,130
Current tax liability	1,257,649	-	1,257,649
Deferred tax liability	68,491	-	68,491
<b>Total Liabilities</b>	<b>1,326,140</b>	<b>169,130</b>	<b>1,495,270</b>

**c) Market Risk**

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

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. The Manager seeks to manage and reduce the market 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 weekly 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 enters into option contracts for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts or for the purpose of providing downside protection. Where the Company sells a call option, it is obligated to deliver securities to an agreed price if the taker exercises the option. As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$13,537,850 (2010: Nil). These call options were written against the underlying securities already owned by the Company.

This exchange traded option was entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily and the Manager continually reviews the investment and trading transactions of the Company. Shares to the value of \$13,537,850 (2010: Nil) are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company. These shares are held by ACH under the terms of ACH Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15 Financial Risk Management (cont'd)**

**c) Market Risk (cont'd)**

The Company's investment sectors as a percentage of the gross assets as at 30 June 2011 is as follows:

<b>Industry Sector</b>	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>
Financials	24.7	39.9
Consumer Discretionary	21.1	14.1
Industrials	19.1	13.2
Information Technology	3.4	1.3
Telecommunications Services	2.2	0.0
Health Care	1.7	5.3
Materials	0.9	0.0
Utilities	0.3	0.0
Consumer Staples	0.0	7.4

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

<b>Company Name</b>	<b>2011 (%)</b>
McMillan Shakespeare Limited (MMS)	5.8
National Australia Bank (NAB)	5.6

  

<b>Company Name</b>	<b>2010 (%)</b>
National Australia Bank (NAB)	5.0

**d) 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 fixed interest securities mature within three months.

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15. Financial Risk Management (cont'd)**

**d) Interest Rate Risk (cont'd)**

As at 30 June 2011, the Company's exposure to interest rate and the effective weighted average interest rate for each class of asset and liability is set out in the following table:

	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>30 June 2011</b>				
<b>Assets</b>				
Cash and cash equivalents	6.00%	27,118,247	-	27,118,247
Trade and other receivables		-	889,334	889,334
Financial assets		-	77,372,394	77,372,394
Deferred tax assets		-	7,913,194	7,913,194
<b>Total</b>		<b>27,118,247</b>	<b>86,174,922</b>	<b>113,293,169</b>
<b>Liabilities</b>				
Trade and other payables		-	156,480	156,480
Deferred tax liabilities		-	1,695,622	1,695,622
<b>Total</b>		<b>-</b>	<b>1,852,102</b>	<b>1,852,102</b>

As at 30 June 2010, the company's exposure to interest risk and the effective weighted average interest rate for each class of asset and liability is set out in the following table:

	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>30 June 2010</b>				
<b>Assets</b>				
Cash and cash equivalents	5.96%	12,324,016	-	12,324,016
Trade and other receivables		-	5,366,102	5,366,102
Financial assets		-	80,834,880	80,834,880
Deferred tax assets		-	7,909,779	7,909,779
<b>Total</b>		<b>12,324,016</b>	<b>94,110,761</b>	<b>106,434,777</b>
<b>Liabilities</b>				
Trade and other payables		-	169,130	169,130
Financial liabilities		-	1,257,649	1,257,649
Deferred tax liabilities		-	68,491	68,491
<b>Total</b>		<b>-</b>	<b>1,495,270</b>	<b>1,495,270</b>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**15. Financial Risk Management (cont'd)**

**e) Sensitivity Analysis**

Investments represent 73.5% (2010: 82.1%) of gross assets at year end. A 5% movement in the market value of each of the companies within the portfolio would result in a 3.7% (2010: 4.1%) movement in the net assets after tax. This would result in the net asset backing after tax moving by 3.4 cents per share using the 30 June 2011 numbers (2010: 3.6 cents per share).

**f) Financial Instruments Measured at Fair Value**

The financial assets and liabilities recognised at fair value in the Statement of Financial Position have been analysed and classified 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 sale prices at the end of the reporting period, excluding transaction cost.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available or the last sale price have been adopted to determine the fair value of these investments.

<b>30 June 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets	77,372,394	-	-	77,372,394
<b>Total</b>	<b>77,372,394</b>	<b>-</b>	<b>-</b>	<b>77,372,394</b>
<b>30 June 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets	80,834,880	-	-	80,834,880
<b>Total</b>	<b>80,834,880</b>	<b>-</b>	<b>-</b>	<b>80,834,880</b>

**16. Events Subsequent to Reporting Date**

Since year end the Directors have declared a fully franked final dividend of 3.0 to be paid on 21 October 2011.

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.

**17. Investment Transactions**

The total number of contract notes that were issued for transactions in securities during the financial year was 1,193 (2010: 25). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$555,974.84 (2010: \$52,712). The total brokerage paid on the buy-back contract notes was nil (2010: \$17,450).

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**18. Segment Reporting**

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

**19. 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. MAM Pty Limited, the manager of the Company, remunerates Geoff Wilson and Matthew Kidman as employees and/or Directors of MAM Pty Limited. The Manager is also contracted to provide day to day management of the Company and is remunerated as outlined in Note 20.

	Directors' Fees \$	Post-employment Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2011	<u>68,463</u>	<u>6,537</u>	<u>75,000</u>
Total Directors remuneration paid by the Company for the year ended 30 June 2010	<u>58,463</u>	<u>16,537</u>	<u>75,000</u>

**b) Share holdings**

As at 30 June 2011 the Company's key management personnel and their related parties held the following interests in the Company:

*Ordinary Shares held*

	Balance at 30 June 2010	Acquisitions	Disposals	Balance at 30 June 2011
<b>Directors</b>				
G.J. Wilson	5,162,839	470,000	-	5,632,839
M.J. Kidman	184,620	15,526	-	200,146
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	<u>5,407,459</u>	<u>485,526</u>	-	<u>5,892,985</u>

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**19 Key Management Personnel Compensation (cont'd)**

**b) Share holdings (cont'd)**

As at 30 June 2010 the Company's key management personnel and their related parties held the following interests in the Company:

*Ordinary Shares held*

<b>Directors</b>	<b>Balance at 30 June 2009</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance at 30 June 2010</b>
G.J. Wilson	5,162,839	-	-	5,162,839
M.J. Kidman	175,409	9,211	-	184,620
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	<b>5,398,248</b>	<b>9,211</b>	<b>-</b>	<b>5,407,459</b>

**c) Options**

No options have been issued to, or are currently held or have been exercised by key management personnel during or since the end of the financial year (2010: nil).

**20. Related Party Transactions**

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

Geoff Wilson and Matthew Kidman are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of WAM Research Limited and manage the day-to-day operations of the Company. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. The core duties of the Manager include managing the investment portfolio of WAM Research Limited; 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; liaison with the share registrar of the Company; 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 \$1,163,497 inclusive of GST (2010: \$1,188,656). As at 30 June 2011, the balance payable to the Manager was \$96,559 inclusive of GST (2010: \$90,280)

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 2011, a performance fee of \$797,559 inclusive of GST was payable to MAM Pty Limited however the manager has decided to waive its fee and thus \$nil is now payable (2010: \$nil).

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**20 Related Party Transactions (cont'd)**

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 2011 (2010: \$35,000). Wilson Asset Management (International) Pty Limited is owned by Geoff 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.

**21. Contingent Liability and Commitments**

There is an outstanding contingent liability for \$261,991 in relation to the underwriting of a placement for Thorn Group Limited as at 30 June 2011 (2010: nil). There are no capital commitments as at 30 June 2011 (2010: nil).

**22. Holdings at Fair Value through Other Comprehensive Income**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Aevum Limited	-	1,459,523
AP Eagers Limited	3,559,769	4,362,463
ARB Corporation Limited	2,194,270	3,310,925
Australia and New Zealand Banking Group Limited	-	2,863,325
Bank of Queensland Limited	-	992,724
Bendigo and Adelaide Bank Limited	-	4,393,290
Calliden Group Limited	-	1,350,000
Challenger Wine Trust	-	453,851
Clime Investment Management Limited	1,649,542	1,572,819
Cockatoo Ridge Wines Limited	-	24,325
Commonwealth Bank of Australia	-	3,740,416
Credit Corp Group Limited	2,635,647	2,560,749
CSR Limited	-	1,233,750
CVC Limited	-	600,000
Equity Trustees Limited	-	1,079,200
Graincorp Limited	-	2,123,776
IOOF Holdings Limited	-	1,958,730
IRESS Market Technology Limited	1,302,017	1,255,775
Mariner Corporation Limited	-	7,680
McMillan Shakespeare Limited	6,121,840	4,221,000
Metcash Limited	-	3,980,500
Mortgage Choice Limited	-	584,679
MyState Limited	3,218,354	1,019,959
National Australia Bank Limited	-	5,354,400

**WAM RESEARCH LIMITED**  
**(Formerly Wilson Investment Fund Limited)**  
**A.B.N. 15 100 504 541**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**22 Holdings at Fair Value through Other Comprehensive Income (cont'd)**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
NSX Limited	-	221,340
Perpetual Limited	-	1,130,400
Photon Group Limited	-	1,580,490
Primary Health Care Limited	-	2,778,569
Prime Media Group Limited	-	657,455
Pro Medicus Limited	-	489,125
Ratoon Holdings Limited*	-	12,542
Reece Australia Limited	944,389	1,106,206
Rock Building Society Limited	-	144,358
SAI Global Limited	2,264,396	2,713,500
Select Harvest Limited	-	1,187,614
Seven Network Limited preference shares (SVWPA)	1,350,000	1,158,750
Sigma Pharmaceuticals Limited	-	495,107
Tabcorp Holdings Limited	-	1,266,000
Tattersall's Limited	-	1,369,424
Tower Australia Group Limited	-	1,516,252
Tower Limited	-	1,085,942
Treasury Group Limited	-	499,756
West Australian Newspapers Holdings Limited	-	810,960
Westpac Banking Corporation	-	4,511,375
Wide Bay Corporation Limited	3,368,100	4,218,445
Willmott Forests Limited	-	875,213
Wotif.com Holdings Limited	-	502,200
<b>Total</b>	<b>28,608,324</b>	<b>80,834,880</b>

\*Ex capital return