8 February 2012

WAM RESEARCH LIMITED (WAX)
ABN 15 100 504 541
MEDIA RELEASE
RESULTS FOR HALF YEAR TO 31 DECEMBER 2011

"8.3% INCREASE IN FULLY FRANKED DIVIDEND"

Key Highlights

- An 8.3% increase in the interim fully franked dividend to 3.25 cents per share, which includes a 2.5 cent LIC capital gain dividend. This represents an annualised fully franked dividend yield of 9.0% based on the most recent closing price.

- The gross portfolio outperformed the S&P/ASX All Ordinaries Accumulation Index by 4.9% for the 6 months to 31 December 2011.

The performance of the investment portfolio against the various benchmarks is set out in the table below. The performance relates to investments only and does not take into account expenses and taxes.

Performance as at 31 December 2011	6 Mths %	1 Year %	3 Years %pa	5 Years %pa	Since Inception (Aug-03) %pa
WAM Research Limited	-4.7%	-1.8%	+10.0%	-2.3%	+3.6%
S&P/ASX All Ordinaries Accumulation Index	-9.6%	-11.4%	+8.5%	-2.1%	+7.8%
Outperformance	**+4.9%**	**+9.6%**	**+1.5%**	**-0.2%**	**-4.2%**
S&P/ASX 300 Industrials Accumulation Index	-4.6%	-3.8%	+7.9%	-4.0%	+5.8%
Outperformance	**-0.1%**	**+2.0%**	**+2.1%**	**+1.7%**	**-2.2%**
S&P/ASX Small Industrials Accumulation Index	-10.5%	-12.8%	+8.9%	-8.0%	+4.0%
Outperformance	**+5.8%**	**+11.0%**	**+1.1%**	**+5.7%**	**-0.4%**

WAM RESEARCH LIMITED

WAM Research Limited (WAX) today announced an operating loss before tax for the 6 months to 31 December 2011 of $4,188,465, and an after tax operating loss of $1,987,524. 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%.

"In what has been a volatile six months in the equity markets, we have delivered a satisfactory result to our shareholders" said Geoff Wilson, Chairman of WAM Research Limited.

The Board's commitment to paying a growing stream of fully franked dividends when possible continued, with an 8.3% increased interim dividend of 3.25 cents per share fully franked having been declared by the Board.

"Fully franked dividends remain a key focus and we are pleased to announce this increased dividend to our shareholders" said Geoff Wilson, Chairman of WAM Research Limited.

The portfolio is well positioned for the coming year with 41.8% in cash and 58.2% in listed equities which is made up of a total of 43 companies. The equity and cash allocations have been refined over the last six months.

Dividends

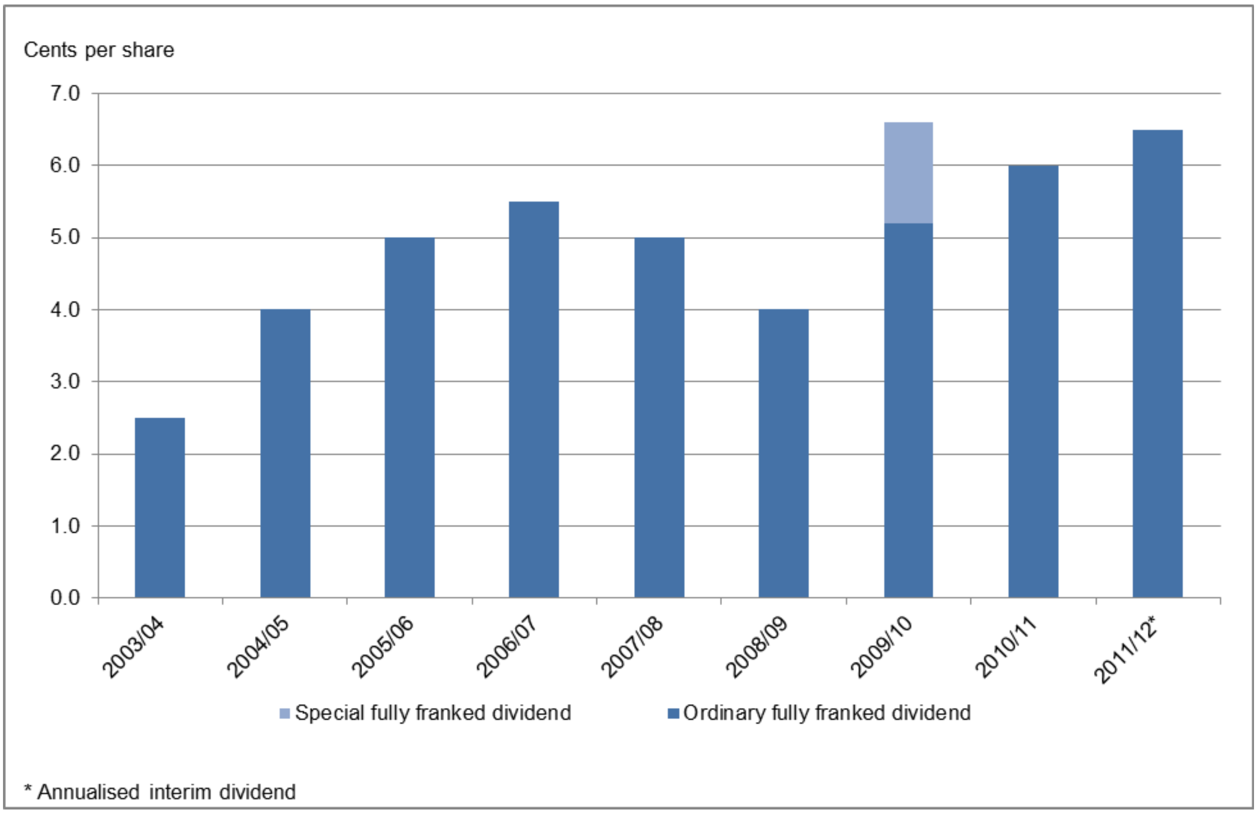
The Board today announced an 8.3% increase in the interim dividend to 3.25 cents per share fully franked. The interim dividend is 77% (or 2.5 cents) LIC capital gain which will enable some shareholders to claim a further tax deduction. Details will be included on shareholder dividend statements. The shares will trade ex dividend on 10 April 2012 and payment made on 23 April 2012.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the Company has sufficient franking credits and it is within prudent business practices. It must also comply with Government legislation and the ATO's interpretation of a company's ability to pay franked dividends. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will be made with consideration to cash flow, cash holdings, available franking credits and ability to pay franked dividends. Essentially, WAM Research will always be in a position to pay dividends providing it is solvent.

The dividend re-investment plan will operate at no discount. The current share price ($0.725 being closing price 7 February 2012) is trading at a 9.7% discount to the 31 December 2011 pre-tax NTA. To participate in the dividend reinvestment plan, please send your election to our share registrar no later than 16 April 2012.

Dividends (continued)



*The above dividend figures include 10.7 cents in LIC Capital gain dividends.

Net Asset Backing

The net tangible assets (NTA) on listing in August 2003 was 98.0 cents a share. Below is a table of the Company's position as at 31 December 2011.

NTA before tax (cents per share)	80.26
NTA before tax payable and after tax assets (cents per share)	87.64*
NTA after tax (including unrealised gains tax) (cents per share)	87.64*

*The above figures include tax assets of 7.38 cents per share.

This is after the payment of 38.6 cents a share in fully franked dividends since inception; of these 8.2 cents have had LIC capital gains attached to them.

Performance

- The gross portfolio decreased 4.7% for the 6 months to 31 December 2011, significantly outperforming the S&P/ASX All Ordinaries Accumulation Index which fell 9.6% and the S&P/ASX Small Industrials Accumulation Index which fell 10.5%.

- The after tax NTA, including tax assets and adjusted for dividends, decreased 2.8% for the 6 months to 31 December 2011.

- The share price, adjusted for dividends, declined 2.3%.

These performance results were achieved while holding an average of 30.8% is cash during the 6 months to 31 December 2011.

Performance (continued)

Set out below is the investment performance of WAM Research since listing to 31 December 2011. The performance data before all expenses, fees and taxes is used as a guide to how the company has performed against the S&P/ASX 300 Industrials Accumulation Index and the S&P/ASX Small Industrials Accumulation Index, all of which are before tax and expenses measures.

Financial Year	WAM Research Gross Portfolio	S&P/ASX 300 Industrials Accumulation Index	Outperformance	S&P/ASX Small Industrials Accumulation Index	Outperformance
2003/2004	+6.5%	+13.5%	**-7.0%**	+10.7%	**-4.2%**
2004/2005	+5.2%	+22.4%	**-17.2%**	+26.1%	**-20.9%**
2005/2006	+13.4%	+17.2%	**-3.8%**	+20.1%	**-6.7%**
2006/2007	+30.7%	+29.5%	**+1.2%**	+38.2%	**-7.5%**
2007/2008	-31.6%	-26.7%	**-4.9%**	-36.5%	**+4.9%**
2008/2009	-4.8%	-14.5%	**+9.7%**	-21.6%	**+16.8%**
2009/2010	+10.3%	+14.5%	**-4.2%**	+10.3%	**+0.0%**
2010/2011	+17.5%	+9.2%	**+8.3%**	+15.7%	**+1.8%**
YTD2011/2012	-4.7%	-4.6%	**-0.1%**	-10.5%	**+5.8%**

Investment Strategy

WAM Research's investment philosophy is to invest predominately in industrial companies with an emphasis on stocks that exhibit strong growth, are under researched and mispriced. This situation has a preponderance in the small to medium end of the market as measured by market capitalisation. We see the greatest opportunity for superior risk adjusted returns in this sector. Small to mid cap companies are generally in a growth phase and have greater upside potential than larger cap stocks. We have a defined investment process to identify and rate companies with the best business fundamentals, valuations and potential for growth.

WAM Research's Research Driven investment process involves the Manager undertaking extensive research with over 750 company visits with management each year. It includes understanding the company's ability to generate free cash flow, rating the company's management, earnings growth potential, valuation, industry position and identifying a catalyst that will change the market's valuation of the company.

Portfolio Structure

Investment Type	As at 30 June 2011 $m	%	As at 31 December 2011 $m	%
Listed Equities	77.4	73.5%	56.3	58.2%
Fixed Interest and Cash	27.9	26.5%	40.5	41.8%
Total Fund Size	**$105.3m**	**100.0%**	**$96.8m**	**100.0%**
Total ordinary shares on issue	**No.** 119,217,215		**No.** 119,983,168	

At 31 December 2011 the top 20 listed securities held in the portfolio were:

Code	Company	Market Value $	Market Value as % of Gross Assets
NAB	National Australia Bank Limited*	5,372,800	5.5%
APE	AP Eagers Limited	4,118,165	4.3%
RKN	Reckon Limited	3,767,877	3.9%
MMS	McMillan Shakespeare Limited	3,418,081	3.5%
MYS	MyState Limited	3,080,818	3.2%
ANZ	Australia and New Zealand Banking Group Limited	2,720,225	2.8%
BRG	Breville Group Limited	2,561,297	2.6%
ARP	ARB Corporation Limited	2,240,649	2.3%
WBB	Wide Bay Australia Limited	2,147,432	2.2%
SGN	STW Communications Group Limited	1,738,093	1.8%
BKL	Blackmores Limited	1,595,573	1.6%
IPP	Iproperty Group Limited	1,499,740	1.5%
COF	Coffey International Limited	1,477,426	1.5%
AMM	Amcom Telecommunication Limited	1,435,481	1.5%
CIW	Clime Investment Management Limited	1,419,373	1.5%
SAI	SAI Global Limited	1,405,445	1.5%
RCR	RCR Tomlinson Limited	1,387,205	1.4%
AAD	Ardent Leisure Group	1,330,571	1.4%
SKE	Skilled Group Limited	1,304,462	1.3%
SVWPA	Seven Network Limited Preference Shares	1,275,000	1.3%

*February $24 Call Options have been sold.

Level 11, 139 Macquarie Street, Sydney NSW 2000 | GPO Box 4658 Sydney NSW 2001 | ABN 15 100 504 541
Phone 02 9247 6755 | Fax 02 9247 6855 | info@wamfunds.com.au | www.wamfunds.com.au

Market Outlook

In the first 6 months of this financial year, the Australian sharemarket posted a decline of 9.6% as measured by the S&P/ASX All Ordinaries Accumulation Index. Equity markets worldwide were dragged down primarily by the European sovereign debt crisis and the inability of European governments and the ECB to coordinate a credible and robust response.

The European sovereign debt crisis appears, on the face of it at least, to be slowly reaching some form of conclusion. The ECB's near 500bn Euro lending programme to commercial banks just before Christmas seems to be having the desired effect, with yields falling considerably in the January 2012 debt auctions. Continued real progress on the debt crisis and further falls in yields, will remove a strong headwind which has been buffeting equity investors for the last few months. Any resolution in Europe could be a positive for equity markets in the coming months, however at this stage this is far from certain.

In the US, we have seen a steady increase in positive economic data points. We have seen unemployment drop from 9.0% to 8.3% whilst Housing, GDP and manufacturing data have also all shown modest improvements. This suggests a nascent recovery may be underway in the world's largest economy. Any US recovery will have positive spill over effects into the broader world economy, offsetting the drag from the European economies. US companies generally have their balance sheets in good shape, with high levels of cash. This has the potential to be put to use via corporate activity and expansion of products and hiring. The US economy is certainly one to watch carefully in the coming months, especially for Australian companies exposed to the US market, such as James Hardie, Breville and Billabong.

With regards to Australia, the RBA has responded to the slowing down in the domestic economy by cutting interest rates by 0.50% in the period. Looking ahead, we expect further rate cuts in 2012 from the RBA. This will reduce funding costs for companies and could provide a springboard for increased levels of corporate activity in the coming year. It will also reduce the term deposits rates offered by banks, and this may turn investor's attention to higher yielding assets such as shares and provide a boost to equity markets generally.

Equity analysts and market strategists have moved to a more conservative stance in recent months with regard to earnings and the outlook for the Australian economy. The consensus earnings estimates for Australian industrial companies for FY2012 are now 6% compared to 14% a few months ago. This indicates that analysts have adjusted their earnings expectations downwards. In the current interim reporting period, we expect to see more earnings surprises to the downside rather than the upside. These results, we believe, will see analysts adjust downwards FY2013 earnings expectations for industrial companies.

There is still a reasonable amount of uncertainty about how Australian consumers will respond to the rate cuts and whether this nascent recovery in US economic activity can be sustained and improved upon. China, for now, appears to be ticking along at a more moderate pace, but at a pace strong enough to keep the mining boom intact in the medium term. Europe though, continues to remain a key issue. With this backdrop, we are cautiously optimistic that 2012 will be a better year for equity markets.

We would like to thank our investors for their continued support throughout the period which once again has been a volatile one for equity markets. We look forward to seeing you at our shareholder presentation in May, where we will give you a further update on WAM Research's performance and the broader equity markets.

CONTACT US:

Mr Geoff Wilson
Chairman / Portfolio Manager
T (02) 9247 6755
M 0412 242 712

Mr Chris Stott
CIO / Portfolio Manager
T (02) 9258 4906
M 0404 099 402

Ms Kate Thorley
CEO & Company Secretary
T (02) 9247 6755
M 0405 115 644