



WAM RESEARCH LIMITED

ABN 15 100 504 541

APPENDIX 4E - PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET *All comparisons to the year ended 30 June 2015*

| | \$ | up/down | % mvmt |
|--|------------|---------|--------|
| Revenue from ordinary activities | 47,640,896 | up | 40.4% |
| Profit from ordinary activities before tax attributable to members | 35,928,070 | up | 35.1% |
| Profit from ordinary activities after tax attributable to members | 26,157,144 | up | 34.4% |
| Net profit for the period attributable to members | 26,157,144 | up | 34.4% |

| Dividend information | Cents per share | Franked amount per share | Tax rate for franking |
|---------------------------------------|-----------------|--------------------------|-----------------------|
| 2016 Interim dividend cents per share | 4.25c | 4.25c | 30% |
| 2016 Final dividend cents per share | 4.25c | 4.25c | 30% |

Final dividend dates

| | |
|--------------------------------|-----------------|
| Ex dividend date | 17 October 2016 |
| Record date | 18 October 2016 |
| Last election date for the DRP | 20 October 2016 |
| Payment date | 28 October 2016 |

Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') is in operation and the recommended fully franked final dividend of 4.25 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 a 2.5% discount to the price (calculated as the VWAP (volume weighted average market price) of shares sold on the ASX on the ex date for the relevant dividend and the 3 trading days following that date).

| | 30 June 16 | 30 June 15 |
|--|------------|------------|
| Net tangible asset backing (after tax) per share | \$1.20 | \$1.12 |

This report is based on the Annual Report which is in the process of being audited. All the documents comprise the information required by Listing Rule 4.3A.

WAM RESEARCH LIMITED
ABN 15 100 504 541

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

| | Note | 2016 \$ | 2015 \$ |
|---|------|-------------------|-------------------|
| Net realised and unrealised gains on financial assets | | 41,209,567 | 28,482,501 |
| Investment revenue | 2 | 6,431,329 | 5,447,006 |
| Management fees | | (2,161,614) | (1,755,617) |
| Performance fees | | (8,445,614) | (4,767,592) |
| Directors fees | | (112,500) | (100,000) |
| Brokerage expense on share purchases | | (546,539) | (322,957) |
| Custody fees | | (26,876) | (40,498) |
| ASX listing and chess fees | | (95,189) | (82,209) |
| Share registry fees | | (81,872) | (80,165) |
| Payroll tax | | (34,489) | - |
| Other expenses from ordinary activities | | (208,133) | (187,347) |
| Profit before income tax | | 35,928,070 | 26,593,122 |
| Income tax expense | 3(a) | (9,770,926) | (7,129,959) |
| Profit attributable to members of the Company | | 26,157,144 | 19,463,163 |
| Other comprehensive loss | | | |
| Other comprehensive loss for the year, net of tax | | (222,992) | (127,834) |
| Total comprehensive income for the year | | 25,934,152 | 19,335,329 |
| Basic earnings per share | 14 | 15.3 cents | 13.4 cents |
| Diluted earnings per share | 14 | 15.3 cents | 13.4 cents |

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

ABN 15 100 504 541

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|---|-------------|--------------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | 12 | 56,336,153 | 91,456,954 |
| Trade and other receivables | 6 | 10,208,279 | 800,076 |
| Equity investments at fair value through Income Statement | 7 | 160,655,091 | 103,978,164 |
| Equity investments held for sale | 7 | 2,070,634 | 2,389,193 |
| Deferred tax assets | 3(b) | 60,022 | 58,740 |
| Total assets | | 229,330,179 | 198,683,127 |
| Liabilities | | | |
| Trade and other payables | 8 | 14,207,053 | 9,045,777 |
| Current tax liabilities | 3(c) | 6,166,281 | 3,200,912 |
| Deferred tax liabilities | 3(d) | 188,639 | 267,758 |
| Total liabilities | | 20,561,973 | 12,514,447 |
| Net assets | | 208,768,206 | 186,168,680 |
| Equity | | | |
| Issued capital | 9(a) | 182,724,945 | 172,104,577 |
| Reserves | 10 | 34,450,744 | 22,471,586 |
| Accumulated losses | 11 | (8,407,483) | (8,407,483) |
| Total equity | | 208,768,206 | 186,168,680 |

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

ABN 15 100 504 541

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

| | Note | Issued capital | Accumulated losses | Capital profits reserve – capital account | Capital profits reserve – revenue account | Profits reserve | Asset revaluation reserve | Total equity |
|--|------|--------------------|--------------------|---|---|-------------------|---------------------------|--------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2014 | | 141,990,462 | (4,903,285) | 1,346 | (19,847,541) | 30,492,647 | 822,067 | 148,555,696 |
| Profit for the year | | - | 19,463,163 | - | - | - | - | 19,463,163 |
| Transfer to profits reserves | 10 | - | (22,967,361) | - | - | 22,967,361 | - | - |
| Transfer from asset revaluation reserve | 10 | - | - | - | - | 82,074 | (82,074) | - |
| Other comprehensive income for the year | 10 | - | - | - | - | - | (127,834) | (127,834) |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| Shares issued via dividend reinvestment plan | 9(b) | 2,967,301 | - | - | - | - | - | 2,967,301 |
| Shares issued via exercise of options | 9(b) | 27,146,814 | - | - | - | - | - | 27,146,814 |
| Dividends paid | 4(a) | - | - | - | - | (11,836,460) | - | (11,836,460) |
| Balance at 30 June 2015 | | 172,104,577 | (8,407,483) | 1,346 | (19,847,541) | 41,705,622 | 612,159 | 186,168,680 |
| Profit for the year | | - | 26,157,144 | - | - | - | - | 26,157,144 |
| Transfer to profits reserves | 10 | - | (26,157,144) | - | - | 26,157,144 | - | - |
| Other comprehensive income for the year | 10 | - | - | - | - | - | (222,992) | (222,992) |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| Shares issued via dividend reinvestment plan | 9(b) | 3,449,241 | - | - | - | - | - | 3,449,241 |
| Shares issued via placement | 9(b) | 7,228,779 | - | - | - | - | - | 7,228,779 |
| Capitalised share issue costs | 9(b) | (57,652) | - | - | - | - | - | (57,652) |
| Dividends paid | 4(a) | - | - | - | - | (13,954,994) | - | (13,954,994) |
| Balance at 30 June 2016 | | 182,724,945 | (8,407,483) | 1,346 | (19,847,541) | 53,907,772 | 389,167 | 208,768,206 |

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

| | Note | 2016 \$ | 2015 \$ |
|--|-------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Proceeds from sale of investments | | 211,010,834 | 166,168,452 |
| Payments for purchase of investments | | (233,721,585) | (135,565,101) |
| Dividends received | | 4,001,075 | 3,339,150 |
| Interest received | | 2,014,771 | 1,848,598 |
| Other investment income | | 58,931 | 224,679 |
| Management fees (inclusive of GST) | | (2,645,611) | (1,769,369) |
| Performance fee (inclusive of GST) | | (5,116,440) | (745,083) |
| Payments for administration expenses (inclusive of GST) | | (569,981) | (505,165) |
| Brokerage on share purchases (inclusive of GST) | | (583,213) | (346,588) |
| GST on brokerage on share sales | | (37,177) | (32,530) |
| Net GST received from the ATO | | 592,611 | 245,345 |
| Net income tax paid | | (6,765,683) | (5,540,980) |
| Net cash (used in)/provided by operating activities | 13 | (31,761,468) | 27,321,408 |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 7,228,779 | 27,146,815 |
| Dividends paid – net of reinvestment | | (10,505,753) | (8,869,159) |
| Payments for issue of shares | | (82,359) | - |
| Net cash (used in)/provided by financing activities | | (3,359,333) | 18,277,656 |
| Net (decrease)/increase in cash and cash equivalents held | | (35,120,801) | 45,599,064 |
| Cash and cash equivalents at beginning of financial year | | 91,456,954 | 45,857,890 |
| Cash and cash equivalents at end of financial year | 12 | 56,336,153 | 91,456,954 |
| Non-cash transactions: | | | |
| Shares issued via dividend reinvestment plan | | 3,449,241 | 2,967,301 |

The accompanying notes form part of these financial statements.

WAM RESEARCH LIMITED
ABN 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have 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*.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures the financial statements and notes also comply with International Financial Reporting Standards (IFRS) as issued by the IASB.

Except for cash flow information, 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 are consistent with those applied in the 30 June 2015 Annual Report.

2. Investment revenue

| | 2016 | 2015 |
|-----------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Dividends | 4,049,023 | 3,413,238 |
| Interest | 2,143,569 | 1,890,825 |
| Trust distributions | 220,952 | 138,082 |
| Underwriting and other fees | 17,785 | 4,861 |
| | <u>6,431,329</u> | <u>5,447,006</u> |

WAM RESEARCH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. Income tax

a) Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

| | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Prima facie tax on profit before income tax at 30% (2015: 30%) | 10,778,421 | 7,977,936 |
| Imputation credit gross up | 432,668 | 356,210 |
| Franking credit offset | (1,442,227) | (1,187,366) |
| Other non-assessable items | 2,064 | - |
| Franked dividend receivable this year | - | (16,821) |
| | 9,770,926 | 7,129,959 |

| | | |
|--------------------|-------|-------|
| Effective tax rate | 27.2% | 26.8% |
|--------------------|-------|-------|

The effective tax rate reflects the benefit to the Company of franking credits received on dividend income during the year.

Total income tax expense results in a:

| | | |
|------------------------|------------------|------------------|
| Current tax liability | 9,731,052 | 7,109,711 |
| Deferred tax asset | 23,425 | 14,842 |
| Deferred tax liability | 16,449 | 5,406 |
| | 9,770,926 | 7,129,959 |

b) Deferred tax assets

| | 2016 | 2015 |
|-------------------|---------------|---------------|
| | \$ | \$ |
| Provisions | 7,176 | 8,729 |
| Capitalised costs | 52,846 | 50,011 |
| | 60,022 | 58,740 |

Movement in deferred tax assets

| | | |
|--|---------------|---------------|
| Balance at the beginning of the period | 58,740 | 73,582 |
| Charged to the Income Statement | (23,425) | (14,842) |
| Capitalised share issue costs | 24,707 | - |
| At reporting date | 60,022 | 58,740 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

3. Income tax (cont'd)

| c) Current tax liabilities | 2016 | 2015 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Movement in current tax liabilities | | |
| Balance at the beginning of the year | 3,200,912 | 1,597,006 |
| Current year income tax expense on operating profit | 9,731,052 | 7,109,711 |
| Income tax expense on realised gains on investments | - | 35,175 |
| Income tax paid | (6,765,683) | (5,540,980) |
| At reporting date | <u>6,166,281</u> | <u>3,200,912</u> |

| d) Deferred tax liabilities | 2016 | 2015 |
|------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Fair value adjustments | 188,639 | 267,758 |
| | <u>188,639</u> | <u>267,758</u> |

| | | |
|--|-----------------------|-----------------------|
| Movement in deferred tax liabilities | | |
| Balance at the beginning of the year | 267,758 | 352,314 |
| Charged to the Statement of Comprehensive Income | (79,119) | (84,556) |
| At reporting date | <u>188,639</u> | <u>267,758</u> |

4. Dividends

| a) Ordinary dividends paid during the year | 2016 | 2015 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Final dividend FY2015: 4.0 cents per share fully franked at 30% tax rate paid 23 October 2015 (Final dividend FY2014: 3.75 cents per share fully franked) | 6,612,254 | 5,288,797 |
| Interim dividend FY2016: 4.25 cents per share fully franked at 30% tax rate paid 29 April 2016 (Interim dividend FY2015: 4.0 cents per share fully franked) | 7,342,740 | 6,547,663 |
| | <u>13,954,994</u> | <u>11,836,460</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

4. Dividends (cont'd)

| b) Dividends not recognised at year end | 2016 | 2015 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| In addition to the above dividends, since the end of the year, the Directors have declared a 4.25 cent per share fully franked dividend which has not been recognised as a liability at the end of the financial year: | <u>7,402,195</u> | <u>6,612,159</u> |

c) Dividend franking account

| | | |
|---|-------------------------|-------------------------|
| Balance of franking account at year end | 3,989,101 | 1,761,824 |
| Adjusted for franking credits arising from: | | |
| - Estimated income tax payable | 6,166,281 | 3,200,912 |
| Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in Note 4 (b): | <u>(3,172,369)</u> | <u>(2,833,782)</u> |
| | <u>6,983,013</u> | <u>2,128,954</u> |

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

The balance of the franking account does not include tax recognised as a deferred tax liability of \$188,639 (2015: \$267,758).

5. Auditor's remuneration

| Remuneration of the auditor for: | 2016 | 2015 |
|---|----------------------|----------------------|
| | \$ | \$ |
| Auditing or reviewing the financial report | 36,790 | 36,474 |
| Other assurance services | - | 869 |
| Other services provided by a related practice of the auditor: | | |
| Taxation services | 7,480 | 7,260 |
| Other non-assurance services | <u>3,300</u> | <u>-</u> |
| | <u>47,570</u> | <u>44,603</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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

6. Trade and other receivables

| | 2016 | 2015 |
|-------------------------|--------------------------|-----------------------|
| | \$ | \$ |
| Outstanding settlements | 8,775,295 | 2,080 |
| Income receivable | 749,532 | 392,980 |
| GST receivable | 683,452 | 405,016 |
| | <u>10,208,279</u> | <u>800,076</u> |

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Income receivable relates to interest, sub-underwriting fees, dividend, and trust distributions receivable at the end of the reporting period.

7. Financial assets

| | 2016 | 2015 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| Equity investments at fair value through Income Statement | 160,655,091 | 103,978,164 |
| Equity investments held for sale | 2,070,634 | 2,389,193 |
| | <u>162,725,725</u> | <u>106,367,357</u> |

Equity investments held for sale

| | | |
|-------------------------------------|-------------------------|-------------------------|
| Clime Investment Management Limited | 2,070,634 | 2,389,193 |
| | <u>2,070,634</u> | <u>2,389,193</u> |

8. Trade and other payables

| | 2016 | 2015 |
|-------------------------|--------------------------|-------------------------|
| | \$ | \$ |
| Outstanding settlements | 4,813,960 | 3,284,135 |
| Management fee payable | 205,120 | 530,950 |
| Performance fee payable | 9,063,588 | 5,116,440 |
| Sundry creditors | 124,385 | 114,252 |
| | <u>14,207,053</u> | <u>9,045,777</u> |

Outstanding settlements are on the terms operating in the securities industry. These do not incur interest and require settlement within two days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

9. Issued capital

| a) Paid-up capital | 2016 | 2015 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| 174,169,283 ordinary shares fully paid (2015: 165,303,976) | <u>182,724,945</u> | <u>172,104,577</u> |

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 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) Ordinary shares | 2016 | 2015 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| Balance at the beginning of the year | 172,104,577 | 141,990,462 |
| 1,405,831 ordinary shares issued on 23 October 2015 under a dividend reinvestment plan | 1,677,448 | - |
| 6,058,313 ordinary shares issued via a placement on 27 October 2015 | 7,228,779 | - |
| 1,401,163 ordinary shares issued on 29 April 2016 under a dividend reinvestment plan | 1,771,793 | - |
| Share issue costs (net of tax) | (57,652) | - |
| 22,622,431 ordinary shares issued from the exercise of options | - | 27,146,814 |
| 1,253,937 ordinary shares issued on 24 October 2014 under a dividend reinvestment plan | - | 1,375,564 |
| 1,400,935 ordinary shares issued on 28 May 2015 under a dividend reinvestment plan | - | 1,591,737 |
| | <u>182,724,945</u> | <u>172,104,577</u> |
| At reporting date | <u>182,724,945</u> | <u>172,104,577</u> |

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, the Board is of the belief that shareholder value should be preserved through the management of the level of distributions to shareholders, share and options issues and share buy-backs. These capital management initiatives will be used when deemed appropriate by the Board. There have been no changes in the strategy adopted by the Board to control the capital of the Company since the prior year. The Company is not subject to any externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

| 10. Reserves | 2016 | 2015 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Profits reserve | 53,907,772 | 41,705,622 |
| Asset revaluation reserve | 389,167 | 612,159 |
| Capital profits reserve – capital account | 1,346 | 1,346 |
| Capital profits reserve – revenue account | (19,847,541) | (19,847,541) |
| | <u>34,450,744</u> | <u>22,471,586</u> |

The profits reserve is made up of amounts transferred from current year profits and are preserved for future dividend payments. The asset revaluation reserve is used to record increments and decrements on the revaluation of the equity investments held for sale, net of potential tax. The capital profits reserve records gains or losses arising from the disposal of equity investments held for sale, that are designated on revenue or capital account for taxation purposes respectively.

| | 2016 | 2015 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Movement in capital profits reserve – capital account | | |
| Balance at the beginning of the year | 1,346 | 1,346 |
| At reporting date | <u>1,346</u> | <u>1,346</u> |

| | | |
|--|----------------------------|----------------------------|
| Movement in capital profits reserve – revenue account | | |
| Balance at the beginning of the year | (19,847,541) | (19,847,541) |
| At reporting date | <u>(19,847,541)</u> | <u>(19,847,541)</u> |

| | | |
|---|--------------------------|--------------------------|
| Movement in profits reserve | | |
| Balance at the beginning of the year | 41,705,622 | 30,492,647 |
| Transfer from retained earnings | 26,157,144 | 22,967,361 |
| Transfer from asset revaluation reserve | - | 82,074 |
| Final dividend paid (refer Note 4a) | (6,612,254) | (5,288,797) |
| Interim dividend paid (refer Note 4a) | (7,342,740) | (6,547,663) |
| At reporting date | <u>53,907,772</u> | <u>41,705,622</u> |

| | | |
|--|-----------------------|-----------------------|
| Movement in asset revaluation reserve | | |
| Balance at the beginning of the year | 612,159 | 822,067 |
| Transfer to profits reserve | - | (82,074) |
| Other comprehensive loss | (222,992) | (127,834) |
| At reporting date | <u>389,167</u> | <u>612,159</u> |

| 11. Accumulated losses | 2016 | 2015 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| Balance at the beginning of the year | (8,407,483) | (4,903,285) |
| Profit for the year attributable to members of the Company | 26,157,144 | 19,463,163 |
| Transfer to profits reserve | (26,157,144) | (22,967,361) |
| | <u>(8,407,483)</u> | <u>(8,407,483)</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

12. Cash and cash equivalents

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

| | 2016 | 2015 |
|-------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Cash at bank | 13,081,359 | 316,137 |
| Cash held at call | - | 67,140,817 |
| Term deposits | 43,254,794 | 24,000,000 |
| | <u>56,336,153</u> | <u>91,456,954</u> |

The weighted average interest rate for cash and term deposits as at 30 June 2016 is 2.74% (2015: 2.62%). The term deposits have an average maturity of 67 days (2015: 139 days). The term deposits are invested with major Australian banks and their 100% owned banking subsidiaries institutions that have a Standard & Poor's A-1+ rating.

13. Cash flow information

| | 2016 | 2015 |
|---|----------------------------|--------------------------|
| | \$ | \$ |
| Reconciliation of profit after tax to cash flow from operations: | | |
| Profit after income tax | 26,157,144 | 19,463,163 |
| Fair value (gains)/losses on financial assets | (56,676,928) | 4,155,238 |
| Changes in assets and liabilities: | | |
| (Increase)/Decrease in receivables | (9,408,203) | 106,120 |
| Decrease/(Increase) in deferred tax assets | 39,874 | (14,927) |
| Increase in payables | 5,161,276 | 2,007,908 |
| Increase in current tax liabilities | 2,965,369 | 1,603,906 |
| Cash flow (used in)/provided by operating activities | <u>(31,761,468)</u> | <u>27,321,408</u> |

14. Earnings per share

| | 2016 | 2015 |
|---|--------------------|--------------------|
| | 15.3 cents | 13.4 cents |
| Basic earnings per share | <u>15.3 cents</u> | <u>13.4 cents</u> |
| | 2016 | 2015 |
| | \$ | \$ |
| Profit after income tax used in the calculation of basic earnings per share | <u>26,157,144</u> | <u>19,463,163</u> |
| | No. | No. |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share | <u>170,746,201</u> | <u>145,524,467</u> |

There are no outstanding securities on issue that are potentially dilutive in nature.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

15. Segment reporting

The Company engages in investing activities, including cash, term deposits and equity investments. It has no reportable business or geographic segments.

16. Contingent liability

There are no contingent liabilities as at 30 June 2016 (2015: nil).

17. Capital commitments

There are no capital commitments as at 30 June 2016 (2015: nil).

18. Events subsequent to reporting date

Since year end, the Board declared a final dividend of 4.25 cents per share fully franked to be paid on 28 October 2016.

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.