

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

COMPANY PARTICULARS

WILSON INVESTMENT FUND LIMITED A.B.N. 15 100 504 541

Wilson Investment Fund Limited is a Listed Investment Company. It is an investor in equities and similar securities on the stock market primarily in Australia.

DIRECTORS:	G. Wilson (Chairman) M. Kidman J. Gosse J. Abernethy
SECRETARY:	N. Cuffe
AUDITORS:	Moore Stephens Sydney
COUNTRY OF INCORPORATION:	Australia
REGISTERED OFFICE:	Level 11, 139 Macquarie Street Sydney NSW 2000
CONTACT DETAILS:	Mail Address: Lvl 11, 139 Macquarie St Sydney NSW 2000 Telephone: (02) 9247 6755 Fax: (02) 9247 6855 Email: info@wami.com.au Website: www.wilsonassetmanagement.com.au
SHARE REGISTRAR:	Registries Limited Level 2, 28 Margaret St Sydney NSW 2000 Telephone: (02) 9290 9600 Fax: (02) 9279 0664 For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.
STOCK EXCHANGE:	Australian Securities Exchange (ASX) The home exchange is Sydney. ASX code: WIL Ordinary shares

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2007 HIGHLIGHTS

- Gross portfolio increased by 30.73% for the year to 30 June 2007
- Profit before tax was \$5.17m
- Profit after tax was \$5.03m
- Pre tax net tangible assets increased from 108.6c* to 141.4c a share
- After tax net tangible assets increased from 104.68c* to 129.4c a share
- Total dividend for 2006/07 increased to 5.5 cents a share fully franked

* adjusted for dividends paid

WILSON INVESTMENT FUND LIMITED

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CHAIRMAN'S LETTER

Dear fellow shareholders,

Wilson Investment Fund Limited (WIL) is now approaching being fully invested. We still hold approx. 7.5% in cash and 8.7% in hybrids, these holdings will be invested into equities as opportunities present themselves. Even with the cash and hybrid positions, the portfolio increased 30.7% for the year to 30 June 2007.

We were able to pay our first LIC capital gain dividend which has significant tax advantages for particular shareholders. At the end of June, WIL had over \$33.2m (or 26.9 cents per share) of net unrealised gains which if realised could be paid out as LIC capital gains.

At the end of June 2007, more than \$111.36 million of the funds raised had been invested in 55 equities and listed debt securities. The remaining monies were in bank bills. Of the monies invested \$97.04 million had been invested in 46 companies, and \$14.32 million had been invested in 9 listed debt securities. In addition, in the year to 30 June 2007, \$5.34 million had been spent buying back shares in WIL at a discount of 30.34% to the June pre tax net tangible asset backing.

The pre-tax net tangible assets (NTA) backing, after the payment of 5.25 cents fully franked dividends and 0.51 cents of tax paid in the year, moved from 113.8 cents a share to 141.4 cents a share.

Total dividends declared for the year increased 10% to 5.5 cents a share fully franked, made up of a 2.75 cent interim and 2.75 cent final dividend which carries with it an attributable LIC capital gain of 2.0 cents per share. The Board is committed to increasing dividends over time, and paying out all franking credits when available.

In an endeavour to find suitable investment opportunities the manager is continually meeting with the management of investee companies. Over time, and once the fund is fully invested, our goal is to deliver a total return of 15-20% per annum. Part of the return we would like to be in the form of an attractive fully franked dividend to shareholders. We are looking for a combination of high growth stocks and established businesses that have strong cash flows and pay fully franked dividends.


To date we have looked to improve the yield of the Company by investing in several high yielding listed debt securities. These securities have enabled the Company to reach a satisfactory yield at the quickest rate, while at the same time giving the fund exposure to some outstanding companies. Going forward, hybrids will decline as a percentage of the portfolio as equity investments, that can deliver both a strong dividend flow and capital growth, replace them.

During the year we continued the successful and well attended shareholder briefings, with seminars held in Sydney, Melbourne, Adelaide, Canberra and Brisbane. Matthew and I enjoy the opportunity to meet with you and we are committed that the shareholder briefings remain a semi-annual event.

After three exceptional years of 20% plus p.a. returns, the Australian sharemarket defied all the sceptics and bears to post a stunning 30.3% gain on the Accumulation index for the year to 30 June, 2007. This took the gain on the All Ordinaries Accumulation index since the current bull market started in March 2003 to 171.5%.

Interestingly, the increase in share prices accelerated during the 12 months to 30 June 2007. For the first time, however, much of the increase in industrial stocks in the last year was because investors were paying more for earnings. In other words investors were prepared to pay more and take on more risk. In August, the credit crunch in America led to extreme volatility in both credit and equity markets world wide. We would expect markets to stay skittish until the effects of the mortgage crisis in the USA are fully played out. We will continue to concentrate our research on our preferred area of mid to small cap industrial stocks where opportunities regularly emerge even in difficult markets.

Thank you for your continuing support.



Geoff Wilson
Chairman

WILSON INVESTMENT FUND LIMITED

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COMPANY PROFILE

Wilson Investment Fund Limited (the Company) is an investment company providing investors with access to a diversified investment portfolio and the management expertise of MAM Pty Ltd (the Manager).

COMPETITIVE ADVANTAGE

What distinguishes the Manager from others is:

- A unique research rating process
- a target of meeting with as many companies as possible
- a total focus on managing money

INVESTMENT OBJECTIVES

The three investment objectives of the Company are:

- achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the Directors;
- deliver investors a secure income stream in the form of fully franked dividends; and
- preserve the capital of the Company.

INVESTMENT PROCESS

The Company has two investment approaches:

1. Research Driven - Buying shares in companies after extensive research. This may involve detailed discussion with management of the investee entity and its competitors.

This process requires each potential investment to be rated with respect to:

- (a) management;
- (b) projected earnings per share growth;
- (c) valuation - utilising a price for growth formula;
- (d) the industry and the investee's position in that industry; and
- (e) the generation of free cashflow.

The above rating system works as a filter identifying the most appropriate investments.

Before undertaking a research-driven investment, the Manager will identify a catalyst or event that it believes will lead to an increase in the market value of the investment.

2. Investment Driven - Buying securities in entities through initial public offerings, placements or the purchase of a block of stock below what the Manager believes is the entity's fair value. This requires close monitoring of market activity.

This process requires that each of the characteristics listed below are identified in the investee companies:

- (a) sustainable business model;
- (b) track record of dividends;
- (c) track record of profits and positive free cashflow;
- (d) acceptable financial strength; and
- (e) return on equity.

Once all of the above characteristics have been identified in a company, the timing of its purchase will require patience and a medium to long term investment horizon. Valuation will be a key element of any purchase.

WILSON INVESTMENT FUND LIMITED

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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2007

<u>Listed Debt Securities</u>	<u>Qty</u>	<u>Market Value</u>	<u>Food Beverage & Tobacco</u>	<u>Qty</u>	<u>Market Value</u>
ANZ Ltd 5.85% Conv Pref (ANZPA)	15,000	1,521,000	Cockatoo Ridge Wines Ltd (CKR)	8,108,328	1,216,249
Bank of Queensland Ltd Prefs (BOQPB)	70,000	7,079,100	Graincorp Ltd (GNC)	209,714	2,935,996
Brickworks Ltd Prefs (BKWPA)	8,000	817,600	Select Harvest Ltd (SHV)	343,241	3,981,596
Futuris Corp Ltd 7% Conv Notes (FCLGA)	297,482	827,000			8,133,841
Leighton Holdings Ltd Conv Notes (LEIGA)	8,000	816,880	<u>Pharmaceuticals & Biotechnology</u>		
Nylex Ltd Unsec Conv Note (NLXG)	17,304	31,338	Sigma Pharmaceuticals Ltd (SIP)	884,120	1,874,334
Seven Network Ltd Non-red Prefs (SEVPC)	15,000	1,529,700			1,874,334
Toll Holdings Ltd Reset Prefs (TOLPA)	5,000	1,022,500	<u>Banks</u>		
Willmott Forests Ltd Prefs (WFLPA)	14,000	1,302,840	Bendigo Bank Ltd (BEN)	495,463	7,531,038
		14,947,958	Mortgage Choice Ltd (MOC)	369,715	1,168,299
<u>Capital Goods</u>			National Aust Bank Ltd (NAB)	100,000	4,102,000
Nylex Ltd (NLX)	117,543	153,394	Rock Building Society Ltd (ROK)	57,285	301,319
Nylex Ltd Options (NLXO)	54,384	17,675	Westpac Banking Corporation	120,000	3,079,200
Reece Australia Ltd	5,523	154,920	Wide Bay Australia Ltd (WBB)	381,760	4,581,120
		325,989			20,762,976
<u>Commercial Services & Supplies</u>			<u>Health Care Equip & Services</u>		
Credit Corp Group Ltd (CCP)	959,082	11,796,709	Aevum Ltd (AVE)	1,324,953	4,703,583
McMillan Shakespeare Ltd (MMS)	750,000	3,982,500	Primary Health Care Ltd (PRY)	300,191	3,812,426
SAI Global Ltd (SAI)	675,000	2,571,750	Pro Medicus Ltd (PME)	1,075,000	1,451,250
		18,350,959			9,967,259
<u>Consumer Services</u>			<u>Diversified Financials</u>		
Sydney Attractions Group Ltd (SAQ)	183,616	1,092,515	ASX Ltd (ASX)	302,000	14,707,400
Tabcorp Holdings Ltd (TAH)	200,000	3,430,000	Babcock & Brown Ltd (BNB)	100,000	3,208,000
Tattersalls Ltd (TTS)	611,350	2,873,345	Clime Investment M'ment Ltd (CIW)	3,836,143	4,603,372
		7,395,860	CVC Ltd (CVC)	750,000	1,402,500
<u>Media</u>			Equity Trustees Ltd (EQT)	71,000	2,203,130
Infochoice Ltd (ICH)	2,166,560	324,984	IOOF Holdings Ltd (IFL)	327,000	3,332,130
Photon Group Ltd (PGA)	1,033,000	6,352,950	Mariner Financial Ltd (MFI)	2,560,000	1,971,200
Prime Television Ltd (PRT)	381,291	1,418,403	MMC Contrarian Ltd (MMA)	3,743,305	3,893,037
Sth Cross Broadcasting (Aust) Ltd(SBC)	259,945	4,159,120	NSX Ltd (NSX)	1,085,000	477,400
		12,255,457	Perpetual Ltd (PPT)	40,000	3,140,400
<u>Retailing</u>			Treasury Group Ltd (TRG)	98,766	1,532,848
AP Eagers Ltd (APE)	322,454	4,836,810			40,471,417
ARB Corporation Ltd (ARP)	580,864	2,497,715	<u>Insurance</u>		
Signature Brands Ltd (SBL)	793,804	32,546	Calliden Group Ltd (CIX)	6,000,000	3,000,000
		7,367,071	Tower Australia Group Ltd (TAL)	1,689,950	3,886,885
<u>Food & Staples Retailing</u>			Tower Ltd (TWR)	953,156	2,068,349
Metcash Ltd (MTS)	950,000	4,275,000			8,955,234
		4,275,000	<u>Real Estate</u>		
<u>Software & Services</u>			Challenger Wine Trust (CWT)	2,453,250	2,171,126
Rattoon Holdings Ltd (RTN)	2,508,477	1,028,476			2,171,126
		1,028,476	<u>Transportation</u>		
			Viking Industries Ltd (VKI)	500,000	542,500
					542,500
			TOTAL PORTFOLIO VALUE		158,825,455

WILSON INVESTMENT FUND LIMITED

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CORPORATE GOVERNANCE STATEMENT

All the best practice recommendations of the Australian Stock Exchange Corporate Governance Council have been applied throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Board of Directors and its Committees, Composition of the Board, Remuneration of Directors and Executives, Ethical Standards, Role of Shareholders, the Boards' Policy on Dealing in Shares, Independent Professional Advice and Access to Company Information, and Conflict of Interests.

BOARD OF DIRECTORS AND ITS COMMITTEES

Subject at all times to any written guidelines issued by the Board of Directors of Wilson Investment Fund Limited, the day-to-day management and investment of funds is carried out by MAM Pty Limited pursuant to a management agreement.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for the appointed Manager and monitoring the achievement of these goals. The Board reviews the Managers operational and financial performance of the Company.

The Company has formed an Audit Committee consisting of:

John Abernethy	Chairman
Matthew Kidman	Non-Executive Director
Julian Gosse	Non-Executive Director

The Committee's responsibilities are to:

- (a) oversee the existence and maintenance of internal controls and accounting systems;
- (b) oversee the financial reporting process;
- (c) review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- (d) nominate external auditors; and
- (e) review the existing external audit arrangements.

COMPOSITION OF THE BOARD

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term in office are detailed in the directors' report.

The names of the independent directors of the Company are:

Julian Gosse
John Abernethy

The Board comprises the Chairman and three other non-executive Directors who consider the composition of the Board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. The performance of each Director is reviewed by the Chairman periodically. At every annual general meeting one third of the Directors must retire from office and be eligible for re-election. Shareholder approval is required on the composition of the Board.

The Board is 50% independent. Whilst the Company agrees with the benefits of a majority of independent Directors, it believes that it can better achieve the results of the Company with the current Boards' level of expertise and without burdening shareholders with the additional costs associated with adding further independent Directors.

The Chairman is not independent. The Company believes that an independent Chairman does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver of the business and is a sizeable shareholder, it adds value to the Company.

REMUNERATION OF DIRECTORS AND EXECUTIVES

The maximum total remuneration of the Directors of the Company has been set at \$80,000 per annum to be divided in such proportions as they agree. The scope of the Company's operations, and the frequency of Board meetings are principal determinants of the fee level. Further detail is provided in the Directors' Report.

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CORPORATE GOVERNANCE STATEMENT

No separate Remuneration Committee has been established by the Company as the Company does not believe that this adds any value to its Corporate Governance.

Entities associated with the Chairman, Geoff Wilson, and Director, Matthew Kidman of Wilson Investment Fund Limited hold 80% and 20% respectively of the issued shares of the investment management company, MAM Pty Limited. Further detail is provided in the Directors' Report.

ETHICAL STANDARDS

The Board aims to ensure that all Directors and its Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company.

THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the Annual Financial Report, monthly asset backing data and Half-Year Financial Report lodged with the Australian Stock Exchange.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

BOARDS' POLICY ON DEALING IN SHARES

Subject to their not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company when appropriate. As Wilson Investment Fund Limited is an investment Company announcing its results monthly, the Board believes the shareholders are generally fully informed.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right to access all relevant information and subject to prior consultation with the Chairman, may seek independent professional advice at the entity's expense. A copy of advice received by the Director is made available to all other members of the Board.

CONFLICT OF INTEREST

In accordance with the *Corporations Act 2001*, the Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

WILSON INVESTMENT FUND LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

The Directors present their report together with the financial report of Wilson Investment Fund Limited (the Company) for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITY

The principal activity of the Company is making medium to long term investments in listed and unlisted companies. No change in this activity took place during the period or is likely in the future.

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$5,167,288 (2006: \$5,383,931) and an operating profit after tax of \$5,029,084 (2006: \$4,728,698).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2007, investments were revalued upwards by \$31,262,167 (2006: \$11,434,103). After an adjustment for deferred tax on unrealised gains, a net increment of \$21,883,517 (2006: \$8,003,872) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share as at 30 June 2007 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to \$1.294 per share (2006: \$1.099). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.413 per share (2006: \$1.138). The equivalent asset backing before tax was \$1.414 per share (2006: \$1.138).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on page 1 of the Annual Report.

FINANCIAL POSITION

The net asset value of the Company for the current financial year was \$157,156,525 (2006: \$138,365,116).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2007.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared are as follows:

\$

Fully franked 2006 final dividend of 2.5c per share was paid on the 24 November 2006	2,999,492
Fully franked 2007 interim dividend of 2.75c per share was paid on the 27 April 2007	3,312,572

Since year end the Directors have declared a fully franked final dividend of 2.75 cents to be paid on 26 October 2007. The final dividend carries with it an attributable LIC capital gain of 2.0 cents per share.

OPTIONS

No options were on issue nor were there any options that were previously issued that expired during the current financial year.

SHARE BUY BACK

On 24 March 2006 the board of Wilson Investment Fund Limited announced a third on market share buyback, equivalent to 13,272,776 shares or approximately 10% of issued capital at that date. The buyback was completed on 5 October 2006 with a total of 13,272,776 shares bought back for a total consideration of \$12,923,780.

The board is focused on maximising returns to shareholders and this will from time to time involve active capital management. The board views the introduction of on market share buy backs as being in line with this aim as it will add value to the remaining shares on issue and increase NTA per share.

WILSON INVESTMENT FUND LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS

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

G.J. Wilson
M.J. Kidman
J.J. Gosse
J.B. Abernethy

INFORMATION ON DIRECTORS

Geoffrey Wilson (Age 49) *Chairman*

Experience and expertise

Geoffrey Wilson has had 27 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

Geoffrey Wilson has been Chairman of the Company since June 2003.

Other current directorships

Geoffrey Wilson is the Chairman of WAM Capital Limited (appointed March 1999) and the Australian Stockbrokers Foundation Limited. He is a Director of Wilson Leaders Limited (appointed October 2003), Clime Capital Limited (appointed November 2003) and Cadence Capital Limited (appointed February 2005). He is also a director of the investment management companies, Wilson Asset Management (International) Pty Ltd, Boutique Asset Management Pty Ltd, MAM Pty Ltd and a Director of the Sporting Chance Cancer Foundation.

Former directorships in the last 3 years

Geoff Wilson is a former Director of Mariner Bridge Investments Limited (formerly known as Mariner Wealth Management Limited) from September 1999 to October 2006.

Special responsibilities

Chairman of the Board

Interests in shares and options of the Company

Details of Geoffrey Wilson's interests in shares and options of the Company are included later in this report.

Interests in contracts

Details of Geoffrey Wilson's interests in contracts of the Company are included later in this report.

Matthew Kidman (Age 38) *Non-Executive Director*

Experience and expertise

Matthew Kidman worked as a finance reporter for the Sydney Morning Herald between 1994 and 1998. In 1997 he was appointed Investment Editor of that newspaper and was charged with the responsibility of company coverage for the newspaper. He has degrees in Economics and Law and a Graduate Diploma in Applied Finance. He is a portfolio manager of Wilson Asset Management (International) Pty Ltd and has been instrumental in establishing the Company's valuation methodology of rating companies.

Matthew Kidman has been a Director of the Company since May 2002.

Other current directorships

Matthew Kidman is a Director of WAM Capital Limited (appointed March 1999) and Wilson Leaders Limited (appointed October 2003). He is also a Director of the investment management companies MAM Pty Ltd and Boutique Asset Management Pty Ltd.

WILSON INVESTMENT FUND LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

Former directorships in the last 3 years

Matthew Kidman is a former Director of Mariner Bridge Investments Limited (formerly known as Mariner Wealth Management Limited) from June 1999 to November 2005.

Special responsibilities

Member of the Audit Committee

Interests in shares and options of the Company

Details of Matthew Kidman's interests in shares and options of the Company are included later in this report.

Interests in contracts

Details of Matthew Kidman's interests in contracts of the Company are included later in this report.

John Abernethy (Age 48)

Non-Executive Director

Experience and expertise

John Abernethy has over 24 years experience in funds management and corporate advisory. He spent ten years at NRMA Investments as Head of Equities managing portfolios of approximately \$2 billion. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Clime (formerly known as Loftus Capital Partners) in 1996.

John Abernethy has been a Director of the Company since May 2002.

Other current directorships

John Abernethy is the Managing Director of Clime Investment Management Limited (formerly known as Loftus Capital Partners Limited) (appointed July 2005). He is a Director of Wilson Leaders Limited (appointed November 2003) and Jasco Holdings Limited.

Former directorships in the last 3 years

John Abernethy is a former Director of Schaffer Corporation Limited from October 1998 to October 2003 and HomeLeisure Limited from February 2001 to May 2007.

Special responsibilities

Chairman of the Audit Committee

Interests in shares and options of the Company

Details of John Abernethy's interests in shares and options of the Company are included later in this report.

Julian Gosse (Age 57)

Non-Executive Director

Experience and expertise

Julian Gosse has extensive experience in banking and broking both in Australia and overseas having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. He has been involved in the establishment, operation and ownership of several small businesses.

Julian Gosse has been a Director of the Company since June 2003.

Other current directorships

Julian Gosse is a Director of ITL Limited (appointed September 2003) of which he became Chairman in January 2005 and Blue Chip Financial Solutions Limited (appointed March 2006) of which he became Chairman in November 2006. He is also a Director of Wilson Leaders Limited (appointed October 2003) and Clime Capital Limited (appointed November 2003).

Former directorships in the last 3 years

Julian Gosse is a former Director of Mariner Bridge Investments Limited (formerly known as Mariner Wealth Management Limited) from September 1999 to October 2006.

WILSON INVESTMENT FUND LIMITED

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

Special responsibilities

Member of the Audit Committee

Interests in shares and options of the Company

Details of Julian Gosse's interests in shares and options of the Company are included later in this report.

COMPANY SECRETARY

The following person held the position of company secretary as at the end of the financial year:

Natasha Cuffe – Bachelor of Commerce, Chartered Accountant. Natasha Cuffe has worked in the funds management industry for the past 9 years and has worked for the Wilson Asset Management group as Finance Manager for the past 4 years. Natasha Cuffe was appointed company secretary on 21 February 2006.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Wilson Investment Fund Limited.

(a) Remuneration of Directors

The board from time to time determines remuneration of Non-executive Directors within the maximum amount approved by the shareholders. Non-executive Directors are not entitled to any other remuneration.

Fees and payments to Non-executive Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board.

Directors' base fees are presently set at a maximum of \$80,000 per annum. Non-executive directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main board activities and membership of committees.

The following are the Directors' remuneration received for the year ended 30 June 2007:

Director	Position	Salary and Fees \$	Post-employment Superannuation \$	Total \$
G.J. Wilson	Chairman	4,587	5,413	10,000
M.J. Kidman	Non-Executive Director	9,174	826	10,000
J.B. Abernethy	Non-Executive Director	27,500	-	27,500
J.J. Gosse	Non-Executive Director	27,500	-	27,500
		68,761	6,239	75,000

The following table compares the company performance and non-executive directors' remuneration since listing:

	2007	2006	2005	2004
Operating profit after tax (\$)	5,029,084	4,728,698	4,641,591	4,507,588
Dividends paid (cents per share)	5.5	5.0	4.0	2.5
Net tangible asset (\$ per share)	1.29	1.14	1.05	1.03
Total Directors' remuneration (\$)	75,000	64,000	62,000	54,587

The Company commenced operations in August 2003 and as such 2004 figures do not represent results for a full twelve months and therefore are not comparable.

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

(b) Director Related Entity Remuneration

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

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$1,741,572 inclusive of GST (2006: \$1,650,188). As at 30 June 2007, the balance payable to the manager was \$157,383 (2006: \$131,458).

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 the 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 2007, no performance fee was paid or payable to MAM Pty Limited (2006:\$nil).

These amounts are in addition to the above Directors remuneration.

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.

(c) Remuneration of Executives

There are no executives that are paid by the Company. MAM Pty Limited, the investment manager of the Company provides the day to day management of the Company and is remunerated as outlined above.

(d) Equity Instruments Disclosure of Directors and Related Parties

As at 30 June 2007, the Company's Directors and their related parties held the following interests in the Company:

	Balance at 30 June 2006	Acquisitions	Disposals	Balance at 30 June 2007
G.J. Wilson	3,745,914	244,430	-	3,990,344
M.J. Kidman	93,160	50,552	-	143,712
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	3,899,074	294,982	-	4,194,056

Directors and director related parties disposed of and acquired ordinary shares and options over ordinary shares in the Company on the same terms and conditions available to other shareholders.

The Directors have not during or since the end financial year been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS' MEETINGS

Director	No. eligible to attend	Attended
G.J. Wilson	5	5
M.J. Kidman	5	5
J.J. Gosse	5	5
J.B. Abernethy	5	5

AUDIT COMMITTEE MEETINGS

The main responsibilities of the Audit Committee are set out in the Corporate Governance section on page 4 and 5 of this Annual Report.

Director	No. eligible to attend	Attended
J.B. Abernethy	2	2
M.J. Kidman	2	2
J.J. Gosse	2	2

AFTER BALANCE DATE EVENTS

The Directors have declared a fully franked final dividend of 2.75 cents to be paid on 26 October 2007.

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 economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year, investing its current fixed interest and cash holdings into the equity market as opportunities arise.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

NON AUDIT SERVICES

During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty Ltd, a related party of the Company's auditor, performed taxation services for the Company. Details of the amounts paid to the auditors and their related parties are disclosed in Note 5 to the financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2007

The board has considered the non-audit services provided during the year by the auditor and their related parties and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement *F1 Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

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



M.J. KIDMAN, Director

Dated at Sydney this 20th day of September 2007

PARTNERS:

Howard Badger CA
Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leysdon FCA
Allan Mortel CA
Wayne Morton FCA
Brett Sato CA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Scott Whiddett CA

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA
Bob Webster FCA

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WILSON INVESTMENT FUND LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Wilson Investment Fund Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS SYDNEY
Chartered Accountants



S. WHIDDETT

Partner

Dated in Sydney this 20th of September 2007.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	June 2007 \$	June 2006 \$
Investment revenue	2(a)	7,114,839	7,248,589
Other revenue from ordinary activities	2(b)	10,885	-
Management fees		(1,622,828)	(1,537,675)
Directors fees		(71,250)	(61,000)
Other expenses from ordinary activities		<u>(264,358)</u>	<u>(265,983)</u>
Profit before income tax expense and realised gains on investments		5,167,288	5,383,931
Income tax expense	3(a)	<u>138,204</u>	<u>655,233</u>
Profit from operating activities before realised gains on investment portfolio		5,029,084	4,728,698
Realised gain/(loss) on investment portfolio before tax		3,528,594	1,161,603
Income tax (expense)/benefit on realised gain/(loss)		<u>(1,058,578)</u>	<u>(348,481)</u>
Net realised gain/(loss) on investment portfolio		2,470,016	813,122
Profit attributable to members of the Company	11	<u>7,499,100</u>	<u>5,541,820</u>
Basic earnings per share before realised gains	14	<u>4.04 cents</u>	<u>3.41 cents</u>
Basic earnings per share	14	<u>6.02 cents</u>	<u>3.99 cents</u>

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

BALANCE SHEET AS AT 30 JUNE 2007

	Notes	June 2007 \$	June 2006 \$
CURRENT ASSETS			
Cash and cash equivalents	12	12,478,080	26,616,075
Trade and other receivables	6	424,957	257,523
TOTAL CURRENT ASSETS		12,903,037	26,873,598
NON-CURRENT ASSETS			
Financial assets	7	158,825,455	116,932,349
Deferred tax assets	3(b)	176,623	349,022
TOTAL NON-CURRENT ASSETS		159,002,078	117,281,371
TOTAL ASSETS		171,905,115	144,154,969
CURRENT LIABILITIES			
Trade and other payables	8	199,171	1,030,225
Current tax liabilities	3(c)	193,821	(150,087)
TOTAL CURRENT LIABILITIES		392,992	880,138
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3(d)	14,355,598	4,909,715
TOTAL NON-CURRENT LIABILITIES		14,355,598	4,909,715
TOTAL LIABILITIES		14,748,590	5,789,853
NET ASSETS		157,156,525	138,365,116
EQUITY			
Issued capital	9	121,136,622	125,415,766
Reserves	10	35,835,999	11,939,040
Retained earnings	11	183,904	1,010,310
TOTAL EQUITY		157,156,525	138,365,116

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Notes	June 2007 \$	June 2006 \$
Total equity as at 1 July 2006		138,365,116	145,412,909
Profit for the year attributable to members of the Company	11	7,499,100	5,541,820
Shares bought back in the year	9(b)	(5,341,404)	(15,522,119)
Shares issued in the year	9(b)	1,062,260	900,139
		<u>141,585,072</u>	<u>136,332,749</u>
Dividends paid or provided for	4	(6,312,064)	(5,971,505)
Revaluation of investments	10(b)	21,883,517	8,003,872
		<u>157,156,525</u>	<u>138,365,116</u>

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	June 2007 \$	June 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		4,968,761	3,276,036
Interest received		1,565,642	3,644,296
Other investment income received		234,891	276,804
Investment management fees		(1,715,647)	(1,653,836)
Payments for administration expenses		(229,340)	(175,979)
Income tax paid	3(b)	(613,242)	(1,622,896)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13	4,211,064	3,744,425
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		9,599,334	5,170,002
Payments for purchase of investments		(16,871,442)	(35,012,400)
NET CASH USED IN INVESTING ACTIVITIES		(7,272,108)	(29,842,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,249,804)	(5,082,706)
Proceeds from options exercised		-	11,340
Payments for shares bought back		(5,827,147)	(15,036,376)
NET CASH USED IN FINANCING ACTIVITIES		(11,076,951)	(20,107,742)
NET DECREASE IN CASH HELD		(14,137,995)	(46,205,715)
CASH AT BEGINNING OF FINANCIAL YEAR		26,616,075	72,821,790
CASH AT END OF FINANCIAL YEAR	12	12,478,080	26,616,075

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report was authorised for issue on 20 September 2007 by the Board of Directors.

Wilson Investment Fund Limited is a publicly listed company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

Basis of Preparation

The Company has prepared these financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

The financial statements have been prepared on an accruals basis and are based on historical costs with the exception of "available-for-sale" financial assets and certain other financial assets and liabilities which have been measured at fair value.

Accounting Policies

(a) Investments

i) Classification

Investments consist of shares in publicly listed and unlisted companies and investments in fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost.

ii) Valuation

Investments are classified as "available-for-sale" securities and are recognised at fair value, being the market value including the potential tax charges that may arise from the future sale of the investments.

iii) Asset Revaluation Reserve and Capital Profits Reserve

Investments, including shares and securities, are valued continuously. Revaluations are credited directly to the Asset Revaluation Reserve.

When shares, securities and other investments are disposed of, the Company will recognise realised gains or losses and associated tax in the Income Statement. These will then be transferred from Retained Earnings to the Capital Profits Reserve.

iv) Investment income

Dividend and trust distribution income are recognised in the Income Statement on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(b) 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 substantially enacted by the Balance Sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary difference 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.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (continued)

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 Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(c) 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.

(d) Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less impairment losses. (refer Note 1 (f)).

(e) Trade and Other Payables

Trade and other payables are stated at their amortised cost.

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

(g) Goods and Services Tax

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 Balance Sheet.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Segment Reporting

The Company is engaged in investment activities conducted in Australia and derives revenue and investment income from listed, unlisted and fixed interest securities.

(i) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Change in Accounting Policy

Traditionally, realised gains on all investment types were transferred to the Capital Profits Reserve net of applicable taxes. From 1 July 2006, to more accurately reflect the Listed Investment Company (LIC) capital gains that can be distributed to shareholders as defined by the Australian Taxation Office, realised gains on investments that do not constitute LIC capital gains will no longer be transferred to the Capital Profits Reserve.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Change in Accounting Policy (continued)

An adjustment to retained earnings for realised gains earned on investments in prior years that do not represent LIC capital gains, was necessary to reflect this change in accounting policy. Refer Note 10(a) and Note 11.

	June 2007 \$	June 2006 \$
2. REVENUE		
(a) Investment revenue		
Australian sourced dividends	5,059,067	3,333,036
Foreign sourced dividends	48,265	14,250
Interest	1,595,122	3,644,353
Trust distributions	223,246	256,950
Realised gains on investments sold	189,139	-
	7,114,839	7,248,589
(b) Other revenue		
Underwriting fees	10,885	-
	10,885	-
3. TAXATION		
(a) Income Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)		
	1,550,186	1,615,180
Imputation credit gross up	605,135	411,406
Franking credit offset	(2,017,117)	(1,371,353)
	138,204	655,233
Total income tax expense results in a:		
Current tax liability	(101,428)	465,353
Deferred tax liability	67,233	17,117
Deferred tax asset	172,399	172,763
	138,204	655,233
(b) Deferred Tax Assets		
Provisions	3,630	3,036
Capitalised share issue costs	172,993	345,986
	176,623	349,022
Movement in deferred tax assets		
Balance at the beginning of the year	349,022	614,541
Charged to the Income Statement	(172,399)	(172,763)
Income tax benefit on realised losses on investments	-	(92,756)
At reporting date	176,623	349,022

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	June 2007 \$	June 2006 \$
3. TAXATION (CONTINUED)		
(c) Current Tax Liabilities		
Movement in current tax liabilities		
Balance at the beginning of the year	(150,087)	751,732
Current year income tax expense on operating profit	(101,428)	465,353
Income tax expense on realised gains on investments	1,058,578	255,724
Income tax paid	(613,242)	(1,622,896)
At reporting date	<u>193,821</u>	<u>(150,087)</u>
(d) Deferred Tax Liabilities		
Fair value adjustments	14,239,657	4,861,007
Income provisions	115,941	48,708
	<u>14,355,598</u>	<u>4,909,715</u>
Movement in deferred tax liabilities		
Balance at the beginning of the year	4,909,715	1,462,367
Charged to the Income Statement	67,233	17,117
Deferred income tax expense on unrealised gains on investments	9,378,650	3,430,231
At reporting date	<u>14,355,598</u>	<u>4,909,715</u>
4. DIVIDENDS		
(a) Ordinary dividends recognised in the current year		
Dividends paid by the Company	<u>6,312,064</u>	<u>5,971,505</u>

Dividends paid by the Company for the year ended 30 June 2007	Cents per share	Total amount \$	Date of payment	Tax rate for franking credit	Percentage franked
Final 2006 – ordinary	2.5	2,999,492	24 Nov 2006	30%	100%
Interim 2007 – ordinary	2.75	3,312,572	16 Apr 2007	30%	100%
Total franked amount	<u>5.25</u>	<u>6,312,064</u>			

Dividends paid by the Company for the year ended 30 June 2006	Cents per share	Total amount \$	Date of payment	Tax rate for franking credit	Percentage franked
Final 2005 – ordinary	2.0	2,745,009	17 Oct 2005	30%	100%
Interim 2006 – ordinary	2.5	3,226,496	26 May 2006	30%	100%
Total franked amount	<u>4.5</u>	<u>5,971,505</u>			

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

4. DIVIDENDS (CONTINUED)

(b) Dividends not recognised at year end

In addition to the above dividends, since the end of the year, the Directors have recommended the payment of a final dividend of:

	Cents per share	Total amount \$	Date of payment	Tax rate for franking credit	Percentage franked
Final 2007 - ordinary	2.75	3,326,275	26 Oct 2007	30%	100%

The final dividend carries with it an attributable LIC capital gain of 2.0 cents per share.

The final dividend has not been brought to account in the financial statements for the year ended 30 June 2007 but will be recognised in subsequent financial reports.

(c) Dividend Franking Account

The franked portion of the final dividend recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2007.

	June 2007 \$	June 2006 \$
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.	599,412	330,314

The franking credit balance does not include any allowance for the final dividend. Subsequent to year end, the franking account would be reduced by \$1,425,546 (2006: \$1,343,965) for the declared dividend disclosed in (b) above. The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the Company paying tax.

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred income tax liability of \$14,355,598 (2006: \$4,909,715).

5. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Auditing or reviewing the financial report 21,920 19,265

Non-audit services

Other services provided by a related practice of the auditor:

Taxation services	16,400	6,868
	38,320	26,133

The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by the audit firm, to ensure that they do not compromise independence.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	June 2007 \$	June 2006 \$
6. TRADE AND OTHER RECEIVABLES		
Income receivable	386,468	219,178
GST receivable	38,489	38,345
	<u>424,957</u>	<u>257,523</u>

Income receivable and sundry debtors relate to accrued income and are non-interest bearing and unsecured.

7. FINANCIAL ASSETS

Non-current

Listed investments	<u>158,825,455</u>	<u>116,932,349</u>
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Preference shares and convertible notes had a weighted average interest rate of 6.99% (2006: 8.34%). Not all preference shares and convertible notes had a specified maturity date. The weighted average of the fixed term investments that had a maturity date was 2 months (2006: 36 months). The market values of individual investments as at 30 June 2007 are disclosed on page 3 of the Annual Report.

8. TRADE AND OTHER PAYABLES

Trade creditors	-	358,903
Sundry creditors	199,171	671,322
	<u>199,171</u>	<u>1,030,225</u>

Trade creditors relate to outstanding settlements, and are on the terms operating in the securities industry. These require settlement within three (3) days of the date of the transaction. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

9. ISSUED CAPITAL

(a) Paid-up Capital

120,955,444 ordinary shares fully paid (2006: 125,436,818)	<u>121,136,622</u>	<u>125,415,766</u>
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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.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	June 2007 \$	June 2006 \$
9. ISSUED CAPITAL (CONTINUED)		
(b) Movement in Ordinary Share Capital		
Balance at the beginning of the year	125,415,766	140,037,746
- 10,500 ordinary shares issues from the exercise of options issued on 3 May 2005, with an exercise price of \$1.08 per share	-	11,340
- 8,703,855 ordinary shares bought back under an on-market buy back commencing 12 April 2005	-	(7,939,743)
- 425,905 ordinary shares issued on 17 October 2005 under a dividend reinvestment plan	-	390,939
- 514,038 ordinary shares issued on 26 May 2006 under a dividend reinvestment plan	-	497,860
- 7,815,482 ordinary shares bought back under an on-market buy back commencing 13 April 2006	-	(7,582,376)
- 5,457,294 ordinary shares bought back under an on-market buy back commencing 13 April 2006	(5,341,404)	-
- 477,503 ordinary shares issued on 24 November 2006 under a dividend reinvestment plan	493,116	-
- 498,417 ordinary shares issued on 16 April 2007 under a dividend reinvestment plan	569,144	-
At reporting date	<u>121,136,622</u>	<u>125,415,766</u>
10. RESERVES		
Capital Profits Reserve	2,610,132	596,690
Asset Revaluation Reserve	33,225,867	11,342,350
	<u>35,835,999</u>	<u>11,939,040</u>
<p>These reserves are used to record increments and decrements on the revaluation of the investments as described in accounting policy Note 1 (a) (iii).</p>		
(a) Movement in Capital Profits Reserve		
Balance at the beginning of the year	596,690	(216,432)
Change in accounting policy transfer to retained earnings	(456,574)	-
Transfer from/(to) retained earnings	2,470,016	813,122
At reporting date	<u>2,610,132</u>	<u>596,690</u>
(b) Movement in Asset Revaluation Reserve		
Balance at the beginning of the year	11,342,350	3,338,478
Revaluation of investments	21,883,517	8,003,872
At reporting date	<u>33,225,867</u>	<u>11,342,350</u>

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	June 2007 \$	June 2006 \$
11. RETAINED EARNINGS		
Balance at the beginning of the year	1,010,310	2,253,117
Profit for the year attributable to members of the Company	7,499,100	5,541,820
Change in accounting policy transfer from capital profits reserve	456,574	-
Transfer (to)/from capital profits reserve	(2,470,016)	(813,122)
Dividends paid	4 (6,312,064)	(5,971,505)
At reporting date	<u>183,904</u>	<u>1,010,310</u>

12. CASH AND CASH EQUIVALENTS

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

Cash at bank and on hand	87,653	2,503,463
Fixed interest securities	<u>12,390,427</u>	<u>24,112,612</u>
	<u>12,478,080</u>	<u>26,616,075</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2007 is 6.43% (2006: 5.86%). The fixed interest securities had an average maturity of 29 days (2006: 87 days).

13. CASH FLOW INFORMATION

Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	5,029,084	4,728,698
Less items classified as investing activities:		
Realised gains on investments	(189,139)	-
Changes in assets and liabilities during the financial year:		
Increase in receivables	(167,435)	(12,254)
Decrease/(increase) in deferred tax assets	172,399	(231)
Increase in deferred tax liabilities	67,232	17,117
Increase/(decrease) in payables	13,592	(4,355)
Increase/(decrease) in current tax liabilities	<u>(714,669)</u>	<u>(984,550)</u>
Net cash provided by Operating Activities	<u>4,211,064</u>	<u>3,744,425</u>

14. EARNINGS PER SHARE

Net profit after income tax (before realised gains) used in the calculation of basic earnings per share (before realised gains)	<u>5,029,084</u>	<u>4,728,698</u>
Net profit after income tax used in the calculation of basic earnings per share	<u>7,499,100</u>	<u>5,541,820</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>124,625,792</u>	<u>138,725,420</u>

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

15. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

The Company's financial instruments consist of local money market instruments, short term investments, accounts receivable and payable.

(a) Terms, Conditions and Accounting Policies

The Company's accounting policies are included in Note 1, while 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.

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Balance Sheet, is the carrying amount. The Company is not materially exposed to any individual credit risk.

(c) Liquidity Risk

Liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. The Company holds a portion of its portfolio in cash and fixed interest securities sufficient to ensure that it has cash available to meet all payments.

The Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the levels of which are managed by the Board and the management company.

The Company's inward cash flows depend upon the level of dividends and interest received.

(d) 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 tradeable 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 Company can seek to reduce market risk by not being overly exposed to one company or one particular sector of the market. 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.

(e) Net Fair Values

The carrying amounts of financial instruments on the Balance Sheet approximate their net fair values.

16. EVENTS SUBSEQUENT TO REPORTING DATE

The final dividend of 2.75 cents per share fully franked, as recommended by the directors will be paid subsequent to balance date and is not provided for in the Balance Sheet. Refer to Note 4 of this report.

Other than the matter discussed above there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

17. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 80 (2006: 121). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$85,307 (2006: \$294,950).

WILSON INVESTMENT FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18. KEY MANAGEMENT PERSONNEL COMPENSATION

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 investment manager of the Company provides the day to day management of the Company and is remunerated as outlined below.

Individual directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on pages 9 to 10, as permitted by Corporations Regulation 2M.3.03 and 2M.6.04.

	Directors' Fees \$	Post-employment Superannuation \$	Total \$
Total Directors remuneration paid by the Company for the year ended 30 June 2007	68,761	6,239	75,000

b) Shareholdings

As at 30 June 2007 the Company's key management personnel held the following interests in the Company:
Ordinary Shares held

	Balance at 30 June 2006	Acquisitions	Disposals	Balance at 30 June 2007
G.J. Wilson	3,745,914	244,430	-	3,990,344
M.J. Kidman	93,160	50,552	-	143,712
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	3,899,074	294,982	-	4,194,056

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.

19. RELATED PARTY TRANSACTIONS

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

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$1,741,572 inclusive of GST (2006: \$1,650,188). As at 30 June 2007, the balance payable to the manager was \$157,383 (2006: \$131,455).

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 the Value of the Portfolio.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

19. RELATED PARTY TRANSACTIONS (CONTINUED)

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 2007, no performance fee was paid or payable to MAM Pty Limited (2006:\$nil).

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.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' DECLARATION

The Directors of Wilson Investment Fund Limited declare that:

1. The financial report and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 9 and 10, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 30 June 2007 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date;
2. The Directors of the Manager, MAM Pty Limited have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporation Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



M.J. KIDMAN, Director

Dated at Sydney this 20th day of September 2007

PARTNERS:

Howard Badger CA
 Andrew Blackwell CA
 Chris Chandran CA
 Stephen Humphrys FCA
 Garry Leysdon FCA
 Allan Mortel CA
 Wayne Morton FCA
 Brett Sato CA
 Joe Shannon CA
 Robert Southwell CA
 Spiro Tzannes FCA
 Charlie Viola (Affiliate ICAA)
 Scott Whiddett CA

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WILSON INVESTMENT FUND LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Wilson Investment Fund Limited (“the company”) which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, accompanying notes to the financial statements and the directors’ declaration.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives (“remuneration disclosures”), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading “Remuneration Report” on page 9 of the directors’ report and not in the financial report.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors are also responsible for preparation and presentation of the remuneration disclosures contained in the directors’ report in accordance with the *Corporations Regulations 2001*.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the remuneration disclosures in the directors’ report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to error or fraud. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors’ report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion,

- (a) the financial report of Wilson Investment Fund Limited is in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of Wilson Investment Fund Limited's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the remuneration disclosures that are contained in the remuneration report on page 9 of the directors' report comply with Accounting Standard AASB 124.



MOORE STEPHENS SYDNEY
Chartered Accountants



S. WHIDDETT
Partner

Dated in Sydney this 20th of September 2007.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders (as at 31 August 2007)

There are currently no substantial shareholders of Wilson Investment Fund Limited.

Distribution of shareholders (as at 31 August 2007)

Category	No. of holders Ordinary Shares	No. of holders Options
1 – 1,000	254	-
1,001 – 5,000	1,591	-
5,001 – 10,000	1,380	-
10,001 – 100,000	2,315	-
100,001 and over	113	-
	<hr/> 5,653	<hr/> -

The number of shareholdings held in less than marketable parcels is 69.

Twenty largest shareholders - Ordinary shares (as at 31 August 2007)

Name	Number of ordinary shares held	Percentage of issued capital held
Australian Executor Trustees Limited (LIC Fund A/c)	2,603,769	2.15
Citicorp Nominees Pty Limited	2,572,210	2.13
Huoncan Super Pty Limited (Houcan Super Fund A/c)	2,248,645	1.86
GW Holdings Pty Ltd (Edwina A/c)	2,232,000	1.84
Dr Russell Kay Hancock	2,000,541	1.65
UBS Wealth Management Australia Nominees Pty Limited	1,518,475	1.26
Halcyon Pty Ltd	1,221,638	1.01
RBC Dexia Investor Services Australia Nominees Pty Ltd	1,142,425	0.94
Webinvest Pty Limited (OLSB Unit A/c)	1,025,000	0.85
Mrs Thelma Joan Martin-Weber	1,000,000	0.83
Kinsbrook Pty Ltd	930,000	0.77
Huon Canning Co Pty Ltd	910,000	0.75
Super John Pty Limited	798,708	0.66
Somoke Pty Limited (Pulman Super Fund A/c)	712,236	0.59
Castle Farms Pty Ltd	643,082	0.53
Mr Eric Gustav Brosell	612,442	0.51
University of Sydney Union	593,325	0.49
Australian Executor Trustees Limited (No1 Account)	570,868	0.47
UBS Nominees Pty Limited	537,356	0.44
Mrs Jean Plummer	500,000	0.41
	<hr/> 24,372,720	<hr/> 20.14

On-market buy back

There is no current on-market buy back.

SECURITIES EXCHANGE LISTING

Quotation has been granted for all of the ordinary shares and options of the Company on all Member Exchanges of the ASX Limited.