

# **WILSON INVESTMENT FUND LIMITED**

A.B.N. 15 100 504 541



**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2010**

# COMPANY PARTICULARS

## WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

Wilson Investment Fund Limited is a Listed Investment Company and is a reporting entity. 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:**

K. Thorley

**INVESTMENT MANAGER:**

MAM Pty Limited  
Level 11, 139 Macquarie Street  
Sydney NSW 2000

**AUDITORS:**

Moore Stephens Sydney

**COUNTRY OF INCORPORATION:**

Australia

**REGISTERED OFFICE:**

Level 11, 139 Macquarie Street  
Sydney NSW 2000

**CONTACT DETAILS:**

Postal Address: GPO Box 4658  
Sydney NSW 2001

Telephone: (02) 9247 6755  
Fax: (02) 9247 6855  
Email: [info@wami.com.au](mailto:info@wami.com.au)  
Website: [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au)

**SHARE REGISTRAR:**

Registries Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

Telephone: (02) 9290 9600  
Fax: (02) 9279 0664

For enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

**STOCK EXCHANGE:**

Australian Securities Exchange (ASX)  
The home exchange is Sydney.  
ASX code for Ordinary shares: WIL

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# WILSON INVESTMENT FUND LIMITED

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## CHAIRMAN'S LETTER

Dear Shareholders,

Firstly I would like to thank you for your support during another volatile year for Australian and global equities. Recently two significant events have occurred that I believe will be very positive for the Listed Investment Company (LIC) sector in Australia. The first of these events is the recent changes in dividend legislation which allows LIC's and other listed companies to pay dividends based on the solvency position of the company rather than from reported profits and retained earnings. This will be a great benefit to LIC investors as it will increase the level of fully franked dividends paid to investors. It is estimated there is over \$100 billion of franked dividends available for distribution from Australian companies. The second event is the Ripoll Review which proposes the banning of commissions on managed funds from 1 July 2012. This will provide a level playing field between LIC's and managed funds when the payment of commissions is banned. Another benefit from this news will be the introduction of a statutory fiduciary duty on financial advisors in relation to their clients. These will increase the interest in LIC's as an attractive investment option with financial planners.

The Board is currently reviewing the impact these changes may have and how it best positions the company going forward.

I believe this is a very exciting time for LIC's and as such have been highlighting these events in the press and at the recent ASX LIC Roadshows.

Wilson Investment Fund Limited (WIL) is a listed investment company that invests in ASX listed securities over the medium to long term. WIL listed in August 2003 and is managed by MAM Pty Limited.

Our investment team has continued to develop and comprises of Matthew Kidman and myself, Portfolio Managers, Chris Stott, Head of Research and Portfolio Manager and Martin Hickson, Analyst who is responsible for the market driven side of our investing. We all spend as much time as possible meeting with the management of investee companies and during the year had over 700 meetings.

### Performance

WIL has reported an 87.3% increase in operating profit (before realised gains on investments) to \$4.0 million for the year to 30 June 2010. Last year's result was negatively impacted by \$3.6m impairment losses. The early adoption of Australian Accounting Standard AASB 9 means impairment charges are no longer booked to the Income Statement. Dividends received this financial year declined by only 2.5% to \$4.7 million.

As at 30 June 2010, WIL had 81% of its gross assets invested in industrial companies, 18% in fixed interest and cash and 1% in listed hybrids. The weighting of the invested equity portion of the portfolio held steady for the period even though during the year our exposure to the market rose, as we participated in a number of capital raisings and commenced our fourth on market share buy-back, then reversed with the proceeds from the sale of our holdings in ASX Limited (ASX) and the partial sale of our Tower Australia Group Limited (TAL). During the year, the company purchased shares in MyState Limited (MYS), National Australia Bank Limited (NAB), Photon Group Limited (PGA), Tower Limited (TWR), Bendigo & Adelaide Bank Limited (BEN), Bank of Queensland Limited (BOQ), Sigma Pharmaceuticals Limited (SIP), Willmott Forests Limited (WFL), Graincorp Limited (GNC), CSR Limited (CSR) and NSX Limited (NSX).

The after-tax net tangible assets (NTA) backing, excluding tax assets and adjusted for dividends, increased 8.5% while the share price, adjusted for dividends rose 15.1% for the 12 months to 30 June 2010

# WILSON INVESTMENT FUND LIMITED

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## CHAIRMAN'S LETTER

### Dividends

A final dividend of 2.6 cents per share fully franked together with a special dividend 1.4 cents per share fully franked have been declared by the board since year-end and will be paid on 29 October 2010. The shares will trade ex dividend on 18 October 2010. This brings the full year dividend to 6.6 cents per share fully franked, an increase of 65% on the previous year. The final and special dividends include 100% a LIC capital gain which will enable some shareholders to claim a tax deduction. Further details will be on shareholder dividend statements.

The board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis. Newly introduced government legislation now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather, it will be with consideration to cash flow, cash holdings and available franking credits. This is a major change for Listed Investment Companies.

### Share Buy-Back

On 28 August 2009 the board announced a fourth on market share buy-back of 10% of issued capital, to commence on 14 September 2009. As at 31 May 2010 a total of 7,320,297 shares have been bought back for a total consideration of \$5,687,894. Since the announcement of the changes to the dividend legislation, the buy-back has been put on hold as the board is reviewing the most appropriate capital management strategy.

### Outlook

The Australian share market stumbled across the line to post a 14% gain for the financial year to 30 June 2010. This was a disappointing result given the market was up as much as 30% by April 2010. The sharp drop towards the end of the year was inspired by government debt concerns in Europe and sluggish world economic growth.

We would expect share markets around the world to head lower in the current financial year. Consumers in western countries continue to moderate spending in a bid to lower their debt levels. Even historically low interest rates have failed to stimulate consumer activity. In addition, governments in the world's biggest economies of US, Japan and Western Europe all have had to drastically reduce spending and/or increase revenue. The measures taken by these governments will stymie global growth. We believe this will weigh heavily on equity prices around the globe including Australia.

### Shareholder Communication

We take an active approach to keeping shareholders informed about the Company's activities and performance including monthly investment updates and NTA announcements, yearly and half yearly profit announcements, semi-annual shareholder briefings and access to all relevant information on our website including regular audio casts to discuss important market issues and address common questions. These audio casts are posted on our website: [www.wilsonassetmanagement.com.au/audio](http://www.wilsonassetmanagement.com.au/audio).

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

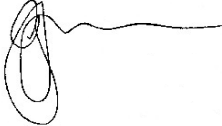
# **WILSON INVESTMENT FUND LIMITED**

**A.B.N. 15 100 504 541**

## **CHAIRMAN'S LETTER**

In coming the month shareholders will be sent the latest edition of the Investor Newsletter. This newsletter will now be circulated on a six-monthly basis. We hope you enjoyed the content and would encourage feedback on how we can improve this newsletter and our overall communication with our shareholders.

Thank you for your continuing support.

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a horizontal line extending to the right.

**Geoff Wilson  
Chairman**

# WILSON INVESTMENT FUND LIMITED

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## CORPORATE GOVERNANCE STATEMENT

To ensure the Company operates effectively and in the best interests of shareholders, the Board has followed the principles and best practice recommendations established by the ASX Corporate Governance Council having regard to the nature of the Company's activities and its size. The Company has adopted the ASX Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition, August 2007) for the 2010 financial year.

### Role of the Board (Recommendations 1.1 to 1.3)

The Company has a Board but no full time employees. 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 (the Manager) pursuant to a management agreement. Consequently, there is no need for a process to evaluate the performance of senior executives under recommendations 1.2 and 1.3.

The role of the Board is to set strategic direction, approve capital management initiatives and to be responsible for the overall corporate governance of the Company which includes:

- To oversee and monitor the performance of the Manager's compliance with the management agreement and to ensure that the Manager is monitoring the performance of other external service providers;
- Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- Ensuring significant business risks are identified and appropriately managed;
- Approving the interim and final financial statements and related reports and other communications to the ASX and shareholders;
- Responsibility for managing and progressing the profitable operation and development of the Company; and
- Setting appropriate business standards and code for ethical behavior.

The Board aims to ensure that all Directors and the Manager act with the utmost integrity and objectivity and endeavour to enhance the reputation of the Company. The Board should act in a manner designed to create and build sustainable value for shareholders.

### Composition & Operation of the Board (Recommendations 2.1 to 2.6)

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 Board has two independent Directors and two non independent Directors. The names of the Directors considered to be independent are:

- John Abernethy
- Julian Gosse

These Directors are considered independent as per the criteria outlined in the Board of Directors Charter which includes the Company's criteria for independence of Directors, and can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au). The criteria are in accordance with ASX Corporate Governance Council's principles.

Whilst the Company agrees with the benefits of a majority of independent Directors, under Recommendation 2.1, 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.

# WILSON INVESTMENT FUND LIMITED

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## CORPORATE GOVERNANCE STATEMENT

The Chairman is not an independent Director. The Company believes that an independent Chairman, under recommendation 2.2, does not necessarily improve the function of the Board. The Company believes that when the Chairman is a significant driver behind the business and is a sizeable shareholder, as is the case with the Company, it adds value to the Company for all shareholders.

Given the size of the Board a nomination committee has not been formed under recommendation 2.4. The Board as a whole considers the composition of the board and appointment of new Directors. The Board identifies suitable candidates to fill vacancies as they arise. Under the Board of Directors Charter, the performance of each Director is reviewed by the Chairman annually and the Board undertakes an annual review of the performance of the Chairman to ensure the Board's activities continue to be efficiently organised and conducted. 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.

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.

### **Code of Conduct (Recommendations 3.1 and 3.3)**

The Company has established a Directors Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside of the Company. The Directors Code of Conduct can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au).

### **Board's Policy on Dealing in Shares (Recommendations 3.2 and 3.3)**

Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current relevant interests in the Company's shares are shown in the Directors' Report.

Subject to them not being in possession of undisclosed price sensitive information, Directors may deal in shares of the Company whenever they wish. The Securities Dealing Policy can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au).

### **Audit & Risk Committee (Recommendation 4.1 to 4.4)**

The company has formed an Audit & Risk Committee consisting of three non-executive Directors of whom two are independent as defined by the ASX Corporate Governance Council's principles. This is considered adequate given the size of the board (4 members) and the nature of the company. The members of the Audit & Risk Committee are:

- John Abernethy                      Chairman, independent
- Julian Gosse                         Non-Executive Director, independent
- Matthew Kidman                    Non-Executive Director, non-independent

The Committee's responsibilities are to:

- Oversee the existence and maintenance of internal controls and procedures to ensure compliance with all applicable regulatory obligations;
- Oversee the financial reporting process;
- Review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- Nominate external auditors; and
- Review the existing external audit arrangements.



# WILSON INVESTMENT FUND LIMITED

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## CORPORATE GOVERNANCE STATEMENT

The Audit & Risk Committee Charter can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au).

The Committee formally reports to the Board after each of its meetings. Details of the number of meetings of the Audit & Risk Committee during the 2010 year are set out in the Directors Report.

The external audit firm partner responsible for the Company audit attends meetings of the Board and Audit & Risk Committee by invitation.

The Company's external audit is undertaken by Moore Stephens Sydney and the audit engagement partner is required to be changed at regular intervals. Joe Shannon, a partner of Moore Stephens Sydney, is the partner responsible for the external audit of the Company for the 2010 financial year.

### **ASX Listing Rule Compliance (Recommendation 5.1 and 5.2)**

The Company has established a continuous disclosure policy to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001* and to ensure all investors have equal and timely access to material information concerning the Company and that Company announcements are factual and presented in a clear and balanced way.

The Continuous Disclosure Policy can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au).

In addition, the Company has established a related Conflict of Interest Policy, in accordance with the *Corporations Act 2001*. Under this Policy, 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.

### **Shareholder Rights and Communication (Recommendation 6.1 and 6.2)**

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company Secretary is primarily responsible for coordinating the disclosure of information to shareholders and regulators under the direction of the Board.

Information is communicated to shareholders through the:

- Website;
- ASX Company Announcements platform;
- Annual Report;
- Monthly Investment Updates and NTA releases; and
- Other correspondence regarding matters impacting on shareholders as required.

Monthly NTA releases contain additional information concerning the underlying investment portfolio of the Company in an effort to give investors a better understanding of the Company.

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.

Shareholder information sessions are also held twice a year in May and November following the AGM. These provide an informal forum where shareholders are given the opportunity to raise questions and participate in general discussion about the Company.

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## CORPORATE GOVERNANCE STATEMENT

The Communications Policy can be found in the Corporate Governance section of the Company's website at [www.wilsonassetmanagement.com.au](http://www.wilsonassetmanagement.com.au).

### **Risk Management (Recommendation 7.1 to 7.4)**

The Company has an established enterprise risk management program that during the 2010 financial year was upgraded in accordance with the new International Risk Standard AS/NZS ISO 31000:2009. It also has an established internal control program based upon the principles set out in the Australian Compliance Standard AS 3806:2006.

The Company's enterprise risk management program addresses its material business risks. Each identified risk is individually assessed in terms of the likelihood of the risk event occurring and the potential consequences in the event that the risk event was to occur. The CompliSpace Assurance software has been implemented through which material business risks are linked to mitigating controls. This software gives the Company and the Manager the ability to monitor the performance of its enterprise risk and compliance programs in real time. It also ensures transparency of data and ease of reporting to the Board.

The Manager has provided to the Board a report as to the overall effectiveness of the company's management of its material business risks.

The Board has received assurance from the CFO and Director of the Manager that in their view:

- the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control; and
- the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit & Risk Committee. The Audit & Risk Committee requires the Manager to report annually on the operation of internal controls, reviews the external audit of internal controls and conducts any other investigations it requires in order to report to the Board on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

There are two main areas of risk that have been identified:

- Market risk
- Operational risk

#### *Market risk*

The Board is primarily responsible for recognising and managing market related risk. 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. However, the Company seeks to reduce and manage market risk by not being overly exposed to one investee company or one particular sector of the market. The Manager reviews the relative weightings of individual securities and the relevant market sectors regularly. 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.

MAM Pty Limited, the Manager is required to act in accordance with the Board approved investment management agreement and reports to the Board regularly on the Fund's performance and any material actions that have occurred in the period.

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## CORPORATE GOVERNANCE STATEMENT

### *Operational risk*

The Board is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk and third party risk. The company outsources its administrative functions to service providers, RBC Dexia Investor Services (custody) and MAM Pty Limited (investment management, accounting and compliance) and accordingly risk issues associated with these activities are handled in accordance with the service provider's policies and procedures. MAM Pty Limited is responsible for recognising and managing operational risks.

MAM Pty Limited, the Manager provides a declaration to the Board twice a year, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the *Corporations Act 2001*.

### **Remuneration of Directors (Recommendation 8.1 to 8.3)**

Given the number of Directors (4), a remuneration committee has not been formed as it is believed that such a committee would not serve to protect or enhance the interests of the shareholder. As such, the Board deals with the issue of remuneration as a whole.

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.

The Board has made no distinction between the remuneration of non-executive directors from executive directors under recommendations 8.2 and 8.3.

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.

# WILSON INVESTMENT FUND LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

The Directors present their report together with the financial report of Wilson Investment Fund Limited ("the Company") for the financial year ended 30 June 2010.

### 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 year or is likely in the future.

### Operating and financial review

Investment operations over the year resulted in an operating profit before tax of \$3,875,664 (2009: \$1,054,909) and an operating profit after tax of \$4,004,434 (2009: \$2,138,370)

Further information on the operating and financial review of the company is contained in the Chairman's Letter on pages 4, 5 and 6 of the Annual Report.

### Financial Position

The net asset value of the company for the current financial year was \$104,939,507 (2009: \$107,437,918).

### Significant changes in State of Affairs

There was no significant change in the state of affairs of the Company during the year ended 30 June 2010.

### Dividends Paid or Recommended

Dividends paid or declared are as follows:

	\$
Fully franked 2009 final dividend of 2.0 cents per share was paid on 30 October 2009	2,474,054
Fully franked 2010 interim dividend of 2.6 cents per share was paid on 12 March 2010	3,056,603

The 2009 final dividend of 2.0 cents per share included a LIC capital gain dividend of 0.2 cents per share.

Since year end the Directors have declared a fully franked final dividend of 2.6 cents per share and a fully franked special dividend of 1.4 cents per share, both to be paid on 29 October 2010. The final and special dividends include 100% LIC capital gain which will enable some shareholders to claim a tax deduction.

### Options

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

# WILSON INVESTMENT FUND LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### Share Buy-Back

On 28 August 2009 the Board announced a fourth on market share buy-back of 10% of issued capital, to commence on 14 September 2009. As at 31 May 2010 a total of 7,320,297 shares have been bought back for a total consideration of \$5,687,894. Since the announcement of the changes to the dividend legislation, the buy-back has been put on hold as the Board is reviewing the most appropriate capital management strategy.

### 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 (Chairman – Non-independent)***

##### ***Experience and expertise***

Geoffrey Wilson has had 30 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 Fellow of the Securities Institute of Australia.

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

##### ***Other current directorships***

Geoffrey Wilson is currently Chairman of WAM Capital Limited (appointed March 1999), WAM Active Limited (appointed July 2007), Australian Stockbrokers Foundation and Ascham Foundation Limited. He is a Director of Australian Leaders Fund Limited (appointed October 2003), Clime Capital Limited (appointed November 2003), Cadence Capital Limited (appointed February 2005), Vietnam Fund Limited (appointed October 2007), Incubator Capital Limited (appointed Feb 2000), the Sporting Chance Cancer Foundation, Australian Fund Managers Foundation and Odyssey House McGrath Foundation. He is also a Director of investment management companies Wilson Asset Management (International) Pty Limited, MAM Pty Limited and Boutique Asset Management Pty Limited.

##### ***Former directorships in the last 3 years***

Geoffrey Wilson has not held any other directorships of listed companies within the last three years.

##### ***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.

# WILSON INVESTMENT FUND LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### ***Matthew Kidman (Non-Executive Director – Non-independent)***

#### ***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 Limited 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), WAM Active Limited (appointed July 2007) and Incubator Capital Limited (appointed February 2000). He is also a Director of the investment management companies MAM Pty Limited and Boutique Asset Management Pty Limited.

#### ***Former directorships in the last 3 years***

Matthew Kidman is a former Director of Australian Leaders Fund Limited (formerly known as Wilson Leaders Fund Limited) (October 2003 to January 2010).

#### ***Special responsibilities***

Member of the Audit & Risk 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 (Non-Executive Director – Independent)***

#### ***Experience and expertise***

John Abernethy has over 25 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 Investment Management Limited (formerly known as Loftus Capital Partners) in 1996. John was also appointed Chairman of Clime Capital Limited in July 2009. He has a Bachelor of Law and Commerce from University of NSW.

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

#### ***Other current directorships***

John Abernethy is Chairman of Clime Capital Limited (appointed July 2009). He is Director of Clime Investment Management Limited (formerly known as Loftus Capital Partners Limited) (appointed July 2005), WAM Active Limited (appointed November 2007), Australian Leaders Fund Limited (formerly known as Wilson Leaders Limited) (appointed November 2003) and Jasco Holdings Limited.

#### ***Former directorships in the last 3 years***

John Abernethy has not held any other directorships of listed companies within the last three years.

#### ***Special responsibilities***

Chairman of the Audit & Risk Committee.

# WILSON INVESTMENT FUND LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### ***Interests in shares of the Company***

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

### ***Interests in contracts***

John Abernethy has no interests in contracts of the Company.

### ***Julian Gosse (Non-Executive Director – Independent)***

#### ***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 Chairman of Iron Road Limited (appointed May 2009), Director of ITL Limited (appointed September 2003) of which he became Chairman in January 2005 and he is also a Director of Australian Leaders Fund Limited (formerly known as 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 Northern Crest Investment Limited (March 2006 to August 2008).

### ***Special responsibilities***

Member of the Audit & Risk Committee.

### ***Interests in shares of the Company***

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

### ***Interests in contracts***

Julian Gosse has no interests in contracts of the Company.

### **Company Secretary**

Katherine Thorley – Bachelor of Commerce, CPA and CSA Certificate in Governance Practice and Administration. Katherine has worked in the funds management industry the past 5½ years with the Wilson Asset Management group initially as a Financial Accountant and now as CFO. Katherine Thorley was appointed Company Secretary on 30 October 2008.

# WILSON INVESTMENT FUND LIMITED

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## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### 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 as part of their remuneration. Directors' fees cover all main Board activities and membership of committees.

Directors' remuneration received for the year ended 30 June 2010:

Director	Position	Directors' Fees	Post-employment Superannuation	Total
		\$	\$	\$
G.J. Wilson	Chairman	9,174	826	10,000
M.J. Kidman	Director Non-Executive	9,174	826	10,000
J.B. Abernethy	Director Non-Executive	12,615	14,885	27,500
J.J. Gosse	Director Non-Executive	27,500	-	27,500
		<b>58,463</b>	<b>16,537</b>	<b>75,000</b>

The following table compares the Company performance and Non-Executive Directors' remuneration over five years:

	2010	2009	2008	2007	2006
Operating profit after tax (\$)	4,004,434	2,138,370	4,012,356	5,029,084	4,728,698
Dividends (cents per share)	6.6	4.0	5.0	5.5	5.0
Net tangible asset (\$ per share)	0.89	0.87	0.94	1.29	1.10
Total Directors' remuneration (\$)	75,000	75,000	75,000	75,000	64,000



# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

b) Director Related Entities Remuneration

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

Geoff Wilson and Matthew Kidman are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited and manage the day-to-day operations of the Company. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. The core duties of the Manager include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the Corporations Act; liaison with the share registrar of the Company; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$1,188,656 inclusive of GST (2009: \$1,072,510). As at 30 June 2010, the balance payable to the Manager was \$90,280 inclusive of GST (2009: \$91,138).

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- \* where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the Value of the Portfolio exceeds this increase; or
- \* where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in Value of the Portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. As at 30 June 2010, no performance fee was paid or payable to MAM Pty Limited (2009: \$nil).

Wilson Asset Management (International) Pty Limited employs accounting personnel to provide accounting services to Wilson Investment Fund Limited. These services are provided on commercial terms and include a standard charge of \$2,500 per month and an additional charge of \$5,000 is charged for preparing the half year and full year financial statements. These accounting services total \$35,000 for the financial year 2010 (2009: \$35,000). Wilson Asset Management (International) Pty Limited is owned by Geoff Wilson.

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 Manager of the Company provides the day to day management of the Company and is remunerated as outlined above.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

d) Equity Instruments Disclosures of Directors and Related Parties

As at the date of this report, the Company's Directors and their related parties held the following interests in the Company:

Directors	Ordinary Shares
G.J. Wilson	5,203,489
M.J. Kidman	184,620
J.B. Abernethy	60,000
J.J. Gosse	-

Directors and Director related entities 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 of the financial year, been granted options over unissued shares or interests in shares of the Company as part of their remuneration.

### Directors' Meetings

Director	No, eligible to attend	Attended
G.J. Wilson	8	8
M.J. Kidman	8	8
J.B. Abernethy	8	8
J.J. Gosse	8	7

### Audit & Risk Committee Meetings

The main responsibilities of the Audit & Risk Committee are set out in the Corporate Governance section on pages 7-11 of the 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

Since year end the Directors have declared a fully franked final dividend of 2.6 cents per share and a fully franked special dividend of 1.4 cents per share, both to be paid on 29 October 2010. The final and special dividends include 100% LIC capital gain which will enable some shareholders to claim a tax deduction.

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.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### 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 the 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 year.

### 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 Limited, 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.

The Board of Directors, in accordance with advice from the Audit & Risk Committee, is satisfied that the provisions of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit & Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditory independence in accordance with the APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

# WILSON INVESTMENT FUND LIMITED

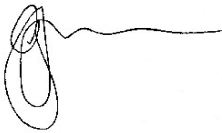
A.B.N. 15 100 504 541

## DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2010

### 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 21 of this Annual Report.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a horizontal line extending to the right.

**G.J Wilson**  
Chairman

Dated at Sydney this 20th day of August 2010

**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 2010, 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*

**Moore Stephens Sydney**  
Chartered Accountants

*Martin J Shannon*

**Martin J. Shannon**  
Partner

Dated in Sydney, this 20<sup>th</sup> day of August 2010

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
Investment revenue	2	5,387,050	6,043,380
Impairment losses		-	(3,625,899)
Management fees		(1,107,613)	(999,384)
Directors fees		(75,000)	(72,188)
Brokerage expense on buy-back		(16,260)	-
Other expenses from ordinary activities		(312,513)	(291,000)
<b>Profit before income tax expense and realised gains on investments</b>		<b>3,875,664</b>	<b>1,054,909</b>
Income tax benefit	3a)	128,770	1,083,461
<b>Profit from operating activities before realised gains on investment portfolio</b>		<b>4,004,434</b>	<b>2,138,370</b>
Realised gain/(loss) on investment portfolio before tax		(1,600)	(95,276)
Income tax (expense)/benefit on realised (loss)/gain		480	28,583
<b>Net realised loss on investment portfolio</b>		<b>(1,120)</b>	<b>(66,693)</b>
<b>Profit attributable to members of the Company</b>	11	<b>4,003,314</b>	<b>2,071,677</b>
<b>Basic earnings per share before realised (loss)/gains</b>	14	<b>3.3 cents</b>	<b>1.67 cents</b>
<b>Basic earnings per share</b>	14	<b>3.3 cents</b>	<b>1.61 cents</b>
<b>Diluted earnings per share</b>	14	<b>3.3 cents</b>	<b>1.61 cents</b>

The accompanying notes form part of these financial statements

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$			2009 \$		
	Revenue	Capital	Total	Revenue	Capital	Total
<b>Net profit for the year</b>	<b>4,004,434</b>	<b>(1,120)</b>	<b>4,003,314</b>	<b>2,138,370</b>	<b>(66,693)</b>	<b>2,071,677</b>
<b>Other comprehensive income</b>						
Revaluation (devaluation) of investment portfolio during the period	-	5,506,982	5,506,982	-	(7,964,840)	(7,964,840)
Provision for tax (expense)/benefit on above	-	(1,652,095)	(1,652,095)	-	2,389,452	2,389,452
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>3,854,887</b>	<b>3,854,887</b>	<b>-</b>	<b>(5,575,388)</b>	<b>(5,575,388)</b>
<b>Total comprehensive income</b>	<b>4,004,434</b>	<b>3,853,767</b>	<b>7,858,201</b>	<b>2,138,370</b>	<b>(5,642,081)</b>	<b>(3,503,711)</b>

The accompanying notes form part of these financial statements

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
<b>Current Assets</b>			
Cash and cash equivalents	12	12,324,016	15,859,506
Trade and other receivables	6	5,366,102	603,563
Financial assets	7	1,158,750	2,303,015
<b>Total Current Assets</b>		<b>18,848,868</b>	<b>18,766,084</b>
<b>Non-Current Assets</b>			
Financial assets	7	79,676,130	80,679,078
Deferred tax assets	3b)	7,909,779	8,200,952
<b>Total Non-Current Assets</b>		<b>87,585,909</b>	<b>88,880,030</b>
<b>Total Assets</b>		<b>106,434,777</b>	<b>107,646,114</b>
<b>Current Liabilities</b>			
Trade and other payables	8	169,130	177,605
Current tax liabilities	3c)	1,257,649	-
<b>Total Current Liabilities</b>		<b>1,426,779</b>	<b>177,605</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	3d)	68,491	30,591
<b>Total Non-Current Liabilities</b>		<b>68,491</b>	<b>30,591</b>
<b>Total Liabilities</b>		<b>1,495,270</b>	<b>208,196</b>
<b>Net Assets</b>		<b>104,939,507</b>	<b>107,437,918</b>
<b>Equity</b>			
Issued capital	9	118,206,031	123,031,986
Reserves	10	(13,854,815)	(17,461,176)
Retained earnings	11	588,291	1,867,108
<b>Total Equity</b>		<b>104,939,507</b>	<b>107,437,918</b>

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 2010**

	Notes	2010 \$	2009 \$
<b>Total equity as at 1 July</b>		<b>107,437,918</b>	<b>115,060,000</b>
Profit for the year attributable to members of the Company	11	4,003,314	2,071,677
Shares issued via DRP during the year	9b)	861,939	779,826
Shares bought back in the year	9b)	(5,687,894)	-
		<b>106,615,277</b>	<b>117,911,503</b>
Dividends paid	4	(5,530,657)	(4,898,197)
Other comprehensive income	10b)	3,854,887	(5,575,388)
<b>Total equity as at 30 June attributable to members of the Company</b>		<b>104,939,507</b>	<b>107,437,918</b>

The accompanying notes form part of these financial statements

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

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
<b>Cash Flows from Operating Activities</b>			
Dividends received		4,576,130	4,967,313
Interest received		416,896	981,426
Other investment income received		90,301	28,556
Investment management fees		(1,108,412)	(1,114,857)
Payments for administration expenses		(404,419)	(366,354)
Income tax payment	3c)	-	(247,379)
<b>Net Cash provided by Operating Activities</b>	<b>13</b>	<b>3,570,496</b>	<b>4,248,705</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of investments		7,520,471	10,892,016
Payments for purchase of investments		(4,316,885)	(8,070,923)
Adjustment to CGT cost base of investment	3b)	47,040	-
<b>Net Cash provided by Investing Activities</b>		<b>3,250,626</b>	<b>2,821,093</b>
<b>Cash Flows from Financing Activities</b>			
Dividends paid		(4,668,718)	(4,118,371)
Share buy-back		(5,687,894)	-
<b>Net Cash used in Financing Activities</b>		<b>(10,356,612)</b>	<b>(4,118,371)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents held</b>		<b>(3,535,490)</b>	<b>2,951,427</b>
Cash and Cash Equivalents at Beginning of Financial Year		15,859,506	12,908,079
<b>Cash and Cash Equivalents at End of Financial Year</b>	<b>12</b>	<b>12,324,016</b>	<b>15,859,506</b>

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 2010

### 1. Statement of Significant Accounting Policies

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

The financial report was authorised for issue on 20 August 2010 by the Board of Directors.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30 June 2009 Annual Financial Report, except for the early adoption of accounting standard AASB 9: Financial Instruments and the adoption of AASB 101: Presentation of Financial Statements.

#### **a) Accounting Standards not previously applied**

The Company has adopted the following new and revised Australian Accounting Standard issued by the Australian Accounting and Standards Board which is mandatory to apply to the current period. Disclosures required by this Standard that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### ***Presentation of Financial Statements***

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- Items of income and expense not recognised in profit or loss are now disclosed as components "other comprehensive income". In this regard, such items are no longer reflected as equity movements in the statement of changes in equity; and
- Other financial statements are renamed in accordance with the Standard.

#### ***Financial Assets***

The Company has elected to early adopt "AASB 9: Financial Instruments", which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. These requirements improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of AASB 139.

Investments in equity instruments, which were previously classified as available for sale financial assets, are now classified as equity instruments revalued through other comprehensive income. They continue to be valued at fair value with changes in value being recognised in the asset revaluation reserve. Consequently adoption of AASB 9 has no effect on the valuation of the Company's net assets or total comprehensive income.

Under AASB 9 there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test the Company's investment for impairment so there is no transfer of unrealised impairment losses from the asset revaluation reserve to the income statement.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. Statement of Significant Accounting Policies (continued)

#### a) Accounting Standards not previously applied (continued)

The transition provisions within AASB 9 require the standard to be applied retrospectively but it shall not apply to investments that were disposed of prior to the initial application date. The Company has adopted AASB 9 with effect from 7 December 2009. Investments which were sold prior to 7 December 2009 continue to be accounted for under AASB 139, resulting in the realised gains/(losses) on these sales continuing to form a component of profit. Therefore both the comparative period and the current period profits include realised gains/(losses) from the sale of investments from the investment portfolio. All sales from the investment portfolio subsequent to 7 December 2009 are accounted for through other comprehensive income and not profit.

The Company has not restated comparative balances.

The impact on comparative profit, other comprehensive income and the allocation of the company's reserves resulting from the adoption of AASB 9 is summarized below:

#### i. Net profit

The adoption of AASB 9 has no impact on the profit for the 12 months ended 30 June 2009.

#### ii. Other comprehensive income

The adoption of AASB 9 has no impact on the other comprehensive income for the 12 months ended 30 June 2009.

#### iii. Shareholders' equity

During the year ended 30 June 2009, under AASB 139, the Company booked an impairment charge. There are no provisions for impairment in the new standard, which is retrospectively applied to investments held at the date of adoption, 7 December 2009. The Company has not sold the investments against which the impairment charge was taken at 30 June 2009, and therefore retrospectively applying AASB 9 at 1 July 2009 results in the reclassification of the impairment charge (as this would have taken an unrealised loss through the other comprehensive income instead of an impairment loss through profit).

This results in the following reclassification of reserves on 1 July 2009.

	As previously reported 30 June 2009	Reclassify impairment charge	As at 1 July 2009
	\$	\$	\$
Asset revaluation reserve	(15,179,881)	(2,538,129)	(17,718,010)
Impairment revaluation reserve	(2,538,129)	2,538,129	-

#### b) Financial Assets

##### i. Financial Assets at Fair Value

Financial assets at fair value are non-derivative financial assets that are designated as such. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. Statement of Significant Accounting Policies (continued)**

**b) Financial Assets (continued)**

**i. Financial Assets at Fair Value (continued)**

Investments are recognised initially at cost and the Company has elected to present subsequent changes in the fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instructions.

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

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profit reserve.

**ii) Financial Assets at Amortised Cost**

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

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

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

**c) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are to be paid to (recovered from) the relevant taxation authority.

Deferred tax is accounted for using the Statement of Financial Position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. Statement of Significant Accounting Policies (continued)

#### c) Income Tax (continued)

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### d) Cash and Cash Equivalents

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

#### e) Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amount of goods and services tax (GST).

#### f) Trade and Other Receivables

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

#### g) Trade and Other Payables

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

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

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

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

#### i) Comparative Figures

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

#### j) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 1. Statement of Significant Accounting Policies (continued)

#### j) Critical Accounting Estimates and Judgements (continued)

There are no estimates that have a material impact on the financial results of the Company for the year ended 30 June 2010.

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

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

### 2. Investment Revenue

	2010	2009
	\$	\$
Australian sourced dividends	4,654,994	4,775,668
Interest	536,929	1,027,936
Trust distributions	104,263	174,181
Foreign sourced dividends	85,394	44,474
Underwriting fees	5,470	-
Realised gain on investments sold	-	21,121
	<u>5,387,050</u>	<u>6,043,380</u>

### 3. Taxation

#### a) Income Tax Benefit

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

	2010	2009
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2009: 30%)	1,162,699	316,473
Imputation credit gross up	574,134	599,405
Franking credit offset	(1,903,813)	(1,998,018)
Foreign tax credit offset	(9,967)	-
Other non-assessable items	54,688	(1,321)
Under/over provision in prior period	(6,511)	-
	<u>(128,770)</u>	<u>(1,083,461)</u>
<b>Total income tax benefit results in a:</b>		
Current tax asset	(158,665)	-
Deferred tax liability	37,900	20,734
Deferred tax asset	(1,494)	(1,104,195)
Under/over provision in prior period	(6,511)	-
	<u>(128,770)</u>	<u>(1,083,461)</u>

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**3. Taxation (continued)**

<b>b) Deferred Tax Assets</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Unrealised tax losses	7,962,355	8,191,145
Provisions	7,755	8,019
Capitalised costs	3,547	1,788
Adjustment to CGT cost base of investment	(63,878)	-
	<u><b>7,909,779</b></u>	<u><b>8,200,952</b></u>

**Movement in deferred tax assets**

Balance at the beginning of the period	8,200,952	4,678,720
Losses recouped	(604,222)	-
Adjustment to CGT cost base of investment	(63,878)	-
Deferred tax benefit on unrealised losses on investments	368,922	2,418,037
Under provision in prior year	6,511	-
Charged to the Statement of Comprehensive Income	1,494	1,104,195
At reporting date	<u><b>7,909,779</b></u>	<u><b>8,200,952</b></u>

<b>c) Current Tax liabilities</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Movement in current tax liabilities		
Balance at the beginning of the year	-	247,379
Current year income tax benefit on operating profit	(158,665)	-
Income tax expense on realised gains on investments	2,020,536	-
Income tax paid	-	(247,379)
Losses recouped	(604,222)	-
At reporting date	<u><b>1,257,649</b></u>	<u><b>-</b></u>

<b>d) Deferred Tax liabilities</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Income provisions	<u>68,491</u>	<u>30,591</u>
	<u><b>68,491</b></u>	<u><b>30,591</b></u>

Movement in deferred tax liabilities		
Balance at the beginning of the year	30,591	9,857
Charged to Statement of Comprehensive Income	37,900	20,734
At reporting date	<u><b>68,491</b></u>	<u><b>30,591</b></u>



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**4. Dividends**

<b>a) Ordinary Dividends Recognised in the Current Year</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Dividends paid by the Company	<u>5,530,657</u>	<u>4,898,197</u>
Final dividend for the year ended 30 June 2009 of 2.0 cents fully franked at 30% tax rate paid 30 October 2009 (Final dividend 2008: 2.0 cents fully franked at 30% tax rate paid 24 October 2008)	2,474,054	2,442,716
Interim dividend for the year ended 30 June 2010 of 2.6 cents fully franked at 30% tax rate paid 12 March 2010 (Interim dividend 2009: 2.0 cents fully franked at 30% tax rate paid 13 March 2009)	<u>3,056,603</u>	<u>2,455,481</u>
Dividends paid by the Company	<u><b>5,530,657</b></u>	<u><b>4,898,197</b></u>

The final dividend for 30 June 2009 was a fully franked dividend of 2.0 cents per share and carries with it an attributable LIC capital gain of 0.2 cents per share. LIC capital gain dividend \$247,406 paid from capital profits reserve (2009: \$2,442,716). Refer note 10(a).

<b>b) Dividends not recognised at Year End</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
In addition to the above dividends, since the end of the year, the Directors have declared the following dividend which have not been recognised as a liability at the end of the financial year:		
Since the end of the year, the Directors have declared the payment of a final 2.6 cents per share and a special 1.4 cents per share fully franked at 30% payable 29 October 2010 (last year 2.0 cents per share fully franked at 30% tax rate payable 30 October 2009)	<u>4,701,983</u>	<u>2,474,054</u>

<b>c) Dividend Franking Account</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Balance of franking account at year end adjusted for franking credits, arising from payment of provision for income tax and dividends recognised as receivables and franking credits that may be prevented from distribution in subsequent financial years.	2,195,552	1,225,825
Subsequent to year end, the franking account would be reduced by the proposed dividend disclosed in b) above as follows:	<u>(2,015,136)</u>	<u>(1,060,309)</u>
	<u><b>180,416</b></u>	<u><b>165,516</b></u>

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income current recognised as a deferred tax liability of \$68,491 (2009: \$30,591).

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**5. Auditors remuneration**

Remuneration of the auditor of the Company for:	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Auditing or reviewing the financial report	30,541	34,928
Non-audit services	-	-
Other services provided by a related practice of the auditor:		
Taxation Services	14,300	9,845
	<u>44,841</u>	<u>44,773</u>

The Company's Audit & Risk Committee oversees the relationship with the Company's external auditors. The Audit & Risk Committee reviews the scope of the audit and review and the proposed fee. It also reviews the cost and scope of other tax compliance services provided by a related entity of the audit firm, to ensure that they do not compromise independence.

**6. Trade and Other Receivables**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Outstanding settlements	4,435,646	-
Income receivable	893,231	572,672
Prepayments	-	8,761
GST receivable	37,225	22,130
	<u>5,336,102</u>	<u>603,563</u>

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

**7. Financial Assets**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Current:		
Financial assets at fair value	<u>1,158,750</u>	<u>2,303,015</u>
Non-current:		
Financial assets at fair value	<u>79,676,130</u>	<u>80,679,078</u>

There are no interest bearing preference shares and convertible notes held at year end (2009: nil). The market values of individual investments as at 30 June 2010 are disclosed in note 22.

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**8. Trade and Other Payables**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Management fee payable	90,280	91,138
Sundry creditors	78,850	86,467
	<b>169,130</b>	<b>177,605</b>

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

**9. Issued Capital**

**a) Paid-up Capital**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
117,549,582 ordinary shares fully paid (2009: 123,702,689)	<b>118,206,031</b>	<b>123,031,986</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

**b) Movement in Ordinary Share Capital**

Balance at the beginning of the year	123,031,986	122,252,160
506,153 ordinary shares issued on 30 October 2009 under a dividend reinvestment plan	392,370	-
661,037 ordinary shares issued on 12 March 2010 under a dividend reinvestment plan	469,569	-
7,320,297 ordinary shares bought back under an on-market buy back commencing on 14 September 2009	(5,687,894)	-
638,300 ordinary shares issued on 24 October 2008 under a dividend reinvestment plan	-	383,528
928,606 ordinary shares issued on 13 March 2009 under a dividend reinvestment plan	-	396,298
At reporting date	<b>118,206,031</b>	<b>123,031,986</b>

**c) Capital Management**

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

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**10. Reserves**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Capital Profits Reserve	4,724,015	256,834
Asset Revaluation Reserve	(18,578,830)	(15,179,881)
Impairment Revaluation Reserve	-	(2,538,129)
	<u><b>(13,854,815)</b></u>	<u><b>(17,461,176)</b></u>

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

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>a) Movement in Capital Profits Reserve</b>		
Balance at the beginning of the year	256,834	2,766,243
Dividends paid (refer Note 4)	(247,406)	(2,442,716)
Transfer from Asset Revaluation Reserve	4,715,707	-
Transfer from Retained Earnings	(1,120)	(66,693)
At reporting date	<u><b>4,724,015</b></u>	<u><b>256,834</b></u>

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>b) Movement in Asset Revaluation Reserve</b>		
Balance at the beginning of the year (refer note 1 a)iii)	(17,718,010)	(9,604,493)
Transfer to Capital Profits Reserve	(4,715,707)	-
Other comprehensive income	3,854,887	(5,575,388)
At reporting date	<u><b>(18,578,830)</b></u>	<u><b>(15,179,881)</b></u>

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>c) Movement in Impairment Revaluation Reserve</b>		
Balance at the beginning of the year (refer note 1 a)iii)	-	-
Transfer from Retained Earnings	-	(2,538,129)
At reporting date	<u><b>-</b></u>	<u><b>(2,538,129)</b></u>

This reserve relates to the AASB 139 "impairment" revaluation charge that the Company had been required to take through the Income Statement. Refer accounting policy Note 1.

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**11. Retained Earnings**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	1,867,108	(353,910)
Profit for the year attributable to members of the Company	4,003,314	2,071,677
Transfer to Capital Profits Reserve	1,120	66,693
Transfer to Impairment Revaluation Reserve	-	2,538,129
Dividends paid (refer Note 4)	(5,283,251)	(2,455,481)
	<u><b>588,291</b></u>	<u><b>1,867,108</b></u>

**12. Cash and Cash Equivalents**

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

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	497,386	2,603,705
Fixed interest securities	11,826,630	13,255,801
	<u><b>12,324,016</b></u>	<u><b>15,859,506</b></u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2010 is 5.96% (2009: 3.89%). The fixed interest securities have an average maturity of 59 days (2009: 36 days). The fixed interest securities are all rated AA by Standard & Poor's.

**13. Cash Flow Information**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of Operating Profit after Income Tax:		
Cash Flow from operations after income tax	4,004,434	2,138,370
Add back/(less) items classified as Investing/Financing Activities:		
Realised (loss)/gains on sale of investments	-	(21,120)
Impairment loss on investments	-	3,625,899
Changes in assets and liabilities during the financial year:		
Increase in receivables	(296,691)	(48,589)
Increase/(decrease) in deferred tax assets	(1,494)	(1,104,195)
Increase in deferred tax liabilities	37,900	20,734
(Decrease)/Increase in payables	(8,475)	(115,015)
Increase/(Decrease) in current tax liabilities	(165,178)	(247,379)
<b>Cash flow from operations</b>	<u><b>3,570,496</b></u>	<u><b>4,248,705</b></u>

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**14. Earnings Per Share**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Net profit after income tax before realised gains/(loss) used in the calculation of basic earnings per share before realised gains/(loss)	4,004,434	2,138,370
Net profit after income tax used in the calculation of basic earnings per share	4,003,314	2,071,677
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	122,649,753	128,336,484

**15. Financial Risk Management**

The Company's financial instruments consist of fixed interest securities, investments, accounts receivable and accounts payable.

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

Under delegation from the Board, the Manager has the responsibility for assessing and monitoring the financial market risk of the Company. The Manager monitors these risks daily. On a formal basis the investment team meet on a weekly basis to monitor and manage the below four risks as appropriate.

**a) Credit Risk**

The standard defines this is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge a contracted obligation. The Manager monitors the credit worthiness of counterparties on an ongoing basis and evaluates the credit quality of all new counterparties before engaging them.

The maximum exposure to credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount net of any provision for impairment of those assets.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager is satisfied that the counterparties are of sufficient quality and diversity to minimise any individual counterparty credit risk. The majority of the Company's receivables arise from unsettled trades at year end which are settled three days after trade date. Engaging with counterparties via the Australian Securities Exchange facilitates the Company in both mitigating and managing its credit risk.

The Company is not materially exposed to credit risk on its fixed interest securities as the majority of cash and fixed interest securities are held with Australian banks who have a Standard and Poor's short rating of A-1 and long term rating of AA. Also the majority of maturities are within three months.

None of the assets exposed to credit risk are overdue or considered to be impaired.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 15 Financial Risk Management (continued)

#### b) Liquidity Risk

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

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

The Company's cash inflows depend upon the level of sales of securities, dividends and interest received and the exercise of Company options that may be on issue from time to time.

The Manager monitors the Company's cash-flow requirements daily by reference to known sales and purchases of securities, dividends and interest to be paid or received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and fixed interest securities sufficient to ensure that it has cash readily available to meet all payments. Furthermore the assets of the company are largely in the form of tradeable securities which if liquidity is available, can be sold on market if necessary.

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

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

<b>30 June 2009</b>	<b>&gt;1 month</b>	<b>&lt;1 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total trade and other payables	-	177,605	177,605
Current tax liability	-	-	-
Deferred tax liability	30,591	-	30,591
<b>Total Liabilities</b>	<b>30,591</b>	<b>177,605</b>	<b>208,196</b>

#### c) Market Risk

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

By its nature, as a listed investment company that invests in 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 Manager seeks to manage and reduce the market risk of the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The relative weightings of the individual securities and market sectors are reviewed daily and the risk managed on a weekly basis.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 15 Financial Risk Management (continued)

#### c) Market Risk (continued)

The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment sectors as a percentage of the gross asset as at 30 June 2010 is as follows:

<b>Industry Sector</b>	<b>2010</b>	<b>2009</b>
	<b>%</b>	<b>%</b>
Banks	26.1	22.2
Commercial Services & Supplies	8.9	5.7
Retailing	7.7	5.4
Diversified Financials	6.7	17.4
Health Care Equipment & Services	4.9	7.2
Food & Staples Retailing	3.7	4.1
Insurance	3.7	7.5
Food, Beverage & Tobacco	3.1	2.3
Media	2.9	2.7
Consumer Services	2.5	3.0
Capital Goods	2.2	1.9
Software & Services	1.2	1.1
Listed Hybrids	1.1	2.3
Materials	0.8	-
Real Estate	0.4	0.7

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

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

<b>Company Name</b>	<b>2009 (%)</b>
Australian Stock Exchange Limited (ASX)	11.2

#### d) Interest Rate Risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. The Company however is not materially exposed to interest rate risk as the majority of its fixed interest securities mature within three months.



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**15. Financial Risk Management (continued)**

**d) Interest Rate Risk (continued)**

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

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

As at 30 June 2009, the company's exposure to interest risk and the effective weighted average interest rate for each class of asset and liability is set out in the following table:

	Weighted average interest rate (% pa)	Interest bearing \$	Non-interest bearing \$	Total \$
<b>30 June 2009</b>				
<b>Assets</b>				
Cash and cash equivalents	3.89%	15,859,506	-	15,859,506
Trade and other receivables		-	603,563	603,563
Financial assets		-	82,982,093	82,982,093
Deferred tax assets		-	8,200,952	8,200,952
<b>Total</b>		<b>15,859,506</b>	<b>91,786,608</b>	<b>107,646,114</b>
<b>Liabilities</b>				
Trade and other payables		-	177,605	177,605
Financial liabilities		-	-	-
Deferred tax liabilities		-	30,591	30,591
<b>Total</b>		<b>-</b>	<b>208,196</b>	<b>208,196</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 15. Financial Risk Management (continued)

#### e) Sensitivity Analysis

Investments represent 82.1% (2009: 83.0%) of gross assets at year end. A 5% movement in the market value of each of the companies within the portfolio would result in a 4.1% (2009: 4.2%) movement in the net assets after tax. This would result in the net asset backing after tax moving by 3.6 cents per share using the 30 June 2010 numbers (2009: 3.6 cents per share).

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

The financial assets and liabilities recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (as prices or indirectly (derived from prices)).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the closing quoted last sale prices at the end of the reporting period, excluding transaction cost.

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

<b>30 June 2010</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets	80,834,880	-	-	80,834,880
Financial liabilities	-	-	-	-
<b>Total</b>	<b>80,834,880</b>	<b>-</b>	<b>-</b>	<b>80,834,880</b>

<b>30 June 2009</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets	82,982,093	-	-	82,982,093
Financial liabilities	-	-	-	-
<b>Total</b>	<b>82,982,093</b>	<b>-</b>	<b>-</b>	<b>82,982,093</b>

### 16. Events Subsequent to Reporting Date

Since year end the Directors have declared a fully franked final dividend of 2.6 cents per share and a fully franked special dividend of 1.4 cents per share, both to be paid on 29 October 2010. The final and special dividends include 100% LIC capital gain which will enable some shareholders to claim a tax deduction.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**17. Investment Transactions**

The total number of contract notes that were issued for transactions in securities during the financial year was 25 (2009: 42). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$52,712 (\$2009: \$34,245). The total brokerage paid on the buy-back contract notes was \$17,450 (2009: nil).

**18. Segment Reporting**

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

**19. Key Management Personnel Compensation**

The names and position held of the Company's key management personnel (including Directors in office at any time during the financial year are:

G.J. Wilson	Chairman
M.J. Kidman	Non-Executive Director
J.B. Abernethy	Non-Executive Director
J.J. Gosse	Non-Executive Director

**a) Remuneration**

There are no executives that are paid by the Company. MAM Pty Limited, the manager of the Company, remunerates Geoff Wilson and Matthew Kidman as employees and/or Directors of MAM Pty Limited. The Manager is also contracted to provide day to day management of the Company and is remunerated as outlined in the Directors' Report.

Individual directors' remuneration disclosures are provided in the Remuneration Report of the Directors' Report on pages 16-18, as permitted by Corporations Regulation 2M.3.03 and 2M.6.04.

	<b>Directors' Fees</b>	<b>Post-employment Superannuation</b>	<b>Total</b>
	\$	\$	\$
Total Directors remuneration paid by the Company for the year ended 30 June 2010	<b>58,463</b>	<b>16,537</b>	<b>75,000</b>
Total Directors remuneration paid by the Company for the year ended 30 June 2009	<b>72,213</b>	<b>2,787</b>	<b>75,000</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**19 Key Management Personnel Compensation (continued)**

**b) Share holdings**

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

*Ordinary Shares held*

	<b>Balance at 30 June 2009</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance at 30 June 2010</b>
<b>Directors</b>				
G.J. Wilson	5,152,597	-	-	5,152,597
M.J. Kidman	175,409	9,211	-	184,620
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	<b>5,388,006</b>	<b>9,211</b>	<b>-</b>	<b>5,397,217</b>

As at 30 June 2009 the Company's key management personnel and their related parties held the following interests in the Company:

*Ordinary Shares held*

	<b>Balance at 30 June 2008</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Balance at 30 June 2009</b>
<b>Directors</b>				
G.J. Wilson	5,152,597	-	-	5,152,597
M.J. Kidman	164,424	10,985	-	175,409
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	<b>5,377,021</b>	<b>10,985</b>	<b>-</b>	<b>5,388,006</b>

**c) Options**

No options have been issued to, or are currently held or have been exercised by key management personnel during or since the end of the financial year (2009: nil).

**20. Related Party Transactions**

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

Geoff Wilson and Matthew Kidman are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited and manage the day-to-day operations of the Company. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. The core duties of the Manager include the provision of financial and administrative support to ensure the maintenance of the corporate and statutory records of the Company; liaison with the ASX with respect to compliance with the ASX Listing Rules; liaison with ASIC with respect to compliance with the Corporations Act; liaison with the share registrar of the Company; and the provision of information necessary for the maintenance of financial accounts of the Company to be completed. In its capacity as Manager, MAM Pty Limited was paid a management fee of 1% p.a. (plus GST) of gross assets amounting to \$1,188,656 inclusive of GST (2009: \$1,072,510). As at 30 June 2010, the balance payable to the Manager was \$90,280 inclusive of GST (2009: \$91,138).

**WILSON INVESTMENT FUND LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**20 Related Party Transactions (continued)**

In addition, MAM Pty Limited is to be paid, annually in arrears, a performance fee being 20% of:

- \* where the level of the All Ordinaries Accumulation Index has increased over that period, the amount by which the Value of the Portfolio exceeds this increase; or
- \* where the All Ordinaries Accumulation Index has decreased over that period, the amount of the increase in Value of the Portfolio.

No performance fee is payable in respect of any performance period where the portfolio has decreased in value over that period. As at 30 June 2010, no performance fee was paid or payable to MAM Pty Limited (2009: \$nil).

Wilson Asset Management (International) Pty Limited employs accounting personnel to provide accounting services to Wilson Investment Fund Limited. These services are provided on commercial terms and include a standard charge of \$2,500 per month and an additional charge of \$5,000 is charged for preparing the half year and full year financial statements. These accounting services total \$35,000 for the financial year 2010 (2009: \$35,000). Wilson Asset Management (International) Pty Limited is owned by Geoff Wilson.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

**21 Contingent Liability and Commitments**

There are no outstanding contingent liabilities or commitments as at 30 June 2010 (2009: nil).

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

<b>Financial Assets at Fair Value</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Aevum Limited	1,459,253	1,194,155
AP Eagers Limited	4,362,463	2,833,856
ARB Corporation Limited	3,310,925	2,062,067
Australia and New Zealand Banking Group Limited	2,863,325	2,184,925
Australian Stock Exchange Limited*	-	11,170,980
Bank of Queensland Limited	992,724	717,438
Bendigo and Adelaide Bank Limited	4,393,290	3,445,553
BT Investment Management Limited*	-	2,186
Calliden Group Limited	1,350,000	1,920,000
Challenger Wine Trust	453,851	662,378
Clime Investment Management Limited	1,572,819	1,265,927
Cockatoo Ridge Wines Limited	24,325	32,433
Commonwealth Bank of Australia	3,740,416	2,999,100
Credit Corp Group Limited	2,560,749	1,155,694
CSR Limited	1,233,750	1,062,500

# WILSON INVESTMENT FUND LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Financial Assets at Fair Value	2010	2009
	\$	\$
CVC Limited	600,000	393,750
Equity Trustees Limited	1,079,200	1,029,500
Graincorp Limited	2,123,776	1,516,232
IOOF Holdings Limited	1,958,730	1,363,590
IRESS Market Technology Limited	1,255,775	1,047,683
Mariner Corporation Limited	7,680	25,600
McMillan Shakespeare Limited	4,221,000	2,628,000
Metcash Limited	3,980,500	4,094,500
Mortgage Choice Limited	584,679	514,518
MyState Limited	1,019,959	-
National Australia Bank Limited	5,354,400	4,936,800
NSX Limited	221,340	227,850
Perpetual Limited	1,130,400	1,142,000
Photon Group Limited	1,580,490	1,694,120
Primary Health Care Limited	2,778,569	4,097,609
Prime Media Group Limited	657,455	453,737
Pro Medicus Limited	489,125	741,750
Rattoon Holdings Limited**	12,542	275,932
Reece Australia Ltd	1,106,206	822,798
Rock Building Society Limited	144,358	135,193
SAI Global Limited	2,713,500	1,923,750
Select Harvest Limited	1,187,614	741,401
Seven Network Limited preference shares (SVWPA)	1,158,750	-
Seven Network Limited Non-redeem Preference shares (SEVPC)	-	1,323,015
Sigma Pharmaceuticals Limited	495,107	1,078,626
Tabcorp Holdings Limited	1,266,000	1,432,000
Tattersall's Limited	1,369,424	1,558,943
Tower Australia Group Limited	1,516,252	4,731,860
Tower Limited	1,085,942	821,698
Treasury Group Limited	499,756	405,928
West Australian Newspapers Holdings Limited	810,960	540,640
Westpac Banking Corporation	4,511,375	4,303,125
Wide Bay Corporation Limited	4,218,445	2,853,654
Willmott Forests Limited Preference Shares	-	980,000
Willmott Forests Limited	875,213	-
Wotif.com Holdings Limited	502,200	437,100
<b>Total</b>	<b>80,834,880</b>	<b>82,982,093</b>

\*Post the full and partial disposal during the year

\*\*Ex capital return

# WILSON INVESTMENT FUND LIMITED

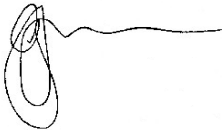
A.B.N. 15 100 504 541

## DIRECTOR'S DECLARATION

The Directors of Wilson Investment Fund Limited declare that:

- 1) The financial report as set out in pages 22 to 46 and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 16 to 18, 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 2010 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date; and
- 2) The Director of the Manager, MAM Pty Limited has declared that:
  - a) the financial records of the company for the financial year have been properly maintained in accordance with the Section 286 of the *Corporations 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.



**G.J. Wilson**  
Chairman

Dated at Sydney this 20<sup>th</sup> day of August 2010.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF WILSON INVESTMENT FUND LIMITED**

We have audited the accompanying financial report of Wilson Investment Fund Limited ("the Company"), which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *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 control 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit 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.

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 fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 the *Corporations Act 2001*.



*Auditor's 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 the company's financial position as at 30 June 2010 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.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 16 to 18 of the Directors' Report for the year ended 30 June 2010. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Wilson Investment Fund Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

*Moore Stephens Sydney*

**Moore Stephens Sydney**  
Chartered Accountants

*Martin J. Shannon*

**Martin J. Shannon**  
Partner

Dated in Sydney this 20<sup>th</sup> day of August 2010

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## ASX ADDITIONAL INFORMATION

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

### Shareholdings

#### Substantial shareholders (as at 31 July 2010)

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

#### Distribution of shareholders (as at 31 July 2010)

Category	No, of shareholders	
	Ordinary Shares	Options
1 – 1,000	243	-
1,001 – 5,000	1,207	-
5,001 – 10,000	1,034	-
10,001 – 100,000	2,006	-
100,001 and over	136	-
	<b>4,626</b>	<b>-</b>

The number of shareholdings held in less than marketable parcels is 166.

#### Twenty largest shareholders – Ordinary shares (as at 31 July 2010)

Name	Number of ordinary shares held	Percentage of issued capital held
Entities associated with Geoffrey Wilson	5,142,597	4.4
Mr Victor John Plummer	3,726,067	3.2
Huoncan Super Pty Limited (Huoncan Super Fund A/C)	2,283,645	1.9
Aust Executor Trustees Limited (LIC Fund A/C)	1,917,389	1.6
Mr Erich Gustav Brosell	1,250,000	1.1
RBC Dexia Investor Serv. Aust. Nom. Pty Limited (MLCI A/C)	1,135,861	1.0
HSBC Custody Nominees (Australia) Limited	1,037,562	0.9
Mrs Thelma Joan Martin-Weber	1,000,000	0.9
Castle Farms Pty Limited	982,687	0.8
Anchorfield Pty Limited (Brazil Family FNDN A/C)	890,000	0.8
Kingsbrook Pty Limited (SCT A/C)	810,000	0.7
Somoke Pty Limited (Pulman Super Fund A/C)	747,236	0.6
Mr Ross Ian Thompson (Thompson Family A/C)	627,586	0.5
R B & S J Baxter Pty Limited (Super Fund A/C)	550,000	0.5
Mr Vincent Paul Godfrey Cotterell (vincot A/C)	515,182	0.4
Mrs Jean Plummer	500,000	0.4
Viking Management Services Pty Ltd (VHK Super Fund A/C)	500,000	0.4
Cantala Pty Limited	450,000	0.4
Pineross Pty Limited	420,000	0.4
Lonceta Pty Limited (Hancock Super Fund A/C)	402,314	0.3
	<b>24,888,126</b>	<b>21.1</b>

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## ASX ADDITIONAL INFORMATION

### **On-market buy back**

On 28 August 2009 the board announced a fourth on market share buy-back of 10% of issued capital, to commence on 14 September 2009. As at 31 May 2010 a total of 7,320,297 shares have been bought back for a total consideration of \$5,687,894. The buy-back is currently on hold.

### **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.

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

## INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2010

Company Name	Code	Units	Market Value \$	%
<b>Consumer Services</b>				
Tabcorp Holdings Limited	TAH	200,000	1,266,000	1.6
Tattersall's Limited	TTS	611,350	1,369,424	1.7
			<b>2,635,424</b>	<b>3.3</b>
<b>Banks</b>				
Australia and New Zealand Banking Group Limited	ANZ	132,500	2,863,325	3.5
Bendigo and Adelaide Bank Limited	BEN	537,077	4,393,290	5.4
Bank of Queensland Limited	BOQ	94,816	992,724	1.2
Commonwealth Bank of Australia	CBA	76,900	3,740,416	4.6
Mortgage Choice Limited	MOC	519,715	584,679	0.7
National Australia Bank Limited	NAB	230,000	5,354,400	6.6
Rock Building Society Limited	ROK	57,285	144,358	0.2
Wide Bay Australia Limited	WBB	413,573	4,218,445	5.2
Westpac Banking Corporation	WBC	212,500	4,511,375	5.6
MyState Limited	MYS	326,910	1,019,959	1.3
			<b>27,822,971</b>	<b>34.4</b>
<b>Diversified Financials</b>				
Clime Investment Management Limited	CIW	3,836,143	1,572,819	1.9
CVC Limited	CVC	750,000	600,000	0.7
Equity Trustees Limited	EQT	71,000	1,079,200	1.3
IOOF Holdings Limited	IFL	327,000	1,958,730	2.4
Mariner Financial Limited	MCX	2,560,000	7,680	0.0
NSX Limited	NSX	1,302,000	221,340	0.3
Perpetual Limited	PPT	40,000	1,130,400	1.4
Rattoon Holdings Limited	RTN	250,848	12,542	0.0
Treasury Group Limited	TRG	98,766	499,756	0.6
			<b>7,082,467</b>	<b>8.8</b>
<b>Capital Goods</b>				
CSR Limited	CSR	734,375	1,233,750	1.5
Reece Australia Limited	REH	45,711	1,106,206	1.4
			<b>2,339,956</b>	<b>2.9</b>
<b>Commercial &amp; Professional Services</b>				
Credit Corp Group Limited	CCP	959,082	2,560,749	3.2
McMillan Shakespeare Limited	MMS	900,000	4,221,000	5.2
SAI Global Limited	SAI	675,000	2,713,500	3.4
			<b>9,495,249</b>	<b>11.7</b>
<b>Health Care Equipment &amp; Services</b>				
Aevum Limited	AVE	1,326,839	1,459,523	1.8
Pro Medicus Limited	PME	1,075,000	489,125	0.6
Primary Health Care Limited	PRY	780,497	2,778,569	3.4
Sigma Pharmaceuticals Limited	SIP	1,178,826	495,107	0.6
			<b>5,222,324</b>	<b>6.5</b>

# WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

Company Name	Code	Units	Market Value \$	%
<b>Insurance</b>				
Calliden Group Limited	CIX	6,000,000	1,350,000	1.7
Tower Australia Group Limited	TAL	746,922	1,516,252	1.9
Tower Limited	TWR	746,352	1,085,942	1.3
			<b>3,952,194</b>	<b>4.9</b>
<b>Food, Beverage &amp; Tobacco</b>				
Cockatoo Ridge Wines Limited	CKR	8,108,328	24,325	0.0
Graincorp Limited	GNC	398,457	2,123,776	2.6
Select Harvest Limited	SHV	343,241	1,187,614	1.5
			<b>3,335,715</b>	<b>4.1</b>
<b>Listed Hybrids</b>				
Seven Network Limited Preference shares	SVWPA	15,000	1,158,750	1.4
			<b>1,158,750</b>	<b>1.4</b>
<b>Media</b>				
Photon Group Limited*	PGA	1,549,500	1,580,490	2.0
Prime Media Group Limited	PRT	925,993	657,455	0.8
West Australian Newspapers Holdings Limited	WAN	124,000	810,960	1.0
			<b>3,048,905</b>	<b>3.8</b>
<b>Food &amp; Staples Retailing</b>				
Metcash Limited	MTS	950,000	3,980,500	4.9
			<b>3,980,500</b>	<b>4.9</b>
<b>Retailing</b>				
AP Eagers Limited	APE	348,997	4,362,463	5.4
ARB Corporation Limited	ARP	580,864	3,310,925	4.1
Wotif.com Holdings Limited	WTF	93,000	502,200	0.6
			<b>8,175,587</b>	<b>10.1</b>
<b>Software &amp; Services</b>				
IRESS Market Technology Limited	IRE	144,508	1,255,775	1.6
			<b>1,255,775</b>	<b>1.6</b>
<b>Real Estate</b>				
Challenger Wine Trust	CWT	2,453,250	453,851	0.6
			<b>453,851</b>	<b>0.6</b>
<b>Materials</b>				
Willmott Forests Limited	WFL	2,735,040	875,213	1.1
			<b>875,213</b>	<b>1.1</b>
<b>Total Portfolio Value</b>			<b>\$80,834,880</b>	<b>100%</b>

\* value at last quoted trade price prior to trading halt 4 June 2010.