

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

COMPANY PARTICULARS

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

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

DIRECTORS: G. Wilson (Chairman)
M. Kidman
J. Gosse
J. Abernethy

SECRETARY: N. Cuffe

AUDITORS: Moore Stephens Sydney

COUNTRY OF INCORPORATION: Australia

REGISTERED OFFICE: Level 11, 139 Macquarie Street
Sydney NSW 2000

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Sydney NSW 2000
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For enquiries regarding net asset backing (as advised each month to the Australian Stock Exchange) refer to www.asx.com.au or call (02) 9247 6755

SHARE REGISTRAR: Registries Limited
Level 2, 28 Margaret St
Sydney NSW 2000
Telephone: (02) 9290 9600
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For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar.

STOCK EXCHANGE: Australian Stock Exchange (ASX)
The home exchange is Sydney.
ASX code: WIL Ordinary shares

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2006 KEY POINTS

- Gross portfolio increased by 14.1% for the year to 30 June 2006
- Profit before tax was \$5.38m
- Profit after tax was \$4.73m
- Pre tax net tangible assets increased from 100.20c* to 113.85c a share
- After tax net tangible assets increased from 98.6c* to 109.93c a share
- Total dividend for 2005/06 increased 25% to 5.0 cents a share fully franked

* adjusted for dividends paid

WILSON INVESTMENT FUND LIMITED

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CHAIRMAN'S LETTER

The building of the equity portfolio continued throughout the year at a similar pace to the previous year. Wilson Investment Fund Limited (WIL) is a long term investor seeking out companies that have sound fundamentals and strong growth prospects. It is crucial that the initial investments are made at the best possible price. The Company's result was pleasing given the difficult environment in which to establish a long term investment portfolio. Successful long-term investing requires patience which comes from knowledge and discipline.

At the end of June 2006, more than \$100.7 million of the funds raised had been invested in 49 equities and listed debt securities. The remaining monies were in bank bills. Of the monies invested \$80.4 million had been invested in 38 companies, and \$20.3 million had been invested in 11 listed debt securities. In addition, in the year to 30 June 2006, \$15.5 million had been spent buying back shares in WIL at a discount of 17.5% to the June pre tax net tangible asset backing.

The board is focused on maximising returns to shareholders. The buying back of shares at below pre tax net tangible asset backing will increase the asset backing for the remaining shareholders. This mechanism is providing liquidity for impatient investors while rewarding all other patient shareholders. The pre-tax net tangible assets (NTA) backing, after the payment of 4.5 cents fully franked dividends and 1.3 cents of tax paid in the year, moved from 104.3 cents a share to 113.8 cents a share.

Total dividends declared for the year increased 25% to 5.0 cents a share fully franked, made up of a 2.5 cent interim and 2.5 cent final dividend. The Board is committed to increasing dividends over time, and paying out all franking credits when available.

In an endeavour to find suitable investment opportunities the manager is continually meeting with the management of investee companies. Since WIL listed on 19 August 2003 the manager has undertaken more than 2,100 company visits. Over time, and once the fund is fully invested, our goal is to deliver a total return of 15-20% per annum. Part of the return we would like to be in the form of an attractive fully franked dividend to shareholders. We are looking for a combination of high growth stocks and established businesses that have strong cash flows and pay fully franked dividends.

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

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

After three exceptional years of 20% plus p.a. returns, the share market has entered a volatile period. This volatility has been the result of higher interest rates, a surging oil price, higher inflation and tensions in the Middle East. We remain cautiously optimistic and believe our stock picking process will hold us in good stead. However, we do believe that markets around the globe have several major hurdles to overcome. We will continue to concentrate on our preferred area of mid to small cap industrial stocks where opportunities regularly emerge.



Geoff Wilson
Chairman

WILSON INVESTMENT FUND LIMITED

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COMPANY PROFILE

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

COMPETITIVE ADVANTAGE

What distinguishes the Manager from others is:

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

INVESTMENT OBJECTIVES

The three investment objectives of the Company are:

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

INVESTMENT PROCESS

The Company has two investment approaches:

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

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

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

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

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

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

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

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

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

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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2006

<u>Listed Debt Securities</u>	<u>Qty</u>	<u>Market Value</u>	<u>Food Beverage & Tobacco</u>	<u>Qty</u>	<u>Market Value</u>
ANZ Ltd 5.85% Conv Pref (ANZPA)	15,000	1,523,850	Cockatoo Ridge Wines Ltd (CKR)	2,751,185	412,678
Bank of Queensland Ltd Prefs (BOQPB)	70,000	7,057,400	Select Harvest Ltd (SHV)	343,241	4,468,998
Brickworks Ltd Prefs (BKWPA)	8,000	843,600			4,881,676
Emeco Ltd 10% Notes (EMCG)	32,000	3,520,000	<u>Pharmaceuticals & Biotechnology</u>		
Futuris Corp Ltd 7% Conv Notes (FCLGA)	39,572	95,566	Sigma Pharmaceuticals Ltd (SIP)	674,120	1,752,712
Graincorp Ltd Reset Prefs (GNCPA)	7,500	772,500			1,752,712
Leighton Holdings Ltd Conv Notes (LEIGA)	8,000	820,400	<u>Banks</u>		
Seven Network Ltd Non-redeem Prefs (SEVPC)	15,000	1,543,500	Bendigo Bank Ltd (BEN)	495,463	6,391,473
Toll Holdings Ltd Reset Prefs (TOLPA)	5,000	627,500	Mortgage Choice Ltd (MOC)	269,715	687,773
Wide Bay Aust Ltd Reset Prefs (WBBPB)	23,000	2,909,500	National Australia Bank Ltd (NAB)	100,000	3,516,000
Willmott Forests Ltd Prefs (WFLPA)	14,000	1,435,000	Rock Building Society Ltd (ROK)	56,332	270,394
		21,148,816			10,865,640
<u>Capital Goods</u>			<u>Health Care Equip & Services</u>		
Nylex Ltd (NLX)	3,218,518	180,237	Aevum Ltd (AVE)	1,228,886	2,107,539
		180,237	Primary Health Care Ltd (PRY)	300,191	3,572,273
<u>Commercial Services & Supplies</u>			Pro Medicus Ltd (PME)	1,075,000	1,451,250
Credit Corp Group Ltd (CCP)	959,082	6,809,482			7,131,062
SAI Global Ltd (SAI)	525,000	1,837,500	<u>Diversified Financials</u>		
		8,646,982	Australian Stock Exchange Ltd (ASX)	200,000	6,516,000
<u>Consumer Services</u>			Babcock & Brown Ltd (BNB)	100,000	2,169,000
ABC Learning Centres Ltd (ABS)	545,308	3,489,971	IOOF Holdings Ltd (IFL)	327,000	2,779,500
Sydney Attractions Group Ltd (SAQ)	110,000	671,000	Loftus Capital Partners Ltd (LCP)	3,836,143	2,493,493
Tabcorp Holdings Ltd (TAH)	200,000	3,040,000	Mariner Financial Ltd (MFI)	1,280,000	1,856,000
		7,200,971	MMC Contrarian Ltd (MMA)	3,743,305	3,368,975
<u>Media</u>			NSX Ltd (NSX)	1,085,000	651,000
Infochoice Ltd (ICH)	2,166,560	227,489	Perpetual Ltd (PPT)	40,000	2,926,000
Photon Group Ltd (PGA)	1,033,000	4,503,880	SFE Corporation Ltd (SFE)	200,000	3,300,000
Prime Television Ltd (PRT)	381,291	1,315,454			26,059,967
Southern Cross Broadcasting (Aust) Ltd (SBC)	234,945	2,466,923	<u>Insurance</u>		
		8,513,745	Calliden Group Ltd (CIX)	6,000,000	2,310,000
<u>Retailing</u>			OAMPS Ltd (OMP)	1,235,899	4,189,698
AP Eagers Ltd (APE)	241,472	1,777,234	Tower Ltd (TWR)	1,819,000	5,129,580
ARB Corporation Ltd (ARP)	580,864	1,829,722			11,629,278
		3,606,956	<u>Real Estate</u>		
<u>Food & Staples Retailing</u>			Challenger Wine Trust (CWT)	2,453,250	1,717,275
Metcash Ltd (MTS)	950,000	3,553,000			1,717,275
		3,553,000			
<u>Software Services</u>			TOTAL PORTFOLIO VALUE		116,932,349
Rattoon Holdings Ltd (RTN)	191,441	44,031			
		44,031			

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

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

BOARD OF DIRECTORS AND ITS COMMITTEES

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

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

The Company has formed an Audit Committee consisting of:

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

The Committee's responsibilities are to:

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

COMPOSITION OF THE BOARD

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

The names of the independent directors of the Company are:

Julian Gosse
John Abernethy

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

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

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

REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

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

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

ETHICAL STANDARDS

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

THE ROLE OF SHAREHOLDERS

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

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

BOARDS' POLICY ON DEALING IN SHARES

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

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

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

CONFLICT OF INTEREST

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

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

The Directors present their report together with the financial report of Wilson Investment Fund Limited (the Company) for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITY

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

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$5,383,931 (2005: \$6,019,601) and an operating profit after tax of \$4,728,698 (2005: \$4,641,591).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2006, investments were revalued upwards by \$11,434,103 (2005: \$1,670,964). After an adjustment for deferred tax on unrealised gains, a net increment of \$8,003,872 (2005: \$1,169,675) was transferred to an Asset Revaluation Reserve.

Asset backing before tax for each ordinary share as at 30 June 2006 (calculated on market value less realisation costs and all applicable taxes and before the provision for dividend) was \$1.138 per share (2005: \$1.047). Asset backing after tax on realised gains but before tax on unrealised gains was \$1.138 per share (2005: \$1.042). Asset backing after tax for each ordinary share at 30 June 2006 (calculated on market value less realisation costs and all applicable taxes and before the provision for the final dividend) amounted to \$1.099 per share (2005: \$1.031).

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

FINANCIAL POSITION

The net asset value of the Company for the current financial year was \$138,365,116 (2005: \$145,412,909).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2006.

DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared are as follows:

\$

Fully franked 2005 final dividend of 2.0c per share was paid on the 17 October 2005	2,745,009
Fully franked 2006 interim dividend of 2.5c per share was paid on the 26 May 2006	3,226,496

Since year end the Directors have declared a fully franked final dividend of 2.5 cents to be paid on 24 November 2006.

OPTIONS

On 7 January 2005 the board of Wilson Investment Fund Limited announced the issue of 74,100,124 options issued on the basis of 1 option for every 2 ordinary shares held in the capital of the Company. The options were exercisable at \$1.08 to acquire an ordinary share at any time from the date of issue to the expiry date of 17 June 2006. During the period from 1 July 2005 to 17 June 2006, 10,500 options were exercised for a total consideration of \$11,340. At 17 June 2006, 74,077,600 options expired.

SHARE BUY BACK

On 29 March 2005 the board of Wilson Investment Fund Limited announced a second on market share buyback, equivalent to 14,655,794 shares or approximately 10% of issued capital at that date. The buyback was completed on 2 March 2006 with a total of 14,655,794 shares bought back for a total consideration of \$13,440,594.

On 24 March 2006 the board of Wilson Investment Fund Limited announced a third on market share buyback, equivalent to 13,272,776 shares or approximately 10% of issued capital at that date. The buyback

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

will be in place for a 12-month period, beginning from 13 April 2006. As at close of the market on 30 June 2006, 7,815,482 shares had been bought back, for a total consideration of \$7,582,376. This is approximately a 14.8% discount to the 30 June 2006 pre-tax NTA.

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

DIRECTORS

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

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

INFORMATION ON DIRECTORS

Geoffrey Wilson (Age 48) *Chairman*

Experience and expertise

Geoffrey Wilson has had 26 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australasia.

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

Other current directorships

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

Former directorships in the last 3 years

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.

Matthew Kidman (Age 37)

Non-Executive Director

Experience and expertise

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

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

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

Other current directorships

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

Former directorships in the last 3 years

Matthew Kidman is a former Director of Mariner Wealth Management Limited from June 1999 to November 2005.

Special responsibilities

Member of the Audit Committee

Interests in shares and options of the Company

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

Interests in contracts

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

John Abernethy (Age 47)

Non-Executive Director

Experience and expertise

John Abernethy has over twenty 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 Loftus in 1996.

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

Other current directorships

John Abernethy is the Managing Director of Loftus Capital Partners Limited. He is a Director of HomeLeisure Limited (appointed February 2001) and Jasco Holdings Limited which represent major investments of Loftus, and is a Director of Wilson Leaders Limited (appointed November 2003).

Former directorships in the last 3 years

John Abernethy is a former Director of Schaeffer Corporation Limited from October 1998 to October 2003.

Special responsibilities

Chairman of the Audit Committee

Interests in shares and options of the Company

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

Julian Gosse (Age 56)

Non-Executive Director

Experience and expertise

Julian Gosse has extensive experience in banking and broking both in Australia and overseas having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. He has been involved in the establishment, operation and ownership of several small businesses and is currently working as an executive director of Advanced Management Planning Limited.

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

Other current directorships

He is a Director of ITL Limited (appointed September 2003) of which he became Chairman in January 2005. Julian Gosse is also a Director of Wilson Leaders Limited (appointed October 2003), Mariner Wealth Management (appointed September 1999), Clime Capital Limited (appointed November 2003) and Blue Chip Financial Solutions Limited (appointed March 2006).

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

Former directorships in the last 3 years

Julian Gosse has not held any other directorships of listed companies within the last three years.

Special responsibilities

Member of the Audit Committee

Interests in shares and options of the Company

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

COMPANY SECRETARY

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

Natasha Cuffe – Bachelor of Commerce, Chartered Accountant. Natasha Cuffe has worked in the funds management industry for the past 8 years and has worked for the Wilson Asset Management group as Finance Manager for the past 3 years. Natasha Cuffe was appointed company secretary on 21 February 2006.

REMUNERATION REPORT

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

(a) Remuneration of Directors

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

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

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

The following are the Directors' remuneration received for the year ended 30 June 2006:

Director	Position	Salary and Fees \$	Post-employment Superannuation \$	Total \$
G.J. Wilson	Chairman	9,174	826	10,000
M.J. Kidman	Non-Executive Director	9,174	826	10,000
J.B. Abernethy	Non-Executive Director	22,000	-	22,000
J.J. Gosse	Non-Executive Director	22,000	-	22,000
		62,348	1,652	64,000

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

	2006	2005	2004
Operating profit after tax (\$)	4,728,698	4,641,591	14,507,588
Dividends paid (cents per share)	5.0	4.0	2.5
Net tangible asset (\$ per share)	1.14	1.05	1.03
Total Directors' remuneration (\$)	64,000	62,000	54,587

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

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

(b) Director Related Entity Remuneration

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

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$1,650,188 (2005: \$1,742,163). As at 30 June 2006, the balance payable to the manager was \$131,458 (2005: \$135,106).

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

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

No performance fee is payable in respect of any performance period where the Portfolio has decreased in value over that period. As at 30 June 2006, no performance fee was paid or payable to MAM Pty Limited (2005:\$nil).

These amounts are in addition to the above Directors remuneration.

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

(c) Remuneration of Executives

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

(d) Equity Instruments Disclosure of Directors and Related Parties

As at 30 June 2006, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares held

Director	Position	Balance at 30 June 2005	Acquisitions / Options exercised	Disposals	Balance at 30 June 2006
G.J. Wilson	Chairman	3,656,173	84,302	-	3,740,475
M.J. Kidman	Non-Executive Director	60,257	32,903	-	93,160
J.B. Abernethy	Non-Executive Director	60,000	-	-	60,000
J.J. Gosse	Non-Executive Director	-	-	-	-
		3,776,430	117,205	-	3,893,635

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

Options held

Director	Position	Balance at 30 June 2005	Acquisitions/ Bonus Issue	Disposals/ Exercised/ Lapsed	Balance at 30 June 2006
G.J. Wilson	Chairman	1,403,087	-	(1,403,087)	-
M.J. Kidman	Non-Executive Director	21,866	-	(21,866)	-
J.B. Abernethy	Non-Executive Director	-	-	-	-
J.J. Gosse	Non-Executive Director	-	-	-	-
		1,424,953	-	(1,424,953)	-

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

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

DIRECTORS' MEETINGS

Director	No. eligible to attend	Attended
G.J. Wilson	4	4
M.J. Kidman	4	4
J.J. Gosse	4	4
J.B. Abernethy	4	4

AUDIT COMMITTEE MEETINGS

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

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

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the Company's financial report has been prepared in accordance with those standards from 1 July 2005. Reconciliations and descriptions of the effect of the transition AIFRS on the Company's equity and its net income are given in Note 12.

AFTER BALANCE DATE EVENTS

The Directors have declared a fully franked final dividend of 2.5 cents to be paid on 24 November 2006.

No other matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in subsequent financial years.

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL ISSUES

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2006

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON AUDIT SERVICES

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



M.J. KIDMAN, Director

Dated at Sydney this 12th day of September 2006

PARTNERS:

Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leyshon FCA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

WILSON INVESTMENT FUND LIMITED
ABN 15 100 504 541
AUDITOR'S INDEPENDENCE DECLARATION

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA

As lead auditor for the audit of Wilson Investment Fund Limited Limited for the year ended 30 June 2006, I declare that, to the best 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.

This declaration is in respect of Wilson Investment Fund Limited for the year.



S M WHIDDETT
Partner
MOORE STEPHENS SYDNEY

Dated in Sydney, this 12th day of September 2006

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
Investment revenue	2(a)	7,248,589	8,054,612
Other revenue from ordinary activities	2(b)	-	9,654
Management fees		(1,537,675)	(1,623,379)
Directors fees		(61,000)	(59,000)
Other expenses from ordinary activities		(265,983)	(362,286)
Profit before income tax expense and realised gains on investments		5,383,931	6,019,601
Income tax expense	3(a)	655,233	1,378,010
Profit from operating activities before realised gains on investment portfolio		4,728,698	4,641,591
Realised gain/(loss) on investment portfolio before tax		1,161,603	(309,188)
Income tax (expense)/benefit on realised gain/(loss)		(348,481)	92,756
Net realised gain/(loss) on investment portfolio		813,122	(216,432)
Profit attributable to members of the Company	11	5,541,820	4,425,159
Basic earnings per share (cents)	15	3.41	3.08

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
CURRENT ASSETS			
Cash and cash equivalents	13(a)	26,616,075	72,821,790
Trade and other receivables	6	257,523	250,259
TOTAL CURRENT ASSETS		26,873,598	73,072,049
NON-CURRENT ASSETS			
Financial assets	7	116,932,349	75,463,418
Deferred tax assets	3(b)	349,022	614,541
TOTAL NON-CURRENT ASSETS		117,281,371	76,077,959
TOTAL ASSETS		144,154,969	149,150,008
CURRENT LIABILITIES			
Trade and other payables	8	1,030,225	1,523,000
Current tax liabilities	3(c)	(150,087)	751,732
TOTAL CURRENT LIABILITIES		880,138	2,274,732
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3(d)	4,909,715	1,462,367
TOTAL NON-CURRENT LIABILITIES		4,909,715	1,462,367
TOTAL LIABILITIES		5,789,853	3,737,099
NET ASSETS		138,365,116	145,412,909
EQUITY			
Issued capital	9	125,415,766	140,037,746
Reserves	10	11,939,040	3,122,046
Retained earnings	11	1,010,310	2,253,117
TOTAL EQUITY		138,365,116	145,412,909

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 2006

	Notes	June 2006 \$	June 2005 \$
Total equity as at 1 July 2005		145,412,909	160,630,726
Profit for the year attributable to members of the Company	11	5,541,820	4,425,159
Shares bought back in the year	9(b)	(15,522,119)	(17,093,428)
Shares issued in the year	9(b)	900,139	1,375,154
Transaction costs arising on Initial Public Offering	9(b)	-	11,115
		<u>136,332,749</u>	<u>149,348,726</u>
Dividends paid or provided for	4	(5,971,505)	(5,105,492)
Revaluation of investments	10(b)	8,003,872	1,169,675
		<u>138,365,116</u>	<u>145,412,909</u>
Total equity as at 30 June 2006 attributable to members of the Company		138,365,116	145,412,909

The accompanying notes form part of these financial statements.

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		3,276,036	1,409,469
Interest received		3,644,296	6,361,604
Other investment income received		276,804	252,319
Investment management fees		(1,653,836)	(2,967,487)
Payments for administration expenses		(175,979)	(317,923)
Income tax paid	3(b)	<u>(1,622,896)</u>	<u>(2,121,205)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	14	<u>3,744,425</u>	<u>2,616,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		5,170,002	567,360
Payments for purchase of investments		<u>(35,012,400)</u>	<u>(37,359,661)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(29,842,398)</u>	<u>(36,792,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,082,706)	(4,495,223)
Proceeds from options exercised		11,340	764,886
Payments for shares bought back		<u>(15,036,376)</u>	<u>(16,670,405)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(20,107,742)</u>	<u>(20,400,742)</u>
NET DECREASE IN CASH HELD		(46,205,715)	(54,576,266)
CASH AT BEGINNING OF FINANCIAL YEAR		<u>72,821,790</u>	<u>127,398,056</u>
CASH AT END OF FINANCIAL YEAR	13	<u><u>26,616,075</u></u>	<u><u>72,821,790</u></u>

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 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Preparation

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

In accordance with AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the Company's accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. This financial report of the Company is the first to be prepared in accordance with AIFRS.

The Company has taken the exemption available under AASB 1 to only apply AASB 132: Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement from 1 July 2005.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRSs on the Company's equity and its net income are given in Note 12.

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

Accounting Policies

(a) Investments

i) Classification

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

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

ii) Valuation

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

iii) Asset Revaluation Reserve and Capital Profits Reserve

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

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

iv) Investment income

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Investments (continued)

iv) Investment income (continued)

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

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Balance Sheet.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

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

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

(c) Cash and Cash Equivalents

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

(d) Trade and Other Receivables

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

(e) Trade and Other Payables

Trade and other payables are stated at their amortised cost.

(f) Impairment of Assets

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

(g) Goods and Services Tax

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

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

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Segment Reporting

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

(i) Comparative Figures

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

	June 2006 \$	June 2005 \$
2. REVENUE		
(a) Investment revenue		
Australian sourced dividends	3,333,036	1,435,670
Foreign sourced dividends	14,250	-
Interest	3,644,353	6,313,857
Trust distributions	256,950	305,085
	<u>7,248,589</u>	<u>8,054,612</u>
(b) Other revenue		
Underwriting fees	-	9,654
	<u>-</u>	<u>9,654</u>
3. TAXATION		
(a) Income Tax Expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30%		
	1,615,180	1,805,880
Imputation credit gross up	411,406	178,043
Franking credit offset	(1,371,353)	(593,477)
Over provision in prior year	-	(12,436)
	<u>655,233</u>	<u>1,378,010</u>
Total income tax expense results in a:		
Current tax liability	465,353	1,225,874
Deferred tax liability	17,117	(6,464)
Deferred tax asset	172,763	171,036
Over provision in prior year	-	(12,436)
	<u>655,233</u>	<u>1,378,010</u>
(b) Deferred Tax Assets		
Provisions	3,036	2,805
Realised losses on investments	-	92,756
Capitalised share issue costs	345,986	518,980
	<u>349,022</u>	<u>614,541</u>

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	June 2006 \$	June 2005 \$
3. TAXATION (CONTINUED)		
(b) Deferred Tax Assets (continued)		
Movement in deferred tax assets		
Balance at the beginning of the year	614,541	692,821
Charged to the Income Statement	(172,763)	(171,036)
Income tax benefit on realised losses on investments	(92,756)	92,756
At reporting date	<u>349,022</u>	<u>614,541</u>
(c) Current Tax Liabilities		
Movement in current tax liabilities		
Balance at the beginning of the year	751,732	1,659,499
Current year income tax expense on operating profit	465,353	1,225,874
Income tax expense on realised gains on investments	255,724	-
Income tax paid	(1,622,896)	(2,121,205)
Over provision in prior year	-	(12,436)
At reporting date	<u>(150,087)</u>	<u>751,732</u>
(d) Deferred Tax Liabilities		
Fair value adjustments	4,861,007	1,430,776
Income provisions	48,708	31,591
	<u>4,909,715</u>	<u>1,462,367</u>
Movement in deferred tax liabilities		
Balance at the beginning of the year	1,462,367	967,542
Charged to the Income Statement	17,117	6,464
Deferred income tax expense on unrealised gains on investments	3,430,231	488,361
At reporting date	<u>4,909,715</u>	<u>1,462,367</u>
4. DIVIDENDS		
(a) Ordinary dividends recognised in the current year		
Dividends paid by the Company	<u>5,971,505</u>	<u>5,105,492</u>

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

4. DIVIDENDS (CONTINUED)

(a) Ordinary dividends recognised in the current year (continued)

Dividends paid by the Company for the year ended 30 June 2005	Cents per share	Total amount \$	Date of payment	Tax rate for franking credit	Percentage franked
Final 2004 – ordinary	1.5	2,216,662	29 Nov 2004	30%	100%
Interim 2005 - ordinary	2.0	2,888,830	26 May 2005	30%	100%
Total franked amount	3.5	5,105,492			

(b) Dividends not recognised at year end

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

	Cents per share	Total amount \$	Date of payment	Tax rate for franking credit	Percentage franked
Final 2006 - ordinary	2.5	3,135,920	24 Nov 2006	30%	100%

The final dividend has not been brought to account in the financial statements for the year ended 30 June 2006 but will be recognised in subsequent financial reports.

(c) Dividend Franking Account

The franked portion of the final dividend recommended after 30 June 2006 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2006.

	June 2006 \$	June 2005 \$
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.	<u>330,314</u>	<u>797,096</u>

The franking credit balance does not include an allowance for the ordinary final dividend.

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

The balance of the franking account does not include the tax to be paid on unrealised investment gains and accrued income currently recognised as a deferred income tax liability of \$4,909,715 (2005: \$1,462,367).

5. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Auditing or reviewing the financial report	19,265	20,430
Other services provided by a related practice of the auditor:		
Taxation services	6,868	12,505
	<u>26,133</u>	<u>32,935</u>

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	June 2006 \$	June 2005 \$
6. TRADE AND OTHER RECEIVABLES		
Income receivable	219,178	165,570
Sundry debtors	-	7,189
GST receivable	38,345	77,499
	<u>257,523</u>	<u>250,258</u>

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

7. FINANCIAL ASSETS

Non-current

Listed investments	<u>116,932,349</u>	<u>75,463,418</u>
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Preference shares and convertible notes had a weighted average interest rate of 8.34% (2005: 8.06%). Not all preference shares and convertible notes had a specified maturity date. The weighted average of the fixed term investments that had a maturity date was 36 months (2005: 138 months). The market values of individual investments as at 30 June 2006 are disclosed on page 3 of the Annual Report.

8. TRADE AND OTHER PAYABLES

Trade creditors	358,903	1,333,066
Sundry creditors	671,322	189,934
	<u>1,030,225</u>	<u>1,523,000</u>

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

9. ISSUED CAPITAL

(a) Paid-up Capital

125,436,818 ordinary shares fully paid (2005: 141,005,712)	<u>125,415,766</u>	<u>140,037,746</u>
------------------------------------------------------------	--------------------	--------------------

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	June 2006 \$	June 2005 \$
9. ISSUED CAPITAL (CONTINUED)		
(b) Movement in Ordinary Share Capital		
Balance at the beginning of the year	140,037,746	155,744,905
- Transaction costs arising from the Initial Public Offer	-	11,115
- 12,077,746 ordinary shares bought back under an on-market buy back commencing 9 April 2004	-	(11,592,577)
- 751,900 ordinary shares issues from the exercise of options issued with prospectus on 19 August 2003, with an exercise price of \$1.00 per share	-	751,900
- 256,949 ordinary shares issued on 29 November 2004 under a dividend reinvestment plan	-	247,188
- 398,178 ordinary shares issued on 26 May 2005 under a dividend reinvestment plan	-	363,080
- 5,951,939 ordinary shares bought back under an on-market buy back commencing 12 April 2005	-	(5,500,851)
- 12,024 ordinary shares issues from the exercise of options issued on 3 May 2005, with an exercise price of \$1.08 per share	-	12,986
- 10,500 ordinary shares issues from the exercise of options issued on 3 May 2005, with an exercise price of \$1.08 per share	11,340	-
- 8,703,855 ordinary shares bought back under an on-market buy back commencing 12 April 2005	(7,939,743)	-
- 425,905 ordinary shares issued on 17 October 2005 under a dividend reinvestment plan	390,939	-
- 514,038 ordinary shares issued on 26 May 2006 under a dividend reinvestment plan	497,860	-
- 7,815,482 ordinary shares bought back under an on-market buy back commencing 13 April 2006	(7,582,376)	-
At reporting date	125,415,766	140,037,746

(c) Options

On 7 January 2005 the board of Wilson Investment Fund Limited announced the issue of 74,100,124 options issued on the basis of 1 option for every 2 ordinary shares held in the capital of the Company. The options were exercisable at \$1.08 to acquire an ordinary share at any time from the date of issue to the expiry date of 17 June 2006. During the period from 1 July 2005 to 17 June 2006, 10,500 options were exercised for a total consideration of \$11,340. At 17 June 2006, 74,077,600 options expired.

10. RESERVES

Capital Profits Reserve	596,690	(216,432)
Asset Revaluation Reserve	11,342,350	3,338,478
	11,939,040	3,122,046

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

WILSON INVESTMENT FUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	June 2006 \$	June 2005 \$
10. RESERVES (CONTINUED)		
(a) Movement in Capital Profits Reserve		
Balance at the beginning of the year	(216,432)	-
Transfer from/(to) retained earnings	813,122	(216,432)
At reporting date	<u>596,690</u>	<u>(216,432)</u>
(b) Movement in Asset Revaluation Reserve		
Balance at the beginning of the year	3,338,478	2,168,803
Revaluation of investments	8,003,872	1,169,675
At reporting date	<u>11,342,350</u>	<u>3,338,478</u>
11. RETAINED EARNINGS		
Balance at the beginning of the year	2,253,117	2,717,018
Profit for the year attributable to members of the Company	5,541,820	4,425,159
Transfer (to)/from capital profits reserve	(813,122)	216,432
Dividends paid	4 (5,971,505)	(5,105,492)
At reporting date	<u>1,010,310</u>	<u>2,253,117</u>
12. EFFECT OF TRANSITION FROM AGAAP TO AIFRS		
Reconciliation of profit		
Operating profit reported under AGAAP	-	4,813,632
Deferred tax expense on capitalised share issue costs	-	(172,041)
Net realised gain/(loss) on disposal of investments	-	(216,432)
Profit attributable to shareholders under AIFRS	<u>5,541,820</u>	<u>4,425,159</u>
Reconciliation of retained earnings		
Opening retained profits reported under AGAAP	2,599,104	2,890,964
Deferred tax expense on capitalised share issue costs	(345,987)	(173,946)
	<u>2,253,117</u>	<u>2,717,018</u>
Profit attributable to members under AIFRS	5,541,820	4,425,159
Transfer of net realised gain/loss (to)/from capital profits reserve	(813,122)	216,432
Dividends paid	(5,971,505)	(5,105,492)
Closing retained earnings as reported under AIFRS	<u>1,010,310</u>	<u>2,253,117</u>

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	June 2006 \$	June 2005 \$
12. EFFECT OF TRANSITION FROM AGAAP TO AIFRS (CONTINUED)		
Reconciliation of ordinary share capital		
Opening balance as reported under AGAAP	139,172,778	154,875,174
Deferred tax asset on capitalised share issue costs	864,968	869,731
	140,037,746	155,744,905
Transaction costs arising from the Initial Public Offer	-	11,115
Shares bought back in the year	(15,522,119)	(17,093,428)
Shares issued in the year	900,139	1,375,154
Ordinary share capital as reported under AIFRS	125,415,766	140,037,746
13. CASH AND CASH EQUIVALENTS		
Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	2,503,463	2,276,348
Fixed interest securities	24,112,612	70,545,442
	26,616,075	72,821,790
The weighted average interest rate for cash and fixed interest securities as at 30 June 2006 is 5.86% (2005: 5.71%). The fixed interest securities had an average maturity of 87 days (2005: 83 days).		
14. CASH FLOW INFORMATION		
(b) Reconciliation of Operating Profit after Income Tax		
Operating profit after income tax	4,728,698	4,641,591
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in receivables	(12,254)	(80,027)
Decrease/(increase) in deferred tax assets	(231)	171,036
Increase/(decrease) in deferred tax liabilities	17,117	(6,464)
Increase/(decrease) in payables	(4,355)	(1,201,592)
Increase/(decrease) in current tax liabilities	(984,550)	(907,767)
Net cash provided by Operating Activities	3,744,425	2,616,777
15. EARNINGS PER SHARE		
Net profit after income tax (before realised gains) used in the calculation of basic earnings per share	4,728,698	4,641,591
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	138,725,420	150,821,347
16. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE		
The Company's financial instruments consist of local money market instruments, short term investments, accounts receivable and payable.		

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

16. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)

(a) Terms, Conditions and Accounting Policies

The Company's accounting policies are included in Note 1, while the terms and conditions including interest rate risk of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at balance date are included under the appropriate note for that instrument.

(b) Credit Risk

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

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

(c) Liquidity Risk

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

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

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

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

(d) Market Risk

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

By its nature, as a listed investment company that invests in tradeable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Company can seek to reduce market risk by not being overly exposed to one company or one particular sector of the market. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

(e) Net Fair Values

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

17. EVENTS SUBSEQUENT TO REPORTING DATE

The final dividend of 2.5 cents per share fully franked, as recommended by the directors will be paid subsequent to balance date and is not provided for in the Balance Sheet. Refer to Note 4 of this report.

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

18. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 121 (2005: 108). Each contract note could involve multiple transactions. The total brokerage paid on these contract notes was \$294,950 (2005: \$119,980).

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

19. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

a) Remuneration

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

The Company has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed companies from providing remuneration disclosures in relation to their key management personnel in their annual financial reports by Accounting Standard AASB 124 Related Party Disclosures. These remuneration disclosures are provided in the remuneration Report of the Directors' Report designated as audited.

b) Shareholdings

As at 30 June 2006 the Company's key management personnel held the following interests in the Company:
Ordinary Shares held

	Balance at 30 June 2005	Acquisition s	Disposals	Balance at 30 June 2006
G.J. Wilson	3,656,173	84,302	-	3,740,475
M.J. Kidman	60,257	32,903	-	93,160
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	3,776,430	117,205	-	3,893,635

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.

20. RELATED PARTY TRANSACTIONS

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

Matthew Kidman and Geoff Wilson are Directors of MAM Pty Limited, the entity appointed to manage the investment portfolio of Wilson Investment Fund Limited. Entities associated with Geoff Wilson and Matthew Kidman hold 80% and 20% respectively of the issued shares of MAM Pty Limited. In its capacity as manager, MAM Pty Limited was paid a management fee of 1%p.a (plus GST) of gross assets amounting to \$1,650,188 (2005: \$1,742,163). As at 30 June 2006, the balance payable to the manager was \$131,455 (2005: \$144,992).

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

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

20. RELATED PARTY TRANSACTIONS (CONTINUED)

No performance fee is payable in respect of any performance period where the Portfolio has decreased in value over that period.

As at 30 June 2006, no performance fee was paid or payable to MAM Pty Limited (2005:\$nil).

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

WILSON INVESTMENT FUND LIMITED

A.B.N. 15 100 504 541

DIRECTORS' DECLARATION

The Directors of Wilson Investment Fund Limited declare that:

1. The financial report and the additional disclosures included in the Directors' Report designated as "Remuneration Report", as set out on pages 9 to 11, 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 2006 and of its performance, as represented by the results of the operations and the cashflows, for the year ended on that date;
2. The Directors of the Manager, MAM Pty Limited have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporation Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. At the date of this declaration, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



M.J. KIDMAN, Director

Dated at Sydney this 12th day of September 2006

PARTNERS:

Andrew Blackwell CA
Chris Chandran CA
Stephen Humphrys FCA
Garry Leyshon FCA
Wayne Morton FCA
Joe Shannon CA
Robert Southwell CA
Spiro Tzannes FCA
Charlie Viola (Affiliate ICAA)
Bob Webster FCA
Scott Whiddett CA

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WILSON INVESTMENT FUND LIMITED

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA

Scope

The financial report and remuneration disclosures and directors' responsibility

The financial report comprises the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, accompanying notes to the financial statements, and the Directors' Declaration for Wilson Investment Fund Limited ("the Company") for the year ended 30 June 2006.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standards AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" on pages 9 to 11 of the "Directors' Report" and not in the financial report.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the *Corporations Regulation 2001*.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and that the remuneration disclosures in the "Directors' Report" comply with Accounting Standard AASB 124. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 124.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

Audit opinion

In our opinion,

1. the financial report of Wilson Investment Fund Limited is in accordance with:
 - a. the *Corporations Act 2001*, including:
 - i. giving a true and fair view of Wilson Investment Fund Limited's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - b. other mandatory financial reporting requirements in Australia.
2. the remuneration disclosures that are contained under the heading "Remuneration Report" on pages 9 to 11 of the "Directors' Report" comply with Accounting Standard AASB 124 and the *Corporations Regulations 2001*.



S WHIDDETT
Partner



MOORE STEPHENS SYDNEY

Dated in Sydney, this 12th day of September 2006

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 August 2006)

There are currently no substantial shareholders of Wilson Investment Fund Limited. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Distribution of shareholders (as at 31 August 2006)

Category	No. of holders	No. of holders
	Ordinary Shares	Options
1 – 1,000	225	-
1,001 – 5,000	1,738	-
5,001 – 10,000	1,561	-
10,001 – 100,000	2,535	-
100,001 and over	105	-
	<hr/>	<hr/>
	6,164	-

The number of shareholdings held in less than marketable parcels is 92.

Twenty largest shareholders - Ordinary shares (as at 31 August 2006)

Name	Number of ordinary shares held	Percentage of issued capital held
GW Holdings Pty Ltd	3,590,475	2.89
Halcyon Pty Ltd	2,500,000	2.01
Huoncan Super Pty Ltd	2,248,645	1.81
Australian Executor Trustees NSW Limited	1,225,071	0.99
Australian Executor Trustees Limited	1,175,816	0.97
Trust Company of Australia Ltd	1,050,000	0.85
Mrs Thelma Joan Martin-Weber	1,000,000	0.81
Kinsbrook Pty Ltd	930,000	0.75
Huon Canning Co Pty Ltd	910,000	0.73
RBC Dexia Investor Services Australia Nominees Pty Ltd	898,906	0.72
Mr Victor John Plummer	761,491	0.61
University of Sydney Union	565,678	0.46
Castle Farms Pty Ltd	552,396	0.45
Mrs Jean Plummer	500,000	0.40
Australian International Insurance Ltd	500,000	0.40
Mr Gregory Charles Anderson & Mrs Karen Anderson	400,000	0.32
Caforb Pty Ltd	365,332	0.29
Somoke Pty Ltd	361,834	0.30
Mr Dennis John Banks	351,883	0.29
Cantala Pty Ltd	350,000	0.29
	<hr/>	<hr/>
	20,237,527	16.64

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.

On-market buy back

On 29 March 2005 the board of Wilson Investment Fund Limited announced a second on market share buyback, equivalent to 14,655,794 shares or approximately 10% of issued capital at that date. The buyback was completed on 2 March 2006 with a total of 14,655,794 shares bought back for a total consideration of \$13,440,594.

On 24 March 2006 the board of Wilson Investment Fund Limited announced a second on market share buyback, equivalent to 13,272,776 shares or approximately 10% of issued capital at that date. The buyback will be in place for a 12-month period, beginning from 13 April 2006. As at close of the market on 30 June 2006, 7,815,482 shares had been bought back, for a total consideration of \$7,582,376.

STOCK 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.