

WILSON LEADERS LIMITED

(ACN 106 845 970)



7 February 2007

Record Interim Result

RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2006

SUMMARY

- **Gross portfolio increased by 17.9% for the 6 months to 31 December 2006**
- **Profit before tax increased by 45.3% to \$11.54m**
- **Profit after tax increased by 49.5% to \$8.66m**
- **The Directors have declared a 4 cent interim dividend fully franked a 33.3% increase on the prior year**
- **Pre tax net tangible assets increased from 122.3c* a share to 138.5c a share for the 6 months**
- **After tax net tangible assets increased from 115.2c* a share to 128.9c a share for the 6 months**

*adjusted for dividends paid

WILSON LEADERS LIMITED – RECORD INTERIM RESULT

Wilson Leaders Limited (WLS) today announced a profit before tax for the six months to 31 December 2006 of \$11.5 million, and an after tax profit of \$8.7 million. As at 31 December 2006, the pre-tax net tangible asset backing (NTA) of WLS was \$73.8 million or \$1.385 per share.

WLS listed on the Australian Stock Exchange on 10 February 2004 with a NTA of 98.0 cents a share. Since then, the company has progressively invested the funds in a broad range of listed companies, with a focus on ASX /S&P 100 companies.

“We are pleased with the performance of the portfolio in the first half, with the gross value of the fund outperforming the broader market, we are confident the portfolio is well positioned for the remainder of the year,” said Geoff Wilson, Chairman of Wilson Leaders Limited.

The gross value of the portfolio increased by 17.9% over the reporting period while the All Ordinaries Accumulation index increased by 14.5%. Since listing on 10 February 2004, the gross value of the fund has increased in value by 89.2%.

PERIOD IN REVIEW

The stock market struggled in the first quarter of the financial year as central banks globally tightened monetary policy in response to emerging inflation pressures, raising concerns about the outlook for global growth.

By the end of 2006 it had become clear a sharp contraction in the US had been avoided as private demand held up well and further interest rate increases became less likely as commodity prices fell. Equity markets rallied as a favourable “soft landing” scenario in the US emerged.

Australian Equities did well also in the 6 months though there was a clear divergence across sectors. The more defensive segments of the market like property trusts, infrastructure and utilities performed well as investors shifted funds out of sectors more exposed to a slowing global economy such as resources and energy.

While the fund had limited exposure to property and infrastructure, we were also under represented in banks and resources, so on balance sector selection was neutral. We continue to believe a number of these so called “defensive” sectors are materially overvalued and the fund is short a number of these securities.

Stock selection was the main driver of performance over the period with holdings in Aristocrat, James Hardie, ABC Learning and QBE performing particularly well. Most of the out performance though came from the appreciation of a handful of companies that were subject to takeover during the period with DVC, Mayne Pharma and Rinker bid for by private equity and overseas trade buyers. Toll Holdings another significant holding moved higher following the announcement of a restructure into separate infrastructure and transport entities.

A number of the fund’s emerging growth franchises also performed well. Melbourne IT which we acquired followed the announced merger with Webcentral and Incitec Pivot having acquired Southern Cross Fertilisers, both appreciated by more than 50% over the period.

A defining feature of the last 12 months has been the emergence of private equity as a force in capital markets. This is a new well resourced pool of capital that will play an important role in pricing listed securities in future.

ECONOMIC OUTLOOK

Growth in the US is clearly slowing, with housing construction having fallen by 20% YOY and manufacturing activity continuing to soften. Reported GDP in the December quarter however was still robust at 3.5% and with unemployment at historic lows a modest slowing of the US economy seems to be occurring.

The US Federal Reserve has moved to a neutral position on monetary policy electing to hold interest rates at 5.25%. With the economy slowing and commodity prices retreating, inflation pressures are easing as indicated by recent core inflation figures. If core inflation continues to fall the next move in rates will be lower.

We are forecasting modest growth in Europe and Japan through the balance of 2007, supported by ongoing strength in China. The key risk for these economies is the transmission effect of weaker activity in the US on these export lead economies.

It is important to recognise that China and India are far more important contributors now to global growth than in the past. In fact in the next few years developing countries should contribute close to half of the growth in the global economy which is double the contribution 10 years ago.

The overall picture is for global growth to slow marginally below the 4.8% recorded in 2006.

Turning to Australia, private demand has picked up again through 2006 supported by strong growth in household income of 6% and a 10% appreciation in household wealth over the period. With interest rates on hold for the immediate future and petrol prices easing we would expect to see a continuation of this strength into the first half of 2007.

While business Investment was a key support in 2006 it is slowing again as catch up investment is completed and projects are being delayed/deferred. Public demand is expected to be maintained at current levels supported by State investment in infrastructure and generous tax cuts in the federal budget. With recent revisions to the budget surplus, the government has plenty of scope for further tax cuts going into an election year.

Exports continue to disappoint as volume growth is obstructed by underinvestment in infrastructure, and the drought is putting further pressure on the trade balance.

At a state level we continue to see a two speed economy with Queensland and Western Australia growing at a combined rate of 8% at the end of 2006 versus 1% in NSW and Victoria.

In summary we would expect to see the modest acceleration in activity experienced through 2006 to continue into the first half of 2007 with some prospect of a slow down as we move through the year.

MARKET OUTLOOK

This is a supportive environment for corporate profit growth. While the results reported in 2006 revealed some worrying margin trends, these pressures are easing and with our base case of modest economic expansion, industrial companies should deliver high single digit profit growth in fiscal 2007.

With interest rates on hold and domestic demand firming, companies should deliver modest profit growth as expected allowing equity markets to move higher in 2007.

More recently we have seen a number of new sources of demand for equities with Private Equity firms bidding for TOP 100 companies and corporates looking to acquire earnings as the profit cycle matures. Ongoing superannuation flows have provided further liquidity.

In combination, the weight of new money invested in the market coupled with a benign interest rate environment and solid profit growth is a formula for strong share price appreciation. The risk lies with equity markets becoming over extended in this environment as excess liquidity pushes prices beyond fair value. In certain segments of the market we are already seeing this and we are increasing our shorting activity in these sectors.

The companies ability to short securities and actively shift into cash provides the opportunity to profit in an environment where equities are overvalued and in so doing preserve the company's capital.

DIVIDEND POLICY

The Board's policy is to pay a growing stream of fully franked dividends to shareholders on a six-monthly basis.

The Board has declared an interim dividend of 4 cents a share fully franked to be paid on 27 April 2007.

The dividend re-investment plan will be operating at no discount. To participate in the dividend re-investment plan, the share registry must receive elections to do so by no later than 16th April 2007.

Option holders who exercise their options by the 13 April 2007 will receive the interim dividend of 4.0 cents a share.

OPTIONS ISSUE

On 11th August 2006, the Directors of Wilson Leaders Limited announced a 1 for 2 bonus issue of options to its shareholders. The options were allotted to shareholders on 8th September 2006 and have been issued at no cost to shareholders. As at the 6th February 2007 3,982,870 ordinary shares have been allotted for a total consideration of \$4,302,104.

The Board is focused on creating shareholder value. The Board believes that this bonus option issue will promote this endeavour and will reward shareholders for their loyalty and support for the Company.

The options have an exercise price of \$1.08 per option and can be exercised any time up to the expiry date being 31 October 2007.

As at 31 December 2006 the equity portfolio gave exposure to:

	<u>Market Value</u> \$	<u>% of</u> <u>Portfolio</u>		<u>Market Value</u> \$	<u>% of</u> <u>Portfolio</u>
Energy			Consumer Discretionary		
Oil Search Ltd (OSH)	2,780,500	2.29%	ABC Learning (ABS)	3,493,720	2.88%
Woodside Petrol (WPL)	3,300,326	2.72%	Amalgamated Holdings Ltd (AHD)	1,226,008	1.01%
	6,080,826	5.01%	Aristocrat Leisure Ltd (ALL)	1,342,119	1.11%
Materials			APN News & Media Ltd (APN)	1,815,000	1.50%
Bendigo Mining Ltd (BDG)	429,000	0.35%	Harvey Norman Holdings Ltd (HVN)	2,280,000	1.88%
BHP Billiton (BHP)	6,926,381	5.71%	News Corp Class B (NWS)	2,105,300	1.73%
Consolidated Minerals Ltd (CSM)	2,712,500	2.23%	Publishing & Broadcasting Ltd (PBL)	1,494,500	1.23%
Incitec Pivot Ltd (IPL)	2,138,131	1.76%	RR Australia Ltd (RRA)	775,000	0.64%
James Hardie Industries (JHX)	3,988,150	3.29%	Village Roadshow Ltd (VRL)	158,000	0.13%
Onesteel Ltd (OST)	936,000	0.77%	Village Roadshow Ltd Prefs (VRLPA)	1,524,574	1.26%
Rinker Group Ltd (RIN)	1,985,500	1.64%		16,214,221	13.37%
Rio Tinto Ltd (RIO)	4,394,845	3.62%	Health Care		
Timbercorp Ltd (TIM)	2,100,000	1.72%	Primary Health Care Ltd (PRY)	242,858	0.20%
	25,610,507	21.09%	Sonic Healthcare Ltd (SHL)	1,339,200	1.10%
Industrials			Sigma Pharmaceuticals Ltd (SIP)	4,186,897	3.45%
Brambles Ltd (BXB)	2,052,800	1.69%		5,768,955	4.75%
McMillan Shakespeare Ltd (MMS)	3,883,862	3.20%	Financials		
SAI Global Ltd (SAI)	3,850,000	3.17%	Allco Finance Group Ltd (AFG)	93,402	0.08%
	9,786,662	8.06%	ANZ Banking Corp (ANZ)	12,409,579	10.22%
Consumer Staples			AXA Asia Pacific Holdings Ltd (AXA)	2,405,700	1.98%
Graincorp Ltd (GNC)	2,608,218	2.15%	Cadence Capital Ltd (CDM)	1,004,310	0.83%
Metcash Limited (MTS)	2,942,100	2.42%	Credit Corp Ltd (CCP)	3,398,342	2.80%
Select Harvests Ltd (SHV)	2,815,090	2.32%	Multiplex Group (MXG)	1,838,616	1.51%
	8,365,408	6.89%	QBE Insurance Group Ltd (QBE)	2,596,500	2.14%
Telecommunication Services			St George Bank Ltd (SGB)	5,676,000	4.68%
Reverse Corp Ltd (REF)	950,000	0.78%	Westpac Banking Corp (WBC)	6,327,585	5.21%
Singapore Telecomm Ltd (SGT)	1,262,525	1.04%		35,750,034	29.45%
Telecom Corporation of NZ Ltd (TEL)	1,806,000	1.49%	Information Technology		
Total Comm Infrastructure Ltd (TCI)	2,174,248	1.79%	E-Pay Asia Ltd (EPY)	1,060,000	0.87%
	6,192,772	5.10%	Melbourne IT Ltd (MLB)	2,359,497	1.94%
Utilities			Reckon Ltd (RKN)	1,694,608	1.40%
AGL Energy Ltd (AGK)	2,507,900	2.07%		5,114,105	4.21%
	2,507,900	2.07%			
			TOTAL PORTFOLIO VALUE	121,391,390	100.00%
			SHORT POSITIONS	(43,845,466)	

For further information please contact;
Mr Justin Braitley 0400 999 910
Email: jbraitling@wami.com.au

LEVEL ELEVEN
139 MACQUARIE ST
SYDNEY NSW 2000
TEL (02) 9247 6755
FAX (02) 9247 6855