

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

**ANNUAL REPORT
FOR YEAR ENDED
30 JUNE 2005**

COMPANY PARTICULARS

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

Wilson Leaders 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)
J. Braitling
M. Kidman
J. Abernethy
J. Gosse

SECRETARY:

J. Gosse

AUDITORS:

Moore Stephens Sydney

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 139 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

Mail Address: Lvl 11, 139 Macquarie St
Sydney NSW 2000
Telephone: (02) 9247 6755
Fax: (02) 9247 6855
Email: info@wami.com.au

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
Fax: (02) 9279 0664

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

STOCK EXCHANGE:

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

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2005 KEY POINTS

- Gross portfolio increased by 15.7% for the year to 30 June 2005
- Profit before tax was \$6.26m
- Profit after tax was \$4.63m
- Pre tax net tangible assets increased from 101.9c* to 105.2c* a share
- After tax net tangible assets increased from 101.6c* to 103.5c* a share
- Total dividend for 2004/05 – 7.0 cents a share fully franked

* Adjusted for dividends paid and diluted for options exercised.

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CHAIRMAN'S LETTER

I am pleased to present to you the first full year of results for Wilson Leaders Limited (WLS) a listed investment company that floated on the Australian Stock Exchange on 10 February 2004.

Wilson Leaders Limited (WLS) reported a profit before tax of \$6.2 million for the financial year ending 30 June 2005, and an after tax profit of \$4.6 million. As at 30 June 2005, the pre-tax net tangible backing (NTA) of WLS was \$1.052 per share.

Gross assets have increased by \$19.0m to \$66.1m as a result of investment performance and \$15.9m raised through the exercise of options which has been offset by the share buy back of \$3.3m. Over the period, the Company paid cash dividends of \$2.7m and \$0.7m in taxes.

During the financial year the gross value of the portfolio increased by 15.7%. Since listing on the 10th February 2004, the gross value of the fund has increased in value by 20.5%.

Total dividends declared for the year were 7.0 cents a share fully franked, made up of a 2.0 cent interim dividend, a 3.0 cent special dividend and a 2.0 cent final dividend.

As at the 30 June 2005, 55% of the fund was invested in companies in the S&P/ASX 100, 15% in smaller emerging growth companies outside the S&P/ASX 100, and the balance held in cash and liquid securities.

As an absolute return fund it was always going to be a challenge outperforming in such a strong market, however the relative under performance has been disappointing with the All Ordinaries Accumulation Index delivering a 24.8% return over the year.

The year can best be described as a year of two halves with the fund performing in line with the broader market in the first half of the year and delivering weaker results in the second half of the year. The poor relative performance in the second half was due mainly to a high cash weighting following the exercise of options in March and an increase in short positions in the final quarter of the year. The portfolio was defensively positioned at a time when the market recovered strongly. Since year end, we have moved to a fully invested position in line with our expectations for modest growth.

The board is focused on maximising returns to shareholders and this will from time to time involve active capital management. The introduction of an on market share buyback will add value to the remaining shares on issue and increase NTA per share. On 15th June 2005 the board announced a second on market share buyback, equivalent to 5,698,641 shares or approximately 10% of issued capital. As at 16th September 2005, 2,444,523 shares had been bought back for a consideration of \$2,246,581.

Turning to the outlook, we expect the economy will pick up pace in the new year. The ongoing strength in business investment coupled with strong employment growth should see a recovery in consumer spending and the broader economy.

The All Ordinaries Accumulation Index has risen 61% since bottoming in March 2003. Equity valuations are clearly less attractive than in the past. Assuming the economy strengthens as expected then equities should deliver modest returns in 2006.

Geoff Wilson
Chairman

WILSON LEADERS LIMITED

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CHIEF INVESTMENT OFFICER'S REPORT

The strength of the market in the final quarter of the year surprised us. Instead of positioning the portfolio in line with our medium term view of a modest recovery in domestic demand, we positioned the portfolio for a weak profit reporting season following a raft of profit warnings earlier in the year.

By May however, global leading indicators were starting to recover and a stimulatory budget delivered sufficient impetus for the market to recover leading into the reporting season.

Since year end the fund has progressively unwound the short positions and moved to a more fully invested position.

One of the advantages of a small fund investing in a highly liquid market is the ability to quickly reposition the fund at minimal cost as the environment changes. Recognising this and the difficulties of shorting in a strong market, the intention going forward is to use cash as the primary defensive tool and reserve the ability to short securities for a time when the market is expensive and the operating environment for companies is more challenging.

ECONOMIC OUTLOOK

We expect the economy will pick up pace again through the balance of the year following a weak start with domestic demand having softened from the frenetic pace of 2004.

Both consumer spending and dwelling construction have been a drag on growth as households have responded to tighter monetary conditions. This has more than offset a pick up in business investment and government spending.

We are looking for a recovery in domestic demand later in the year in response to the significant impetus flowing through the economy from the improvement in Australia's terms of trade and the strength in labour markets. Employment growth in Australia over the last year has been the highest amongst OECD countries at 3.4%; this should inevitably flow through to improved confidence and consumer spending.

The drag from the housing sector downturn is abating supported by favourable demographic factors. The one caveat that may stymie a broader recovery is a higher oil price which looks increasingly possible.

The medium term outlook for the Australian economy is favourable; the ongoing stimulus from the export sector lead by resources and the accompanying improvement in Australia's terms of trade will provide support to the economy for some time. Debt accumulation of households has slowed and households have switched back to equity injection following years of equity withdrawal. The risk in asset markets, most notably in housing and from excessive credit growth appear to have been successfully managed. The financial standing of both the corporate and government sectors is strong going a long way toward offsetting any excess in household debt.

While the overall outlook is favourable, a characteristic of this cycle is the divergence in performance across states. NSW is suffering from a lack of infrastructure investment and a higher cost of living. Western Australia and Queensland are benefiting from the substantial investment in mining and infrastructure as well as supportive demographic trends. This can clearly be seen in employment growth with NSW growing at just 1.7% last year, less than a third the average in W.A and Queensland.

MARKET OUTLOOK

Given the favourable economic outlook, corporate profit growth should be well supported in the medium term. While we are optimistic, there are some clear risks on the horizon. The economy is moving into a phase where resources in many sectors of the economy are fully employed. Coupled with sharp increases in oil and commodity prices, all factor costs are under pressure squeezing corporate profit margins.

While the Australian equity market is not particularly susceptible to these trends given 70% of the index is made up of financials, infrastructure, trusts and resources, the broader economy is more at risk. In the main, companies are successfully passing these higher costs through, but the real concern is the flow through effect on inflation and interest rates.

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CHIEF INVESTMENT OFFICER'S REPORT

MARKET OUTLOOK (CONTINUED)

There have been a number of deflationary trends at play in recent years keeping a lid on inflation. Most notably:

1. Productivity improvements from work place reform and the investment boom of the late 1990's;
2. Globalisation and access to lower cost manufactured product; and
3. An appreciating currency.

Many of these supportive trends are now reversing. Productivity gains have fallen more recently and the currency is no longer depressing prices. Wages growth has accelerated sharply. We have investments in companies that are bringing welders in from China and others employing engineers from South Africa and the UK. Retailers are suggesting that product sourced from China is increasing in price and the days of falling prices are over. This situation is further exacerbated by sharply higher commodity prices. One of the key messages from the reporting season is that many of these cost pressures are still to come through.

Market expectation for the current financial year is for above trend profit growth of 10%. We need to see a reasonably recovery in domestic demand in 2006 if profit expectations are to be achieved and for the market to move ahead.

The portfolio has performed particularly well through the reporting season. Key holdings in BHP, Rio Tinto, News Corp and James Hardie have delivered excellent results. Patrick Corporation has risen sharply on the proposed merger with Toll Holdings.

The major disappointments from the reporting season were results from Telstra, which we don't own and the general insurers which we had sold ahead of the results. We are underweight banking and interest sensitive sectors which have underperformed.

PORTFOLIO POSITIONING

While the market is best described as fairly valued, we are still finding companies we believe are mis-priced. The media sector in particular is interesting. It is a high return industry that is attractively priced with the prospect of media reform providing corporate appeal. The fund has significant holdings in PBL, Seven Network and News Corp.

As stated above we see inflation and interest rates as the key risk to the markets. On this basis we have reduced our exposure to financials, property trusts and infrastructure. The banks look relatively expensive and with slowing credit growth and increased competition across many of their products, bank shares will struggle in the medium term.

We continue to be optimistic on the outlook for commodity prices, however shares in resources companies have run ahead of valuations and will more than likely consolidate here.

Reflecting the weakness in domestic demand, retailers have struggled and we are starting to see value emerge in this sector. We like Harvey Norman in particular given the significant property portfolio that we believe is not captured in the share price. We are looking for opportunities with some of the smaller retailers.

We retain a significant position in Singtel, a service provider benefiting from the explosive growth in mobile phone penetration in Asia and continue to avoid the domestic telecom industry which is becoming more competitive.

While the healthcare sector overall looks expensive, we like Sigma a company that is merging with Arrow a portfolio holding. The merged group will have a growth profile comparable with other healthcare stocks yet the company trades at a substantial discount to its peers.

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CHIEF INVESTMENT OFFICER'S REPORT

PORTFOLIO POSITIONING (CONTINUED)

While the "defensive" segments of the market look expensive generally, we do like Coca Cola Amatil which has been de-rated on commodity price concerns and Tabcorp a company struggling with a slowing waging business. We are confident these companies can work through these issues and recapture their previous ratings.

Moving outside the ASX 100 we continue to hold positions in a number of emerging growth franchises. Reckon and Credit Corp both delivered excellent results. Baxter, Metcash, Tower and Salmat are other key portfolio holdings.

SUMMARY

With the market looking for strong profit growth again in 2006, the economy will have to accelerate moving into next year for equities to deliver solid returns in the year ahead. Valuations are now at more onerous levels and the risk is that growth isn't as strong as expected.

While Australian equities are starting to look fully priced, International equities should deliver solid returns providing further support to the local market. Furthermore, domestic equities are still considered attractive versus other asset classes with bonds and property expensive on a relative basis.

In summary we would expect modest returns from equities in 2006. We are disappointed with the relative performance of the fund in 2005 and look forward to reporting better results in the coming year.

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COMPANY PROFILE

Wilson Leaders Limited (WLS) is an investment Company providing investors with access to a diversified investment portfolio and the management expertise of KWB Capital Pty Limited (KWB).

INVESTMENT OBJECTIVES

The 3 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 a secure income stream in the form of fully franked dividends to investors; and
- preserve the capital of the Company.

The Manager seeks to achieve this by actively managing a concentrated portfolio of listed companies. When opportunities to invest in suitable Securities cannot be found the Manager will retain a significant cash position. If the Manager is able to identify Securities that are materially overvalued “short selling” these Securities may be undertaken.

INVESTMENT PHILOSOPHY

The Manager believes the best investment opportunities are found in well managed companies with strong business fundamentals that can be purchased below the Manager’s “appraised value”.

In assessing a potential investment, the Manager seeks the following attributes:

- a history of superior returns on the capital employed in the business through the economic cycle;
- management with a track record of creating and distributing value to shareholders; and
- businesses with a capacity to grow.

INVESTMENT STRATEGY

The Manager will implement a disciplined investment process capable of identifying leading Australian public companies that are undervalued by the market.

While the market is generally proficient at valuing companies, it is by no means perfect. From time to time mis-pricing of shares does occur providing opportunities to acquire good companies below their appraised value.

The Manager’s proposed investment process looks to identify these undervalued Securities by taking advantage of what the Manager believes are some important shortcomings of the share market:

- the share market is driven by short term results - investors have a short term focus while a business should be valued on its longer term potential;
- investors are unduly influenced by sentiment - investors tend to overreact to good and bad news, sometimes pushing share prices away from their appraised value;
- share prices reflect conventional thinking - the key to identifying mispricing is to question the conventional wisdom because it is often wrong; and
- investment markets struggle with change - the likelihood of mispricing is greatest during periods of significant change as investors are slow to interpret the full consequences of these events.

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COMPANY PROFILE

INVESTMENT PROCESS

The Manager's proposed investment process is a fundamentals-based, stock selection process built around sound investment ideas taken from the investment universe of companies in the ASX All Ordinaries Accumulation Index. Investment ideas come from monitoring economic and industry trends as well as extensive contact with Company management and industry sources.

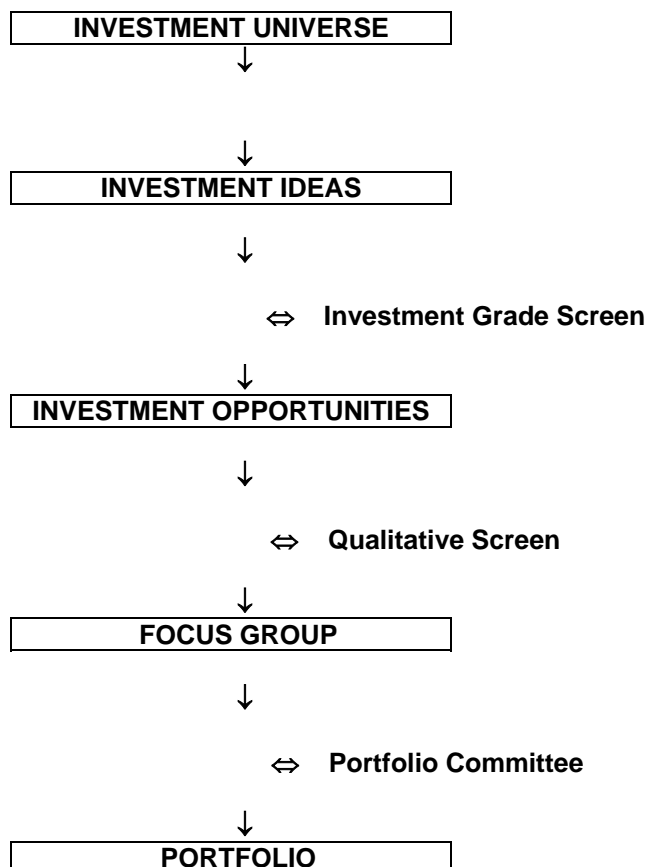
Once identified, investment opportunities are screened to ensure they are of an investment grade suitable for the Company. Investment grade companies must:

- be well funded with an acceptable level of gearing;
- be sufficiently liquid with an acceptable free float; and
- have reported an acceptable return on shareholders funds through the business cycle.

A full qualitative assessment of the proposed investment will then be completed to establish whether the business is of a suitable quality and attractively priced. The Chief Investment Officer (CIO), Justin Braitling, will then consider investment proposals that pass the qualitative screen for a final investment decision.

The role of the Portfolio Committee is to provide a high level review of the composition of the investment portfolio on a weekly basis, having regard to market and sector trends and the risk profile of the Company. In addition, members of the Portfolio Committee will provide assistance to the CIO in selecting and assessing investments in Securities not included in the ASX 100.

This investment process is illustrated by the following diagram:



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INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2005

	<u>Quantity</u>	<u>Market Value \$</u>		<u>Quantity</u>	<u>Market Value \$</u>
Energy			Software & Services		
Origin Energy Ltd	155,834	1,185,897	Customers Ltd	3,572,000	321,480
		1,185,897	Reckon Ltd	1,659,157	1,294,142
					1,615,622
Materials			Food Beverage & Tobacco		
BHP Billiton Ltd	113,770	2,064,926	Select Harvest Ltd	55,538	538,719
James Hardie Industries Ltd	200,000	1,518,000			538,719
Newcrest Mining Ltd	70,000	1,216,600			
Nufarm Ltd	106,000	1,128,900	Pharmaceutical & Biotechnology		
Orica Ltd	70,000	1,246,000	Arrow Pharmaceuticals Ltd	363,377	922,978
Rio Tinto Ltd	26,150	1,172,043	Medical Development Ltd	325,000	273,000
		8,346,469			1,195,978
Capital Goods			Banks		
Austin Engineering Ltd	1,410,500	394,940	ANZ Ltd	100,000	2,175,000
		394,940	NAB Ltd	55,000	1,691,800
Commercial Services & Supplies			Westpac Banking Corporation	211,039	4,210,228
Baxter Group Ltd	217,624	1,120,764			8,077,028
Brambles Industries Ltd	100,000	817,000	Real Estate		
Credit Corp Group Ltd	568,147	1,704,441	Australian Education Trust	300,000	435,000
		3,642,205			435,000
Media			Insurance		
Macquarie Comm. Infrastructure Ltd	100,000	630,000	AMP Ltd	80,000	517,600
Photon Group Ltd	243,150	729,450	Promina Group Ltd	247,000	1,163,370
Publishing & Broadcasting Ltd	100,000	1,485,000	QBE Insurance Group Ltd	110,000	1,763,300
News Corp Ltd Class B	162,000	3,620,700	Tower Ltd	520,000	1,014,000
		6,465,150			4,458,270
Consumer Services			Telecommunication Services		
eBet Ltd	1,999,825	429,962	Singapore Telecom. Ltd	1,200,000	2,568,000
Tabcorp Holding Ltd	85,000	1,394,000			2,568,000
		1,823,962	Retailing		
Food Staples Retailing			Harvey Norman Holdings Ltd	495,000	1,237,500
Metcash Ltd	325,000	1,274,000			1,237,500
		1,274,000	Transportation		
Property Domestic			Patrick Corporation Ltd	177,500	992,225
Westfield Group	85,000	1,507,900			992,225
		1,507,900			
			TOTAL PORTFOLIO VALUE		45,758,865
			Less Estimated Selling Costs		(183,037)
			CARRYING VALUE		45,575,828

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

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, the Role of Shareholders, Board's Policy on Dealing in Shares, Independent Professional Advice and Access to Company Information, and Conflict of Interest.

BOARD OF DIRECTORS AND ITS COMMITTEES

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

The Board is responsible for the overall Corporate Governance of the Company including the risk management, 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
Justin Braitling	Director
Julian Gosse	Director and Secretary

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 Board comprises the Chairman and four 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 only 40% 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 behind the business, is a sizeable shareholder and adds value to the Company, it may be unproductive to have an independent Chairman.

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 Remuneration Report section of the Directors' Report.

Justin Braitling of Wilson Leaders Limited is a Director of the investment management company, KWB Capital Pty Limited. Entities associated with Geoffrey Wilson, Justin Braitling and Matthew Kidman own 40%, 50% and 10%, respectively of KWB Capital Pty Ltd. Further detail is provided in the Directors' Report.

WILSON LEADERS LIMITED

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CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

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.

BOARD'S 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 Leaders 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 2005

The Directors present their report together with the financial report of Wilson Leaders Limited ("the Company") for the year ended 30 June 2005.

PRINCIPAL ACTIVITY

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

REVIEW OF OPERATIONS AND OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$6,260,930 (2004: \$1,753,804) and operating profit after tax of \$4,633,029 (2004: \$1,580,255).

Investments are valued continuously to market value. For the year ended 30 June 2005, investments were valued upwards by \$799,450 (2004: \$863,217), after an adjustment for deferred tax on unrealised gains, a net increment of \$687,477 (2004: \$604,252) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share at 30 June 2005 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 103.5 cents per share (2004: 101.6 cents). Asset backing after tax on realised gains but before tax on unrealised gains was 104.9 cents per share (2004: 102.0 cents). The equivalent asset backing before tax was 105.2 cents per share (2004: 101.9 cents).

Further information on the operating and financial review of the Company is contained in the Chairman's Letter on page 1 and the Chief Investment Officer's Report on page 2 of the Annual Report.

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 2005.

DIVIDENDS

Dividends paid or declared are as follows:

\$

Fully franked final dividend of 1.5c per share was paid on 29 October 2004	639,272
Fully franked interim dividend of 2.0c per share was paid on 29 April 2005	1,126,442
Fully franked special dividend of 3.0c per share was paid on 29 April 2005	1,689,663

Since year end, the Directors have declared a fully franked final dividend of 2.0c, to be paid on 17 October 2005.

OPTIONS

Shareholders, who subscribed for the shares under the prospectus dated 11 November 2003, were issued with one option for each share they acquired. The options were listed and were exercisable at \$1.00 to acquire a fully paid ordinary share at any time from the date of issue to 17 June 2005.

Subsequent to the issue of these options, 9,000 options were exercised to the period ended 30 June 2004, for a total consideration of \$9,000. During the current year to 17 June 2005, 15,900,994 options were exercised for a total consideration of \$15,900,994. At 17 June 2005, 28,290,005 options expired.

SHARE BUY BACK

On 13 May 2004 the board of Wilson Leaders Limited announced an on market share buyback, equivalent to 4,420,900 shares or approximately 10% of issued capital. The buyback was in place for a 12-month period and expired on 27 May 2005. As at 27 May 2005, a total 3,917,262 shares had been bought back, for a total consideration of \$3,731,836.

On 15 June 2005 the board of Wilson Leaders Limited announced an on market share buyback, equivalent to 5,698,641 shares or approximately 10% of issued capital at that date. The buy will be in place for a 12 month duration commencing 29 June 2005. As at 30 June 2005, there were no shares bought back.

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

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DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS

The names of the Directors in office at any time during or since the end of the year, and, their qualifications, experience and special responsibilities are as follows:-

Geoffrey Wilson – Chairman

Geoffrey Wilson is the Chairman of WAM Capital Limited (appointed March 1999), Wilson Investment Fund Limited (appointed June 2003), the investment management companies, Wilson Asset Management (International) Pty Ltd, Boutique Asset Management Pty Ltd and the Australian Stockbrokers Foundation Limited. He is a Director of the Sporting Chance Cancer Foundation, North Shore Heart Foundation, Clime Capital Limited (appointed November 2003), Mariner Wealth Management Limited (appointed September 1999) (previously known as JAM Development Capital Limited), Cadence Capital Limited and the investment management company, MAM Pty Ltd. He has had 25 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. Age 47

Justin B. Braitling – Non-Executive Director

Justin Braitling is the Chairman of the investment management company, KWB Capital Pty Limited. He has over 16 years experience in investing in Australian and international companies. Justin Braitling was an Investment Analyst and Portfolio Manager at Bankers Trust for 12 years from January 1991 to June 2002. He was a key member of the investment team at Bankers Trust that was consistently ranked in the top quartile of managers by InTech. In August 2003 Justin Braitling was engaged by the investment management company, Wilson Asset Management (International) Pty Limited, to manage larger company investments. Justin is a member of the Audit Committee. Age 39

Matthew Kidman – Non-Executive Director

Matthew Kidman is a Director of MAM Pty Ltd and Boutique Asset Management Pty Ltd, and a portfolio manager of Wilson Asset Management (International) Pty Ltd. He has been instrumental in establishing the Company's valuation methodology of rating companies. 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 is a Director of Wilson Investment Fund Limited (appointed May 2002), WAM Capital Limited (appointed March 1999) and Mariner Wealth Management Limited (appointed September 1999) (previously known as JAM Development Capital Limited). He has degrees in Economics and Law and a Graduate Diploma in Applied Finance. Age 36

John Abernethy – Non-Executive Director

John Abernethy is the Joint Managing Director of Loftus Capital Partners Limited (appointed 1994). 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 Investment Fund Limited (appointed May 2002) and a former Director of Schaeffer Corporation Limited from October 1998 to October 2003. John is the Chairman of the Audit Committee.

John Abernethy has approximately 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. His career at NRMA culminated with the NRMA being awarded the accolade of Fund Manager of the year in 1992 by Money Management Magazine. In 1994 he joined Poynton Corporate Limited as an Executive Director before forming Loftus in 1996. Loftus is now a listed investment Company with \$40 million in net assets. Age 46

Julian Gosse – Non-Executive Director and Secretary

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. He is Chairman of ITL Limited (appointed September 2003) and a Director and company secretary of Wilson Investment Fund Limited (appointed 10 May 2002), and a Director of Mariner Wealth Management (appointed September 1999) (formerly known as JAM Development Capital Limited) and Clime Capital Limited (appointed November 2003). Julian is a member of the Audit Committee. Age 55

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2005

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

REMUNERATION REPORT

(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. The Company determines the remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors.

Directors' base fees are 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.

Directors' remuneration received for the year ended 30 June 2005:

Director	Position	Directors' 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. Braitling	Non-Executive Director	9,174	826	10,000
J.B. Abernethy	Non-Executive Director	22,000	-	22,000
J.J. Gosse	Non-Executive Director	18,349	1,651	20,000
		67,871	4,129	72,000

(b) Director Related Entity Remuneration

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

Geoffrey Wilson and Justin Braitling are Directors of KWB Capital Pty Limited, the entity appointed to manage the investment portfolio of Wilson Leaders Limited. Entities associated with Geoffrey Wilson, Justin Braitling, and Matthew Kidman own 40%, 50%, and 10%, respectively, of KWB Capital Pty Limited. In its capacity as manager, KWB Capital Pty Limited was paid a management fee of 1% of gross assets per annum, of \$501,556 (2004: \$180,487). As at 30 June 2005, the balance payable to the manager was \$55,213.

In addition, KWB Capital 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. For the year ended 30 June 2005, there was no performance fee payable to KWB Capital Pty Limited (2004: \$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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2005

(c) Remuneration of Executives

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

(d) Equity Instrument Disclosures Relating to Directors

As at 30 June 2005, the Company's Directors and their related parties held the following interests in the Company:

Ordinary Shares Held

Director	Position	Balance at 30 June 2004	Acquisitions / Options Exercised	Disposals	Balance at 30 June 2005
G.J. Wilson	Chairman	2,950,489	535,214	567,489	2,918,214
M.J. Kidman	Non-Executive Director	50,000	67,189	50,000	67,189
J.B. Braitling	Non-Executive Director	315,001	210,000	-	525,001
J.B. Abernethy	Non-Executive Director	-	60,000	-	60,000
J.J. Gosse	Non-Executive Director	-	-	-	-
		3,315,490	872,403	617,489	3,570,404

Options Held

Director	Position	Balance at 30 June 2004	Acquisitions/ Bonus Issue	Disposals/ Exercised/ Lapsed	Balance at 30 June 2005
G.J. Wilson	Chairman	1,000,489	-	1,000,489	-
M.J. Kidman	Non-Executive Director	40,000	-	40,000	-
J.B. Braitling	Non-Executive Director	300,000	-	300,000	-
J.B. Abernethy	Non-Executive Director	-	-	-	-
J.J. Gosse	Non-Executive Director	-	-	-	-
		1,340,489	-	1,340,489	-

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 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
J.B. Braitling	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 8 and 9 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

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2005

AFTER BALANCE DATE EVENTS

The Directors have declared a fully franked final dividend of 2.0 cents, to be paid on 17 October 2005.

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.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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.

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 year.

NON AUDIT SERVICES

During the year Moore Stephens Sydney, the Company's auditor, have performed certain other services in addition to their statutory duties. Details of the amount paid to the auditors 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 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 by the auditor 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 15 of this Annual Report.

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



MR J. BRAITLING
Director

Dated at Sydney this 29th day of September 2005

Auditor's Independence Declaration

As lead auditor for the audit of Wilson Leaders Limited for the year ended 30 June 2005, 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 Leaders Limited during the period.



S M WHIDDETT

Partner

Moore Stephens Sydney

29 September 2005
Sydney

PARTNERS:

Andrew Blackwell

Angus Gluskie

Stephen Humphrys

Cameron McCullagh

Robert Southwell

Scott Whiddett

Moore Stephens Sydney ABN 90 773 984 843

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by a scheme
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Professional
Standards
Legislation



WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Notes	June 2005 \$	June 2004 \$
Proceeds from sale of investments		205,052,916	22,406,820
Cost of investments sold		(200,200,483)	(22,842,649)
Unrealised gain on investments		799,450	863,217
Other revenue from ordinary activities	2	1,432,176	1,598,950
Management fee		(514,095)	(184,999)
Directors fees		(69,899)	(28,879)
Other expenses from ordinary activities		<u>(239,135)</u>	<u>(58,656)</u>
Profit from ordinary activities before related income tax expense		6,260,930	1,753,804
Income tax expense relating to ordinary activities	3(a)	<u>(1,627,901)</u>	<u>(173,549)</u>
Net profit from ordinary activities after related income tax expense		4,633,029	1,580,255
Changes in equity other than those resulting from transactions with owners as owners			
Amount transferred to asset revaluation reserve	10	<u>(687,477)</u>	<u>(604,252)</u>
Total changes in equity other than those resulting from transactions with owners as owners	11	<u>3,945,552</u>	<u>976,003</u>
Basic earnings per share	13	<u>9.7 cents</u>	<u>6.1 cents</u>

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Notes	June 2005 \$	June 2004 \$
ASSETS			
Cash assets	12(a)	16,219,498	9,325,889
Receivables	6	4,307,018	700,972
Prepayments		-	20,462
Investments	7	45,575,828	36,930,152
Tax assets	3(b)	51,195	160,933
TOTAL ASSETS		66,153,539	47,138,408
LIABILITIES			
Payables	8	6,148,652	2,565,491
Current tax liabilities	3(c)	230,642	-
Deferred tax liabilities	3(d)	807,573	175,349
TOTAL LIABILITIES		7,186,867	2,740,840
NET ASSETS		58,966,672	44,397,568
EQUITY			
Contributed equity	9	56,208,764	42,817,313
Reserve	10	1,291,729	604,252
Retained profits	11	1,466,179	976,003
TOTAL EQUITY		58,966,672	44,397,568

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Notes	June 2005 \$	June 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,145,836	664,420
Interest received		163,107	667,834
Other investment income received		157,606	38,146
Investment management fees		(537,491)	(144,007)
Payments for administration expenses		(265,159)	(181,083)
Income tax paid		(23,107)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	12(b)	640,792	1,045,310
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		201,412,496	21,934,398
Payments for purchase of investments		(204,401,499)	(56,501,401)
Income tax paid		(689,792)	(53,537)
NET CASH USED IN INVESTING ACTIVITIES		(3,678,795)	(34,620,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from initial public offering		-	44,199,999
Share issue transaction costs		-	(899,732)
Proceeds from options exercised		15,901,227	9,000
Payments for shares bought back		(3,263,321)	(408,149)
Dividends paid		(2,706,294)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		9,931,612	42,901,118
NET INCREASE IN CASH HELD		6,893,609	9,325,888
CASH AT 1 JULY 2004		9,325,889	1
CASH AT 30 JUNE 2005	12(a)	16,219,498	9,325,889

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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 Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the prior year. The Directors revalue investments on a monthly basis. Apart from this policy, the accounts have been prepared on the basis of historical costs.

The following is a summary of the material accounting policies adopted in the preparation of the financial report.

(a) Investments

i) Classification

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

ii) Valuation

Shareholdings in listed companies are brought to account at market value including the potential tax charges that may arise from the future sale of the investments, less selling costs.

Market values are calculated as the closing price traded on the balance date. If there have been no trades on the balance date, then the shares are valued at the last sale price.

Investments in unlisted companies are brought to account at cost or Directors' valuation.

The carrying amounts of investments are reviewed annually by Directors to ensure they are not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at current market value, rather than historical cost and presenting the Statement of Financial Position on a liquidity basis.

iii) Unrealised Gains and Losses

Unrealised gains and losses are included in operating profit for the year and are transferred to the asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments.

iv) Investment income

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

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

(b) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (Continued)

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

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at call deposits with banks or financial institutions and fixed interest securities maturing within three months.

(d) Receivables

Trade debtors to be settled within 60 days are carried at amounts due.

(e) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

(f) 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Comparative Figures

Whilst comparative figures cover the 12 month period of the Company, from 1 July 2003 to 30 June 2004, the Company had not commenced operations until listing on the Australian Stock Exchange on 10 February 2004. Therefore the comparative amounts disclosed in the financial report and related notes are not comparable.

(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.

	June 2005 \$	June 2004 \$
2. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Dividends	1,063,346	860,530
Interest	194,265	700,274
Underwriting fees	36,407	38,146
Stock lending rebate	114,768	-
Foreign sourced income	23,390	-
	<u>1,432,176</u>	<u>1,598,950</u>

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	June 2005 \$	June 2004 \$
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%	1,878,279	526,141
Imputation credit gross up	151,762	146,976
Franking credit offset	(505,874)	-
Tax deductible expenses	(54,824)	(9,649)
Excess imputation credits carried forward	-	(489,919)
Under provision in prior year	158,558	-
	1,627,901	173,549
Total income tax expense results in a:		
Movement in Current Income Tax Provision	997,078	-
Movement in Deferred Income Tax Provision	473,666	175,349
Movement in Future Income Tax Provision	(1,401)	(1,800)
Under provision in prior year	158,558	-
	1,627,901	173,549
(b) Current Tax Assets		
Estimated expense at expected future income tax rate of 30% on expense provisions currently not deductible	3,201	1,800
Withholding tax refund	-	53,537
Goods and Services Tax receivable	47,994	105,596
	51,195	160,933
(c) Provision for Current Income Tax Expense		
Movements in the year were as follows:		
Opening balance	-	-
Current year income tax expense on operating profit	997,078	-
Income tax paid	(766,436)	-
	230,642	-
(d) Provision for Deferred Income Tax		
Provision for deferred income tax comprises the estimated expense at the future income tax rate of 30%.	807,573	175,349

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

June 2005	June 2004
\$	\$

4. DIVIDENDS

(a) Ordinary dividends recognised in the current year

Dividends paid by the Company

3,455,376

-

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	639,271	29 Oct 2004	30%	100%
Interim 2005 – ordinary	2.0	1,126,442	29 Apr 2005	30%	100%
Special 2005 – ordinary	3.0	1,689,663	29 Apr 2005	30%	100%
Total franked amount	6.5	3,455,376			

No dividends were paid during the period ended 30 June 2004.

(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 - ordinary	2.0	1,139,728	17 Oct 2005	30%	100%

The final dividend has not been brought to account in the financial statements for the year ended 30 June 2005 but will be recognised in subsequent financial reports.

(c) Dividend Franking Account

The franked portion of the final dividend recommended after 30 June 2005 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.

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.

288,934

489,019

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 currently recognised as a deferred income tax liability of \$807,573 (2004: \$175,349).

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	June 2005 \$	June 2004 \$
5. AUDITORS REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	21,263	6,000
Other services provided by a related practice of the auditor:		
Independent Accountants Report	-	5,125
Taxation services	14,657	-
	<u>35,920</u>	<u>11,125</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.

6. RECEIVABLES

Trade debtors	4,112,842	472,422
Income receivable	194,176	228,550
	<u>4,307,018</u>	<u>700,972</u>

Trade debtors relate to outstanding settlements, and are on the terms operating in the securities industry. These require the settlement within three (3) days of the date of a transaction. Income receivable relates to accrued income and are non-interest bearing and unsecured.

7. INVESTMENTS

Listed Investment Portfolio - at Market Value	45,575,828	36,930,152
	<u>45,575,828</u>	<u>36,930,152</u>

The market values of all investments as at 30 June 2005 are disclosed on page 7 of the Annual Report.

8. PAYABLES

Trade creditors	1,149,567	2,408,183
Borrowed stock	4,903,826	-
Sundry creditors	95,259	157,308
	<u>6,148,652</u>	<u>2,565,491</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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	June 2005 \$	June 2004 \$
9. CONTRIBUTED EQUITY		
(a) Issued and Paid-up Capital		
56,986,416 ordinary shares fully paid (2004: 43,689,000)	<u>56,208,764</u>	<u>42,817,313</u>
(b) Movement in Ordinary Share Capital		
At the beginning of the reporting period	42,817,313	-
- 1 ordinary share issued on incorporation on 29 October 2003	-	1
- 44,199,999 ordinary shares issued on 10 February 2004 under a prospectus	-	44,199,999
- 9,000 ordinary shares issued from the exercise of options issued under 10 February 2004, with an exercise price of \$1.00 per share	-	9,000
- 520,000 ordinary shares bought back under an on-market buy back commencing 27 May 2004	-	(468,515)
- Transaction costs arising on share issues	4,696	(923,172)
- 15,900,994 ordinary shares issued from the exercise of options issued under 10 February 2004, with an exercise price of \$1.00 per share	15,900,994	-
- 3,397,262 ordinary shares bought back under an on-market buy back commencing 27 May 2004	(3,263,322)	-
- 129,365 ordinary shares issued on 29 October 2004 under a dividend reinvestment plan	124,253	-
- 664,319 ordinary shares issued on 29 April 2005 under a dividend reinvestment plan	624,830	-
At reporting date	<u>56,208,764</u>	<u>42,817,313</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.

(c) Options

On 10 February 2004, the Company issued 44,199,999 ordinary shares, through the initial public offering, at \$1.00 each, together with a free-attaching option for each ordinary share issued in the initial public offer.

Subsequent to the issue of these options, 9,000 options were exercised to the year ended 30 June 2004, for a total consideration of \$9,000 and 15,900,994 were exercised between 1 July 2004 and 17 June 2005, for a total consideration of \$15,900,994. At 17 June 2005, 28,290,005 options expired.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	June 2005 \$	June 2004 \$
10. RESERVE		
Asset Revaluation Reserve	<u>1,291,729</u>	<u>604,252</u>

This reserve is used to record movements and decrements on the revaluation of the investments, net of potential tax as described in accounting policy Note 1(a) (iii).

Movement in Asset Revaluation Reserve

Opening balance	604,252	-
Transfer from Statement of Financial Performance	687,477	604,252
Closing balance	<u>1,291,729</u>	<u>604,252</u>

11. RETAINED PROFITS

Retained profits at the beginning of the year	976,003	-
Total change in equity recognised in the Statement of Financial Performance	3,945,552	976,003
Dividends paid (refer Note 4)	<u>(3,455,376)</u>	<u>-</u>
	<u>1,466,179</u>	<u>976,003</u>

12. CASH FLOW INFORMATION

(a) Reconciliation of cash

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

Cash at bank and on hand	5,094,002	5,259,014
Fixed interest securities	11,125,496	4,066,875
	<u>16,219,498</u>	<u>9,325,889</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2005 is 5.19% (2004: 5.08%). The fixed interest securities had an average maturity of 25 days (2004: 3 days).

(b) Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	4,633,029	1,580,255
Add/(less) items classified as Investing/Financing Activities:		
Realised gain on sale of investments	(4,852,433)	435,829
Income tax expense on sale of investments	689,792	53,537
Add/(less) non cash items:		
Unrealised profit/loss on investments	(799,450)	(863,217)
Net cash provided by Operating Activities before changes in assets and liabilities:		
Decrease/(increase) in receivables	34,374	(228,550)
Decrease/(increase) in prepayments	20,462	(20,462)
Decrease/(increase) in tax assets	90,994	(160,933)
Increase/(decrease) in deferred tax liability	632,224	175,349
Increase/(decrease) in payables	(38,842)	73,502
Increase/(decrease) in current tax liability	<u>230,642</u>	<u>-</u>
Net cash provided by Operating Activities	<u>640,792</u>	<u>1,045,310</u>

WILSON LEADERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

13. EARNINGS PER SHARE

Net profit after income tax used in the calculation of basic earnings per share:

<u>4,633,029</u>	<u>1,580,225</u>
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No.

No.

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic:

<u>47,866,689</u>	<u>26,006,536</u>
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Diluted earnings per share has not been calculated because there were no dilutive potential ordinary shares.

14. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

(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 Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

(c) Net Fair Values

The carrying amounts of financial instruments on the Statement of Financial Position approximate their net fair values.

15. EVENTS SUBSEQUENT TO REPORTING DATE

The final dividend as recommended by the Directors will be paid subsequent to balance date and is not provided for in the Statement of Financial Position. 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.

16. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 1,110 (2004: 282). Each contract note would involve multiple transactions. The total brokerage paid on these contract notes was \$1,492,344 (2004: \$256,426).

17. DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporation Amendments Regulations 2005 (No.4) the Company has transferred the remuneration disclosure required by AASB 1046: *Directors and Executives Disclosure by Disclosing Entities*, from the notes to the Financial Statement to the Directors' Report under the heading of Remuneration Report.

18. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

Wilson Leaders Limited will be required to prepare financial statements using Australian equivalents to International Financial Reporting Standards (AIFRS) for the first time for the half-year ending 31 December 2005 and the year ending 30 June 2006. The Company will be required to restate some of the comparative figures reflecting the adoption of AIFRS to the previous corresponding periods.

WILSON LEADERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

18. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (CONTINUED)

Management is in the process of transitioning across to AIFRS and is responsible for identifying the major changes in the accounting standards and quantifying their effect on the existing accounting policies and the Company's financial statements and reporting this periodically to the Audit Committee.

Summarised below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact on the financial statements.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these adjustments may change.

Therefore, until the first full AIFRS financial statements are prepared, there is the possibility that the following disclosures may change.

(a) AASB 132: Financial Instruments: Disclosure and Presentation

AASB 139: Financial Instruments: Recognition and Measurement

As permitted by the election available under AASB 1, AASB 132 and AASB 139 will not be applied until the financial year beginning 1 July 2005 and the Company will not be restating comparative information for the 30 June 2005 financial year.

Investments are currently measured at fair value being closing price traded on balance date less selling costs. Under AIFRS, investments will be classified as "held for trading" securities and will continue to be recognised at fair value through the Profit or Loss account. However, under AIFRS, fair value will be measured as the last bid price excluding selling costs. The net impact of these changes is expected to be minimal.

(b) AASB 112: Income Taxes

Under AIFRS, the Company will be required to adopt a "balance sheet method" of tax effect accounting whereby deferred tax balances are recognised when there is a difference between the carrying value of an asset or liability for accounting purposes and its tax base rather than using the "liability method" of tax-effect accounting for timing and permanent differences between income and accounting profit.

Under the balance sheet method, income tax on the profit or loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in equity.

Current tax is the expected tax on the taxable income for the year, using tax rates applicable at reporting date and any adjustments to tax payable in respect of prior years.

Under AIFRS and the current accounting policy, a deferred tax liability amount is recognised for the tax payable on unrealised gains in the investment portfolio. This corresponding change is offset against the unrealised gains from the investment portfolio recognised in the Profit or Loss account and then transferred to the Asset Revaluation Reserve.

The most significant impact will be the recognition of a deferred tax asset at 1 July 2004 of approximately \$221,561 in relation to share issue costs deductible in future financial years and \$165,328 as at 30 June 2005. These adjustments will decrease profit for the year ended 30 June 2005 by \$54,824 and retained profits as at 1 July 2004 by \$55,391.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

DIRECTORS' DECLARATION

The Directors of Wilson Leaders Limited declare that:

1. The financial statements and notes, as set out on pages 16 to 27, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Company as at 30 June 2005 and of its performance for the period ended on that date;
2. The Director of the Manager, KWB Capital Pty Limited has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with 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. 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.



J.B. BRAITLING
Director

Dated at Sydney this 29th September 2005

INDEPENDENT AUDIT REPORT TO MEMBERS OF WILSON LEADERS LIMITED

Scope

The financial report and Directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' Declaration for Wilson Leaders Limited ("the Company") for the year ended 30 June 2005.

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.

Disclosure of information about Director and Executive remuneration

In accordance with the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of Directors and Executives ("remuneration disclosures"), as required by Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities*, under the heading "Remuneration Report" on pages 12 to 13 of the Directors' Report. The Directors of the Company are responsible for the information contained in the remuneration disclosures. The Remuneration Report also contains other information on pages 12 to 13 that is not required by Accounting Standard AASB 1046, which is not subject to our audit.

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 the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, 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 1046 and the *Corporations Regulations 2001*.

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.

PARTNERS:

Andrew Blackwell
Angus Gluskie
Stephen Humphrys

Cameron McCullagh
Robert Southwell
Scott Whiddett

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Independence

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

Audit opinion

In our opinion,

1. the financial report of Wilson Leaders Limited is in accordance with:
 - a. the *Corporations Act 2001*, including:
 - i. giving a true and fair view of Wilson Leaders Limited's financial position as at 30 June 2005 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 required by Accounting Standard AASB 1046, which are contained on pages 12 to 13 of the Remuneration Report of the Director's Report, comply with that standard and the *Corporations Regulations 2001*.



S.M.WHIDDETT
Partner

MOORE STEPHENS SYDNEY

Dated this 29th September 2005

PARTNERS:

Andrew Blackwell
Angus Gluskie
Stephen Humphrys

Cameron McCullagh
Robert Southwell
Scott Whiddett

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WILSON LEADERS LIMITED

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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 2005)

The following have advised that they are a substantial shareholder of Wilson Leaders Limited. The holding of a relevant interest does not infer beneficial ownership. Where two or more parties have a relevant interest in the same shares, those shares have been included for each party.

Substantial ordinary shareholders as at ex-date	No. of shares	% of total
Mr Geoffrey Wilson and related entity	2,918,214	5.29

Distribution of shareholders (as at 31 August 2005)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	45	-
1,001 – 5,000	799	-
5,001 – 10,000	638	-
10,001 – 100,000	963	-
100,001 and over	61	-
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	2,506	-

Number of ordinary holders holding less than a marketable parcel	18	-
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Twenty largest shareholders - Ordinary shares (as at 31 August 2005)

Name	Number of ordinary shares held	Percentage of issued capital held
Mr Geoffrey Wilson	2,718,214	4.93
Mr Ron Martin-Weber	1,500,000	2.72
Halcyon Pty Limited	1,141,000	2.07
Ms Thelma Joan Martin-Weber	1,000,000	1.81
Barkala Pty Limited	850,000	1.54
Mr Victor John Plummer	831,764	1.51
Biloclan Pty Limited	720,000	1.31
Trones Investments Pty Ltd	526,579	0.96
Trones Investments Pty Ltd Nylox Distributors S/F	526,579	0.96
Mr Justin Boyd Braitling	500,001	0.91
Mrs Catherine Guerinoni	500,000	0.91
Ms Fay Cleo Martin-Weber	500,000	0.91
Australian Executor Trustees Limited	486,618	0.88
UBS Private Clients Australia Nominees Pty Limited	465,000	0.84
Earglow Pty Limited	450,000	0.82
Dr Patricia Percival	379,137	0.69
Huoncan Super Pty Ltd	350,000	0.63
Sanolu Pty Ltd	338,000	0.61
Allison Valley Pty Limited	325,000	0.59
Austymca Nominees Pty Ltd	320,000	0.58
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	14,427,892	26.18

WILSON LEADERS LIMITED

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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 13 May 2004 the board of Wilson Leaders Limited announced an on market share buyback, equivalent to 4,420,900 shares or approximately 10% of issued capital. The buyback was in place for a 12-month period and expired on 27 May 2005. As at 27 May 2005, a total 3,917,262 shares had been bought back, for a total consideration of \$3,731,836.

On 15 June 2005 the board of Wilson Leaders Limited announced an on market share buyback, equivalent to 5,698,641 shares or approximately 10% of issued capital at that date. The buy will be in place for a 12 month duration commencing 29 June 2005. As at 30 June 2005, there were no shares bought back.

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.