

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

**ANNUAL REPORT
FOR YEAR ENDED
30 JUNE 2006**

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:

N.Cuffe

AUDITORS:

Moore Stephens Sydney

COUNTRY OF INCORPORATION:

Australia

REGISTERED OFFICE:

Level 11, 139 Macquarie Street
Sydney NSW 2000

CONTACT DETAILS:

Mail Address: Lvl 11, 139 Macquarie St
Sydney NSW 2000

Telephone: (02) 9247 6755

Fax: (02) 9247 6855

Email: info@wami.com.au

Website: www.wilsonassetmanagement.com.au

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

CONTENTS

Chairman's Letter	1
Chief Investment Officer's Report	2
Company Profile	5
Investments at Market Value	7
Corporate Governance Statement	8
Directors' Report to Shareholders	10
Auditor's Independence Declaration	17
Income Statement	18
Balance Sheet	19
Statement of Changes in Equity	20
Cash Flow Statement	21
Notes to the Financial Statements	22
Directors' Declaration	33
Independent Audit Report	34
ASX Additional Information	36

2006 HIGHLIGHTS

- Gross portfolio increased 32.1%
- Profit before tax increased 144.8% to \$15.3m
- Profit after tax increased 140.4% to \$11.1m
- Pre tax net tangible assets increased from 100.6c* to 127.3c a share
- After tax net tangible assets increased from 98.8c* to 120.2c a share
- Total dividend for 2005/06 – 8.0 cents a share fully franked
- Bonus option issue on a 1 for 2 basis

* adjusted for dividends paid

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CHAIRMAN'S LETTER

Wilson Leaders Limited (WLS) has delivered a record profit before tax for the 12 months to 30 June 2006 of \$15.3 million, and a record after tax profit of \$11.1 million. The total dividends declared for the year increased to a 8.0 cents a share fully franked. As at 30 June 2006, the pre-tax net tangible asset backing (NTA) of WLS was \$1.27per share.

WLS listed on the Australian Stock Exchange on 10 February 2004 with an 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.

The gross value of the portfolio increased by 32.1% for the financial year. Since listing on the 10th February 2004, the gross value of the fund has increased by 60.5%.

Total dividends declared for the year were 8.0 cents a share fully franked, made up of a 3.0 cent interim dividend, a 3.0 cent final dividend and a 2.0 cent special dividend.

As at the 30 June 2006, 83% of the fund was invested in companies in the S&P/ASX 100, 17% in smaller emerging growth companies outside the S&P/ASX 100.


Wilson Leaders delivered strong results in the year to June 2006 comfortably exceeding the broader market indexes. The absolute return investment process employed by the manager has successfully fulfilled the funds objective of superior returns and capital preservation over the period. This was particularly evident in the final quarter of the year when the funds cash holdings and short positions contributed to performance when equity markets corrected in May.

With equity markets having sold off sharply late in the year the fund has moved back to a fully invested position and is leveraged to any recovery in equities later in the year.

The board's objective is to deliver superior returns to shareholders and to grow the business over time. In pursuit of this objective, the board intends to declare a 1 for 2 bonus issue of options to Wilson Leaders shareholders exercisable at any time before 31 October 2007.

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 has added value to the remaining shares on issue and has increased NTA per share. On 15 June 2005 the board announced a second on market share buyback, equivalent to 5,698,641 shares or approximately 10% of issued capital. The buy back was completed on 27 June 2006 with a total of 5,223,163 shares being bought back for total consideration of \$5,002,610.

Turning to the outlook, we would expect to see a modest reacceleration in the Australian Economy following softer conditions in the last 6 months. Given our view of the economy we anticipate solid profit growth from Australian companies in the year ahead. With valuations for equities both domestically and globally at reasonable levels, equities should deliver modest returns in 2007 if interest rates remain in check.



Geoff Wilson
Chairman

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CHIEF INVESTMENT OFFICER'S REPORT

We are very pleased with the strong result delivered over the year to 30 June 2006. The gross performance of the fund exceeded the returns delivered by the broader market by 7.9%. The outperformance was largely due to sector selection with the fund under represented in domestic cyclicals and the defensive segments of the market which struggled through the year. The fund had no exposure to Utilities, Infrastructure or Telecoms with these sectors performing poorly.

The funds investments in global growth stocks (NWS, BIL, ALL, QBE, CPU) and resources (BHP, RIO, WPL) contributed to performance. The fund profited from short selling a number of securities that fell in value through the period (TLS, QAN, PPX, AMC, FLT).

We are pleased with the positioning of the portfolio as we move into the new financial year. The fund is moderately leveraged to any recovery in equity markets following the 10% correction in May. The medium term outlook for the Australian economy is quite promising, with valuations at reasonable levels the Australian market should participate in any recovery in global markets as we progress through the year.

ECONOMIC OUTLOOK

We are in the fourth year of above average growth for the global economy and the IMF is forecasting another strong year in 2007. This rapid expansion is being driven by improving productivity both in the west and emerging Asia.

Growth has been further supported by accommodative monetary policy, while cash rates have increased over the last two years, interest on longer dated securities remains largely unchanged providing ongoing stimulus to spending.

China continues as the mainstay of economic growth. The 11th 5 year plan is designed to pivot the economy from an investment focus to domestic consumption, underwriting the next phase of development. Together China and India contribute just under half of the growth in the global economy.

We would expect to see the US economy slow in the second half of the year as the housing cycle weakens in similar fashion to what happened in Australia over the last few years. A robust housing market and attractive long term interest rates have led to unprecedented mortgage equity withdrawal in the US, adding to disposable income in recent years. This stimulus will unwind as the housing sector softens.

While core inflation in a number of economies has moved above the desired range heralding higher interest rates, we are not concerned with the prospect of a blow out in inflation. The structure of most developed economies has shifted in recent decades and are now less sensitive to changing commodity prices. With the services sector having largely replaced industry, labour now represents well over half of all production costs, ongoing productivity improvements have kept unit wage costs well contained. We would expect the productivity dividend flowing through from globalisation and technology to continue countering upward pressure on pricing.

Turning to Australia, the local economy will be well supported in the medium term given global growth is driven by Australia's key trading partners. Mining and infrastructure have been major beneficiaries of the growth in Asia, the multiplier effects from the significant investment in these important segments of the economy should not be underestimated.

The investment in resource intensive industries is expected to continue through the medium term driven by China and emerging Asia as the metal intensity of these countries increases with their industrialisation. This process continued unabated for twenty five years in Japan and for twenty years in Korea. The risk from an investment perspective is calling an end to this cycle too soon.

While business investment in Australia has been particularly strong more recently, household spending has been soft largely in response to higher interest rates and a weaker housing market. We would expect to see some acceleration in household spending in the medium term as employment conditions continue to be very supportive, the drag from housing is abating and the fiscal stimulus from the last budget will start to flow through from July.

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CHIEF INVESTMENT OFFICER'S REPORT

So on balance we are optimistic on the medium term outlook for the Australian economy. While we expect to see some further modest tightening in financial conditions, we are approaching the end of this tightening cycle. We would expect to see some modest acceleration in the domestic economy as we move through the year.

EQUITY MARKETS

Given our favorable outlook on the economy we would expect companies to report solid profit growth when they release their full year results in August. The outlook commentary will be particularly important in setting the tone for the market for the balance of the year.

Local equities are likely to follow the general direction set by international markets. While we expect a slow down in the US, this is well and truly factored into equity values already. The US market has seen a material de-rating over the last 18 months as the earnings cycle has matured. A significant slowdown now appears to be factored into equity prices. A mild, mid-cycle slow down as happened in 1985 and 1995 would see equities values move higher as happened in the previous two periods.

Following the recent correction, valuations are now considered attractive. Furthermore, the volatility we have seen in recent months has thrown up some exciting new opportunities.

With the economy picking up pace and valuations now at reasonable levels, equities should deliver solid performance through the balance of the year.

INVESTMENT PROCESS

a) Absolute Return Manager

As an absolute return manager, our focus is on absolute returns and avoiding capital losses, we do not actively track market indexes. We have a range of investment tools that allow us to meet these objectives that are not available to the vast majority of funds.

We can be far more active than the typical fund in managing our market exposure by shifting into cash when the market is expensive and leveraging exposure to the market when it is cheap. Stock lending or short selling is attractive source of funding when the market is expensive. This can provide an outright profit; a cheap source of funding or an effective hedge for the company's capital when the market is fully valued depending on the circumstances.

b) Security Selection

We look to invest on a fundamental basis in companies with superior economics. Typically, these are companies with leadership positions in attractive industries with high barriers to entry.

They will:

- 1) have a history of superior returns on the capital employed in the business through the economic cycle;
- 2) have management with a track record of creating and distributing value to shareholders;
- 3) be businesses with a capacity to grow; and
- 4) be attractively priced.

In looking to identify these types of businesses, a full analysis of industry structure is completed to establish the sustainability of profits and cash flows, we will meet with management to further develop our understanding of the business and management philosophy.

Each company in the ASX 100 is rated with a score based on these qualitative measures. We construct portfolios around the best investment ideas we can identify and rank these ideas based on our conviction and the company's qualitative score.

c) Short Selling

More recently, we have been active in using stock lending as an attractive source of funding in our portfolio construction process.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

CHIEF INVESTMENT OFFICER'S REPORT

As we increase the funding from borrowed stock we end up constructing two discrete portfolios, one we hope will do well and the borrowed stock portfolio that we hope will do badly. We sell the securities of the companies we believe will struggle and put the proceeds into the portfolio that we expect to outperform over the medium term. When the market is expensive and we cannot find companies to invest in, the proceeds from short selling will be retained as cash providing an effective hedge for the company's capital.

As long as our stock selection is contributing, the performance spread between the stocks we have sold short and the return on funds reinvested in the portfolio will contribute to the overall performance of the fund.

In constructing portfolios of companies that we sell as a source of funding we adopt the same investment principals. The best "**shorting**" opportunities are found in **poorly** managed companies with **weak** fundamentals that can be sold for **more** than their "appraised value".

These companies will ideally:

- 1) have a history of inferior returns;
- 2) have management with a poor track record;
- 3) operate in highly competitive industries; and
- 4) be expensive on a range of valuation measures.

We would look to:

- Sell companies that are performing well above trend, as their securities are more likely to be fully valued.
- Sell the most popular companies as the good news is more than likely priced in.
- Sell the securities of companies that operate in industries that have benefited from speculative capital.
- Sell companies that offer investors short term rewards at the expense of longer term value.

The important message is the investment process is the same, we use the same qualitative screening process in identifying securities to short sell.

SUMMARY

We are targeting superior returns because we have some clear advantages over a traditional fund.

- We can participate and profit in all segments of the market taking advantage of mis-pricing not just of securities that are cheap but those that are expensive as well by short selling those securities. We have no style bias other than to invest in good businesses that are undervalued.
- Short selling is a cheap source of funding when asset values are expensive.
- We can manage our exposure to equities and protect the company's capital through the cycle by actively managing both sides of the company's balance sheet.

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A.B.N. 64 106 845 970

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 investment process looks to identify 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.

INVESTMENT PROCESS

The Manager's 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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

COMPANY PROFILE

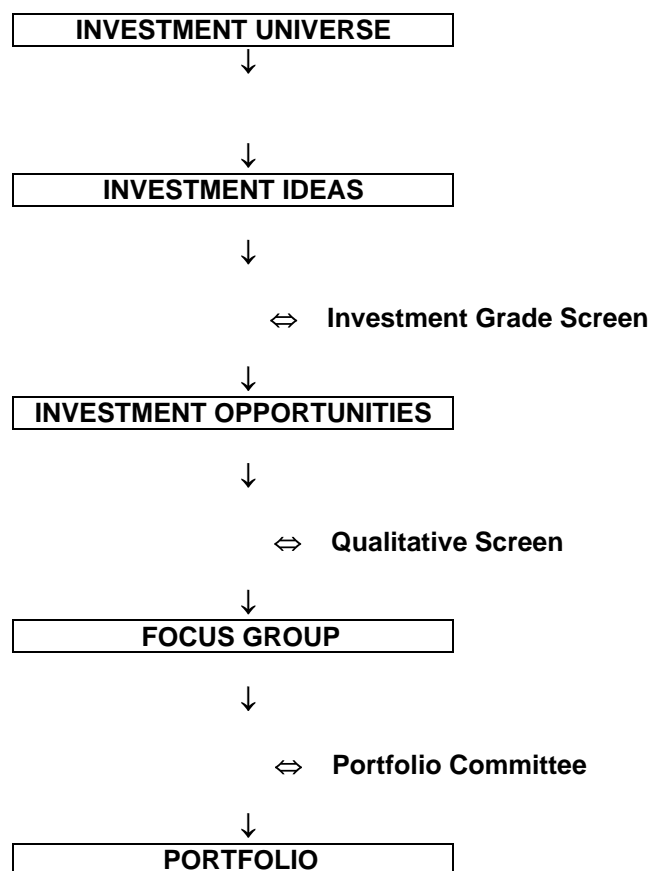
Once identified, investment opportunities are screened to ensure they are of an investment grade suitable for the Company. Investment grade companies must:

- 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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A.B.N. 64 106 845 970

INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2006

	<u>Quantity</u>	<u>Market Value \$</u>		<u>Quantity</u>	<u>Market Value \$</u>
Commercial Services & Supplies			Banks		
Brambles Industries Ltd (BIL)	200,000	2,200,000	ANZ Banking Group Ltd (ANZ)	224,900	5,980,091
Credit Corp Ltd (CCP)	481,385	3,417,834	St George Bank Ltd (SGB)	162,000	4,751,460
		5,617,834	Westpac Banking Corporation (WBC)	206,039	4,796,588
					15,528,139
Consumer Services			Insurance		
ABC Learning Ltd (ABS)	693,023	4,435,347	AMP Ltd (AMP)	100,000	913,000
Aristocrat Leisure Ltd (ALL)	169,237	2,179,773	QBE Insurance Group Ltd (QBE)	135,000	2,767,500
Tabcorp Ltd (TAH)	117,000	1,778,400	Tower Ltd (TWR)	561,932	1,584,648
		8,393,520			5,265,148
Transportation			Software & Services		
Patrick Corporation Ltd (PRK)	90,000	801,000	Computershare Ltd (CPU)	220,000	1,727,000
		801,000	Jumbuck Entertainment Ltd (JMB)	680,592	1,613,003
Media			Melbourne IT Ltd (MLB)	689,508	1,296,275
Fairfax (John) Holdings Ltd (FXJ)	450,000	1,687,500	Reckon Ltd (RKN)	2,552,553	2,118,619
News Corporation (NWS)	84,000	2,284,800	Redflex Holdings Ltd (RDF)	283,655	497,815
Publishing & Broadcasting Ltd (PBL)	70,000	1,274,700			7,252,712
Sth Cross Broadcasting (Aust) Ltd (SBC)	100,000	1,050,000	Food & Staples Retailing		
		6,297,000	AWB Ltd (AWB)	148,625	643,546
Energy			Metcash Ltd (MTS)	980,000	3,665,200
Beach Petroleum Ltd (BPT)	350,000	544,250			4,308,746
Oil Search Ltd (OSH)	830,000	3,403,000	Telecommunication Services		
Woodside Petroleum Ltd (WPL)	36,600	1,610,400	B Digital Ltd (BBB)	9,854,854	1,133,308
		5,557,650	SP Telemedia Ltd (SOT)	800,000	624,000
Materials			Telecom Corporation of NZ Ltd (TEL)	1,100,000	3,674,000
BHP Billiton Ltd (BHP)	253,770	7,359,330			5,431,308
Gunns Ltd (GNS)	216,922	609,551	Utilities		
James Hardie Industries N.V. (JHX)	405,000	3,118,500	Australian Gas Light Company (AGL)	90,000	1,575,900
Newcrest Mining Ltd (NCM)	40,000	843,200			1,575,900
Rinker Group Ltd (RIN)	75,000	1,229,250	Food Beverage & Tobacco		
Rio Tinto Ltd (RIO)	69,150	5,379,870	Select Harvests Ltd (SHV)	52,538	684,045
		18,539,701			684,045
Pharmaceuticals & Biotechnology			TOTAL PORTFOLIO VALUE		
Sigma Pharmaceuticals Ltd (SIP)	530,000	1,378,000			93,220,102
		1,378,000	SHORT POSITIONS		
Real Estate					(17,073,056)
Lend Lease Corporation Ltd (LLC)	210,000	2,937,900			
		2,937,900			
Diversified Financials					
Henderson Group PLC (HGI)	400,000	752,000			
Macquarie Bank Ltd (MBL)	10,000	690,000			
		1,442,000			
Healthcare Equipment & Services					
AtCor Medical Ltd (ACG)	600,000	117,000			
DCA Group Ltd (DVC)	750,000	2,092,500			
		2,209,500			

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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, 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	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 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 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 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 Remuneration Report section of the Directors' Report.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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.

Justin Braitling a Director 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.

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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

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

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.

OPERATING RESULTS

Investment operations over the year resulted in an operating profit before tax of \$15,324,046 (2005: \$6,260,930) and an operating profit after tax of \$11,138,448 (2005: \$4,578,203).

REVIEW OF OPERATIONS

Investments are valued continuously to market value. For the year ended 30 June 2006, investments were valued upwards by \$6,076,101 (2005: \$799,450), after an adjustment for deferred tax on unrealised gains, a net increment of \$3,796,881 (2005: \$687,477) was transferred to an Asset Revaluation Reserve.

Asset backing for each ordinary share as at 30 June 2006 (calculated on market value less realisation costs and all applicable taxes and before provision for dividend) amounted to 120.2 cents per share (2005: 103.8 cents). Asset backing after tax on realised gains but before tax on unrealised gains was 126.0 cents per share (2005: 105.2 cents). The equivalent asset backing before tax was 127.3 cents per share (2005: 105.6 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.

FINANCIAL POSITION

The net asset value of the Company for the current financial year ended was \$63,147,006 (2005: \$59,131,998).

OPTIONS

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

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 final dividend of 2.0c per share was paid on 17 October 2005	1,073,344
Fully franked interim dividend of 3.0c per share was paid on 28 April 2006	1,587,376

Since year end, the Directors have declared a fully franked final dividend of 3.0 cents a share and a fully franked special dividend of 2.0 cents a share, to be paid on 27 October 2006.

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 another on market share buyback, equivalent to 5,698,641 shares or approximately 10% of issued capital at that date. The buyback was in place for a 12 month period which expired 29 June 2006. As at 29 June 2006, a total of 5,223,163 shares had been bought back, for a total consideration of \$5,002,610.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

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.

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
J.B. Braitling
M.J. Kidman
J.B. Abernethy
J.J. Gosse

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 October 2003.

Other current directorships

Geoffrey Wilson is the Chairman of WAM Capital Limited (appointed March 1999), Wilson Investment Fund Limited (appointed June 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 of the Company

Details of Geoffrey Wilson's interests in shares 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.

Justin B. Braitling (Age 40) *Non-Executive Director*

Experience and expertise

Justin Braitling has over 16 years experience in investing in Australian and international companies. He 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 Braitling has been a Director of the Company since October 2003.

Other current directorships

Justin Braitling is the Chairman of the investment management company, KWB Capital Pty Limited.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

Former directorships in the last 3 years

Justin Braiting has not held any other directorships of listed companies within the last three years.

Special responsibilities

Member of the Audit Committee

Interests in shares of the Company

Details of Justin Braiting's interests in shares of the Company are included later in this report.

Interests in contracts

Details of Justin Braiting'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 October 2003.

Other current directorships

Matthew Kidman is a Director of WAM Capital Limited (appointed March 1999) and Wilson Investment Fund Limited (appointed May 2002). 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 of the Company

Details of Matthew Kidman's interests in shares 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 November 2003.

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 Investment Fund Limited (appointed May 2002).

Former directorships in the last 3 years

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

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

Special responsibilities

Chairman of the Audit Committee

Interests in shares of the Company

Details of John Abernethy's interests in shares 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 October 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 Investment Fund Limited (appointed June 2003), Mariner Wealth Management (appointed September 1999), Clime Capital Limited (appointed November 2003) and Blue Chip Financial Solutions Limited (appointed March 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 of the Company

Details of Julian Gosse's interests in shares 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 9 February 2006.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Wilson Leaders 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. 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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

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

Director	Position	Directors' Fees \$	Post-employment Superannuation \$	Total \$
G.J. Wilson	Chairman	9,174	826	10,000
J.B. Braitling	Non-Executive Director	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
		71,522	2,478	74,000

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

	2006	2005	2004
Operating profit after tax (\$)	11,138,448	4,578,203	1,580,255
Dividends paid (cents per share)	8.0	7.0	1.5
Net tangible asset (\$ per share)	1.20	1.04	1.02
Total Directors' remuneration (\$)	74,000	72,000	28,879

The Company commenced operations 10th February 2004 and as such 2004 figures do not represent results for a full twelve months and therefore are not comparable.

(b) Director Related Entity Remuneration

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

Justin Braitling is a Director 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%p.a (plus GST) of gross assets amounting to \$701,768 (2005: \$538,255). As at 30 June 2006, the balance payable to the manager was \$61,698.

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 2006, there was a performance fee of \$489,208 (inclusive of GST) payable to KWB Capital 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. KWB Capital Pty Limited, the investment manager of the Company, remunerates Justin Braitling as an employee of the Company and also provides day to day management of the Company and is remunerated as outlined above.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

(d) Equity Instrument Disclosures Relating to Directors

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	Disposals	Balance at 30 June 2006
G.J. Wilson	Chairman	2,918,214	-	-	2,918,214
J.B. Braitling	Non-Executive Director	525,001	20,000	-	545,001
M.J. Kidman	Non-Executive Director	88,416	4,306	-	92,722
J.B. Abernethy	Non-Executive Director	60,000	-	-	60,000
J.J. Gosse	Non-Executive Director	-	-	-	-
		3,591,631	24,306	-	3,615,937

Directors and Director related entities disposed of and acquired 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	5	5
J.B. Braitling	5	5
M.J. Kidman	5	5
J.B. Abernethy	5	5
J.J. Gosse	5	3

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	1

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 3.0 cents a share and a fully franked special dividend of 2.0 cents a share, to be paid on 27 October 2006.

On 11 August 2006, the Company announced a 1 for 2 bonus issue of options to acquire ordinary shares in the capital of the Company. A total of 26,153,613 options were issued to shareholders at no cost on 8 September 2006. The options have an exercise price of \$1.08 and can be exercised up to the expiry date of 31 October 2007.

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

FUTURE DEVELOPMENTS

The Company will continue to pursue its policy of investment during the next financial year.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

ENVIRONMENTAL ISSUES

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

INDEMNIFICATION AND INSURANCE OF OFFICERS OR AUDITORS

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

NON AUDIT SERVICES

During the year Moore Stephens Sydney, the Company's auditor, did not perform any other services in addition to their statutory duties for the Company. Moore Stephens Sydney Pty 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 17 of this Annual Report.

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



MR J. BRAITLING

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 LEADERS LIMITED
ABN 64 106 845 970
AUDITOR'S INDEPENDENCE DECLARATION

CONSULTANTS:

Pat Bugden FCA
Anja Dorrell CA

As lead auditor for the audit of Wilson Leaders Limited Limited for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

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

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



S M WHIDDETT
Partner
MOORE STEPHENS SYDNEY

Dated in Sydney, this 12th day of September 2006

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	June 2006 \$	June 2005 \$
Proceeds from sale of investments		172,575,403	205,052,916
Cost of investments sold		(163,570,040)	(200,200,483)
Unrealised gain on investments		6,076,101	799,450
Other revenue from ordinary activities	2	2,507,239	1,432,176
Management and performance fees		(1,109,773)	(514,095)
Directors fees		(71,000)	(69,899)
Brokerage expense on share purchases		(710,108)	-
Stock lending interest expense		(188,718)	-
Other expenses from ordinary activities		<u>(185,058)</u>	<u>(239,135)</u>
Profit before income tax		15,324,046	6,260,930
Income tax expense	3(a)	<u>(4,185,598)</u>	<u>(1,682,727)</u>
Profit attributable to members of the Company	11	<u>11,138,448</u>	<u>4,578,203</u>
Basic earnings per share	15	<u>20.39 cents</u>	<u>9.56 cents</u>

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
ASSETS			
Cash and cash equivalents	13	715,628	16,219,498
Trade and other receivables	6	2,508,764	4,355,012
Financial assets	7	93,220,102	45,575,828
Deferred tax assets	3(b)	113,682	168,527
TOTAL ASSETS		96,558,176	66,318,865
LIABILITIES			
Trade and other payables	8	29,686,344	6,148,652
Current tax liabilities	3(c)	677,592	230,642
Deferred tax liabilities	3(d)	3,047,234	807,573
TOTAL LIABILITIES		33,411,170	7,186,867
NET ASSETS		63,147,006	59,131,998
EQUITY			
Issued capital	9	52,021,587	56,484,307
Reserve	10	5,088,610	1,291,729
Retained earnings	11	6,036,809	1,355,962
TOTAL EQUITY		63,147,006	59,131,998

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
Total equity as at 1 July 2005		59,131,998	44,619,129
Profit for the year attributable to members of the Company	11	11,138,448	4,578,203
Capitalised float expenses	9(b)	-	3,287
Shares bought back in the year	9(b)	(5,002,610)	(3,263,321)
Shares issued in the year	9(b)	539,890	16,650,076
		65,807,726	62,587,374
Dividends paid or provided for	4	(2,660,720)	(3,455,376)
Total equity as at 30 June 2006 attributable to members of the Company		63,147,006	59,131,998

The accompanying notes form part of these financial statements.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	June 2006 \$	June 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		1,661,870	1,145,836
Interest received		310,569	163,107
Other investment income received		308,416	157,606
Investment management fees		(695,282)	(537,491)
Brokerage expense on share purchases		(710,108)	-
Payments for administration expenses		(357,846)	(265,159)
Income tax paid	3(c)	(1,444,142)	(712,899)
NET CASH USED IN OPERATING ACTIVITIES	14	(926,523)	(49,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		174,702,611	201,412,496
Payments for purchase of investments		(182,156,518)	(204,401,499)
NET CASH USED IN INVESTING ACTIVITIES		(7,453,907)	(2,989,003)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from options exercised		-	15,901,227
Payments for shares bought back		(5,002,610)	(3,263,321)
Dividends paid		(2,120,830)	(2,706,294)
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(7,123,440)	9,931,612
NET (DECREASE)/INCREASE IN CASH HELD		(15,503,870)	6,893,609
CASH AT BEGINNING OF FINANCIAL YEAR		16,219,498	9,325,889
CASH AT END OF FINANCIAL YEAR	13	715,628	16,219,498

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 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 Leaders 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. Had AASB 132 and AASB 139 been applied to the comparative period, transaction costs related to the acquisition of investments would be excluded from Investments in the Balance Sheet and expensed in the Income Statement as incurred.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRS 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 "held-for-trading" 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 and by presenting the Balance Sheet on a liquidity basis.

ii) Valuation

All investments are classified as "held-for-trading" investments 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) Unrealised Gains and Losses

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

iv) Investment income

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

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

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. OTHER REVENUE FROM ORDINARY ACTIVITIES		
Australian sourced dividends	1,940,415	1,063,346
Foreign sourced dividends	193,072	23,390
Interest	258,408	309,033
Underwriting fees	-	36,407
Trust distributions	115,344	-
	<u>2,507,239</u>	<u>1,432,176</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% (2005: 30%)	4,597,215	1,878,279
Imputation credit gross up	176,407	151,764
Franking credit offset	(588,024)	(505,874)
Under provision in prior year	-	158,558
	<u>4,185,598</u>	<u>1,682,727</u>

Total income tax expense results in a:

Current tax liability	1,891,093	997,078
Deferred tax liability	2,239,660	473,666
Deferred tax asset	54,845	53,425
Under provision in prior year	-	158,558
	<u>4,185,598</u>	<u>1,682,727</u>

(b) Deferred Tax Assets

Provisions	3,465	3,201
Capitalised share issue costs	110,217	165,326
	<u>113,682</u>	<u>168,527</u>

Movement in deferred tax assets

Balance at the beginning of the year	168,527	221,952
Charged to the Income Statement	(54,845)	(53,425)
At reporting date	<u>113,682</u>	<u>168,527</u>

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

	June 2006 \$	June 2005 \$
3. TAXATION (CONTINUED)		
(c) Current Tax Liabilities		
Movement in current tax liabilities		
Balance at the beginning of the year	230,642	-
Current year income tax expense on operating profit	1,891,093	997,078
Income tax paid	(1,444,143)	(766,436)
At reporting date	677,592	230,642
(d) Deferred Tax Liabilities		
Fair value adjustments	2,921,066	754,408
Income provisions	126,168	53,165
	3,047,234	807,573
Movement in deferred tax liabilities		
Balance at the beginning of the year	807,573	175,349
Charged to the Income Statement	2,239,661	473,666
Under provision in prior year	-	158,558
At reporting date	3,047,234	807,573

4. DIVIDENDS

(a) Ordinary dividends recognised in the current year

Dividends paid by the Company	2,660,720	3,455,376
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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	1,073,344	17 Oct 2005	30%	100%
Interim 2006 – ordinary	3.0	1,587,376	28 Apr 2006	30%	100%
Total franked amount	5.0	2,660,720			

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			

(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	3.0	1,569,206	27 Oct 2006	30%	100%
Special 2006 – ordinary	2.0	1,046,137	27 Oct 2006	30%	100%

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

4. DIVIDENDS (CONTINUED)

(b) Dividends not recognised at year end (continued)

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>1,627,744</u>	<u>288,934</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 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 tax liability of \$3,047,234 (2005: \$807,573).

5. AUDITORS REMUNERATION

Remuneration of the auditor of the Company for:

Auditing or reviewing the financial report	20,695	21,263
Other services provided by a related practice of the auditor:		
Taxation services	<u>6,662</u>	<u>14,657</u>
	<u>27,357</u>	<u>35,920</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. TRADE AND OTHER RECEIVABLES

Trade debtors	1,985,634	4,112,842
Income receivable	420,562	194,176
GST receivable	<u>102,568</u>	<u>47,994</u>
	<u>2,508,764</u>	<u>4,355,012</u>

Trade debtors 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 a transaction. Income receivable relates to accrued income and are non-interest bearing and unsecured.

7. FINANCIAL ASSETS

Listed investments	<u>93,220,102</u>	<u>45,575,828</u>
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The market values of all investments as at 30 June 2006 are disclosed on page 7 of the Annual Report.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

	June 2006 \$	June 2005 \$
8. TRADE AND OTHER PAYABLES		
Trade creditors	3,159,215	1,149,567
Borrowed stock	17,073,056	4,903,826
Stock lending finance	8,802,817	-
Sundry creditors	651,256	95,259
	<u>29,686,344</u>	<u>6,148,652</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. Stock lending finance has no fixed maturity date and incurs interest at 6.50% pa. Sundry creditors are settled within the terms of payment offered. No interest is applicable on these accounts.

9. ISSUED CAPITAL

(a) Paid-up Capital

52,306,856 ordinary shares fully paid (2005: 56,986,416)	<u>52,021,587</u>	<u>56,484,307</u>
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(b) Movement in Ordinary Share Capital

Balance at the beginning of the year	56,484,307	43,094,264
- Transaction costs arising on share issues	-	3,287
- 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	-	(3,263,321)
- 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
- 5,223,163 ordinary shares bought back under an on-market buy back commencing 29 June 2005	(5,002,610)	-
- 223,681 ordinary shares issued on 17 October 2005 under a dividend reinvestment plan	211,109	-
- 319,922 ordinary shares issued on 28 April 2006 under a dividend reinvestment plan	328,781	-
At reporting date	<u>52,021,587</u>	<u>56,484,307</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.

10. RESERVE

Asset Revaluation Reserve	<u>5,088,610</u>	<u>1,291,729</u>
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This reserve is used to record movements on the revaluation of the investments, net of potential tax as described in accounting policy Note 1(a) (iii).

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

	June 2006	June 2005
	\$	\$
10. RESERVE (CONTINUED)		
Movement in Asset Revaluation Reserve		
Balance at the beginning of the year	1,291,729	604,252
Transfer from retained earnings	3,796,881	687,477
At reporting date	5,088,610	1,291,729
11. RETAINED EARNINGS		
Balance at the beginning of the year	1,355,962	920,612
Profit for the year attributable to members of the Company	11,138,448	4,578,203
Transfer to asset revaluation reserve	(3,796,881)	(687,477)
Dividends paid (refer Note 4)	(2,660,720)	(3,455,376)
At reporting date	6,036,809	1,355,962
12. EFFECT OF TRANSITION FROM AGAAP TO AIFRS		
Reconciliation of profit		
Operating profit reported under AGAAP	-	4,633,029
Deferred tax expense on capitalised share issue costs	-	(54,826)
Profit attributable to members under AIFRS	11,138,448	4,578,203
Reconciliation of retained earnings		
Opening retained earnings reported under AGAAP	1,466,180	976,003
Deferred tax expense on capitalised share issue costs	(110,218)	(55,391)
	1,355,962	920,612
Profit attributable to members under AIFRS	11,138,448	4,578,203
Transfer of unrealised gains to asset revaluation reserve	(3,796,881)	(687,477)
Dividends paid	(2,660,720)	(3,455,376)
Closing retained earnings as reported under AIFRS	6,036,809	1,355,962
Reconciliation of ordinary share capital		
Opening balance as reported under AGAAP	56,208,764	42,817,312
Deferred tax asset on capitalised share issue costs	275,543	276,952
	56,484,307	43,094,264
Transaction costs arising from the Initial Public Offer	-	3,287
Shares bought back in the year	(5,002,610)	(3,263,321)
Shares issued in the year	539,890	16,650,077
Ordinary share capital as reported under AIFRS	52,021,587	56,484,307

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

	June 2006 \$	June 2005 \$
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	715,628	5,094,002
Fixed interest securities	-	11,125,496
	<u>715,628</u>	<u>16,219,498</u>

The weighted average interest rate for cash and fixed interest securities as at 30 June 2006 is 4.92% (2005: 5.19%). The fixed interest securities held at 30 June 2005 had an average maturity of 25 days.

14. CASH FLOW INFORMATION

Reconciliation of Operating Profit after Income Tax

Operating profit after income tax	11,138,448	4,578,203
Add/(less) items classified as Investing/Financing Activities:		
Realised gain on sale of investments	(9,005,363)	(4,852,433)
Add/(less) non cash items:		
Unrealised profit on investments	(6,076,101)	(799,450)
Net cash provided by Operating Activities before changes in assets and liabilities:		
(Increase)/decrease in receivables	(280,960)	91,976
Decrease/(increase) in prepayments	-	20,462
Decrease in deferred tax assets	54,845	88,218
Increase/(decrease) in payables	555,997	(38,842)
Increase in deferred tax liabilities	2,239,661	632,224
Increase in current tax liabilities	446,950	230,642
Net cash used in Operating Activities	<u>(926,523)</u>	<u>(49,000)</u>

15. EARNINGS PER SHARE

Profit after income tax used in the calculation of basic earnings per share	<u>11,138,448</u>	<u>4,578,203</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>54,617,733</u>	<u>47,866,689</u>

Diluted earnings per share has not been calculated because there were no dilutive potential ordinary shares.

16. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE

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

(a) Terms, Conditions and Accounting Policies

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

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

16. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURE (CONTINUED)

(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'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 sales of securities, dividends and interest received.

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. Alternatively, the Company can increase its level of sales of the readily tradeable securities it holds. The Company also has access to cash through its stock lending facility.

The relatively low level of gearing that the Company has, ensures that gearing parameters are unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash flows through the sale of securities and the cessation of purchases to extinguish any short-term debt.

(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 and special dividend 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.

On 11 August 2006, the Company announced a 1 for 2 bonus issue of options to acquire ordinary shares in the capital of the Company. A total of 26,153,613 options were issued to shareholders at no cost on 8 September 2006. The options have an exercise price of \$1.08 and can be exercised up to the expiry date of 31 October 2007.

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.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

18. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 1,136 (2005: 1,110). Each contract note would involve multiple transactions. The total brokerage paid on these contract notes was \$1,850,870 (2005: \$1,492,344).

19. KEY MANAGEMENT PERSONNEL COMPENSATION

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

G.J. Wilson	Chairman
J. B. Braitling	Non-Executive Director
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. KWB Capital Pty Limited, the investment manager of the Company, remunerates Justin Braitling as an employee of the Company and also provides 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	Acquisitions	Disposals	Balance at 30 June 2006
G.J. Wilson	2,918,214	-	-	2,918,214
J.B. Braitling	525,001	20,000	-	545,001
M.J. Kidman	88,416	4,306	-	92,722
J.B. Abernethy	60,000	-	-	60,000
J.J. Gosse	-	-	-	-
	3,591,631	24,306	-	3,615,937

c) Options

Since the end of the financial year, directors were issued the following options under a prospectus dated 25 August 2006. These options were not issued as part of the directors remuneration.

G.J. Wilson	1,359,107
J.B. Braitling	250,001
M.J. Kidman	35,207
J.B. Abernethy	30,000
J.J. Gosse	-

20. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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

20. RELATED PARTY TRANSACTIONS (CONTINUED)

Justin Braitling is a Director 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%p.a (plus GST) of gross assets amounting to \$701,768 (2005: \$538,255). As at 30 June 2006, the balance payable to the manager was \$61,698.

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 2006, there was a performance fee of \$489,208 (inclusive of GST) payable to KWB Capital 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 LEADERS LIMITED

A.B.N. 64 106 845 970

DIRECTORS' DECLARATION

The Directors of Wilson Leaders 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 13 to 15, 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 2006 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. 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.



J.B. BRAITLING
Director

Dated at Sydney this 12th 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 LEADERS 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 Leaders 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 13 to 15 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 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 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 13 to 15 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 LEADERS LIMITED

A.B.N. 64 106 845 970

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)

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	5.58

Distribution of shareholders (as at 31 August 2006)

Category	No. of shareholders	
	Ordinary Shares	Options
1 – 1,000	62	-
1,001 – 5,000	658	-
5,001 – 10,000	521	-
10,001 – 100,000	820	-
100,001 and over	57	-
	2,119	-

The number of shareholdings held in less than marketable parcels is 20.

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	2,207,014	4.22
Ms Fay Cleo Martin-Weber	2,000,000	3.82
Mr Allan Bevan	1,279,716	2.45
Halcyon Pty Limited	1,041,000	1.99
Huoncan Super Pty Ltd	1,020,000	1.95
Kinsbrook Pty Ltd	1,020,000	1.95
Ms Thelma Joan Martin-Weber	1,000,000	1.91
Mr Victor John Plummer	874,182	1.67
Biloclan Pty Limited	650,000	1.24
Trones Investments Pty Ltd	553,434	1.06
Trones Investments Pty Ltd Nylox Distributors S/F	553,434	1.06
Mr Geoffrey James Wilson	511,200	0.98
Mr Justin Boyd Braithling	500,001	0.96
Mrs Jean Plummer	500,000	0.96
Barkala Pty Limited	500,000	0.96
Neville Ward Super Pty Ltd	476,400	0.91
Huon Canning Co Pty Ltd	437,839	0.84
Dr Patricia Percival	400,000	0.77
Sanolu Pty Ltd	338,000	0.65
Phoenix Properties International Pty Ltd	327,000	0.63
	16,189,220	30.95

WILSON LEADERS LIMITED

A.B.N. 64 106 845 970

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 period and expired on 27 June 2006. As at 27 June 2006, a total of 5,223,163 shares had been bought back, for total consideration of \$5,002,610.

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.