

Wilson Investments
Taurine Fund Limited

annual report 2003



Wilson Investments Taurine Fund Limited

ABN 99 080 135 913

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Financial Year End
30 June 2003

Securities Traded Ex-Dividend
25 August 2003

Books Close
29 August 2003

Dividend Payment
19 September 2003

Notice of Annual General Meeting

The Annual General Meeting of Wilson Investments Taurine Fund Limited:

Will be held at:
The offices of Wilson HTM Investment Group Ltd
Level 21 Riverside Centre
123 Eagle Street Brisbane Qld 4000

Time:
5.00 pm

Date:
Wednesday 12 November 2003
A formal notice of meeting is enclosed.

Investing in Wilson Investments Taurine Fund Limited

Investors can purchase shares in the Wilson Investments Taurine Fund Limited through the Australian Stock Exchange.

ASX code: WIT

Wilson Investments Taurine Fund Limited

ABN 99 080 135 913

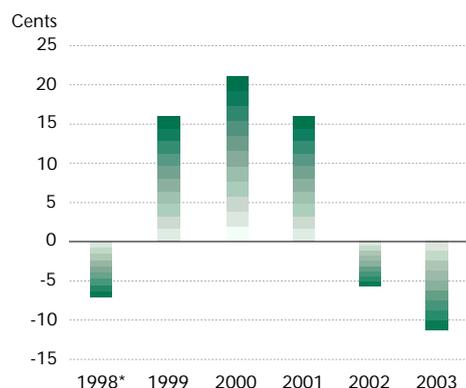
Registered in Queensland
23 September 1997



2003 Highlights

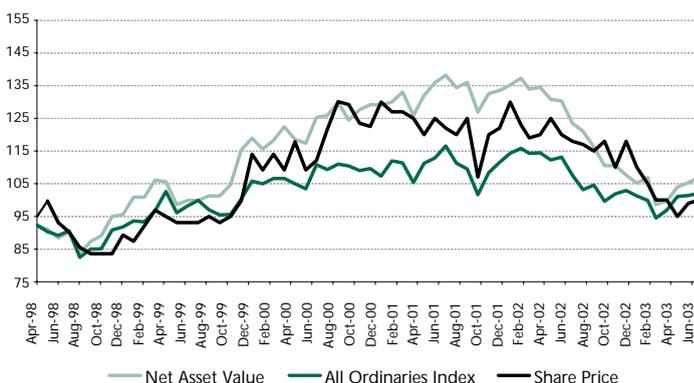
- An increase in the final dividend from 1.9 cents per share to 2.0 cents per share for the year to 30 June 2003.
- The annual dividend increased by 5.4% exceeding the rate of inflation again, as it has done every year since inception.
- Net Asset Value per share declined by 13.4% to 107.1 cents at 30 June 2003.
- After adjusting for the rights issue, the overall gain in the Net Asset Value since 1998 is 20.9%, exceeding the S&P/ASX 300 Index by 4.2%.

Earnings Per Share

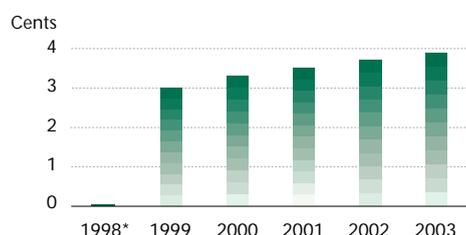


Performance History

Performance History (from April 1998)



Dividends Per Share



* From commencement on 10 March 1998 to 30 June 1998

Annual Percentage Change

Year to	ANNUAL PERCENTAGE CHANGE		
	Wilson Investments Taurine Fund (1)	S & P/ASX 300 Index (2)	Relative Results (1) - (2)
June 1999	12.9%	11.1%	1.8%
June 2000	25.5%	14.6%	10.9%
June 2001	10.3%	5.5%	4.8%
June 2002	-10.6%	-7.7%	-2.9%
June 2003	-13.4%	-5.8%	-7.6%
Overall Gain*	20.9%	16.7%	4.2%
Average Gain*	4.2%	3.3%	0.9%

* This is after adjusting for the one for three rights issue in 2000
The S&P/ASX 300 returns are pre-tax while the WIT returns are after-tax on realised gains.

Five Major Investments

June 2003

	June-02	June-03
Rio Tinto	9.3%	7.7%
Flight Centre Ltd	5.5%	6.9%
Telstra Corporation Ltd	5.6%	6.1%
Macquarie Bank	8.7%	6.0%
Commonwealth Bank	5.7%	5.9%
Total	34.8%	32.6%

Company Profile

Wilson Investments Taurine Fund Limited is a listed investment company providing investors with access to a diversified Australian investment portfolio and the management expertise of WHTM Asset Management Limited.

The composition and performance of the investment portfolio is monitored by the Board of Directors, which comprises business people with many years of experience in the investment and funds management industry.

The company's investment strategy centres on the view that investing in high quality business franchises with the ability to grow sales and earnings at rates above GDP will produce superior investment returns over the long-term. The company's portfolio of investments comprises companies whose operations cover a wide spectrum of business activities.

Equity performance is achieved by investing in well managed companies and not simply by tracking the index weighting of various component stocks. Analysis is undertaken using both the resources of Wilson HTM's Australian equity research team and information derived from other top Australian research houses.

There is no fixed management fee. The Manager receives a fee which is performance based and payable quarterly in arrears, if the company's investments outperform the returns on a cash investment. If the company's net performance is less than the returns on a cash investment, no performance fee is payable.

Objectives

The investment objectives of the Wilson Investments Taurine Fund Limited are:

- To achieve the highest possible real rate of return, comprising both income and capital growth, within specific risk parameters through a diversified investment portfolio;
- To preserve and enhance the real value of investments after allowing for inflation; and
- To provide shareholders with a fully franked dividend, which, over time, will grow at a rate in excess of the rate of inflation.

Investor Benefits

The benefits for investors in the Wilson Investments Taurine Fund Limited are:

- Reduced share investment risk through a diversified investment portfolio.
- Professional, disciplined management of an investment portfolio by an experienced Fund Manager.
- Growth in a fully franked dividend income.
- Access to a Dividend Reinvestment Plan.
- No fixed management fees – the fund manager is only remunerated on a performance basis.
- No entry or exit charges made by the company.
- Easy access to information via the company's head office or website.

Chairman's Report

I am pleased to present the sixth Annual Report of the company for the year ended 30 June 2003.

Since last year's report we have again experienced difficult investment conditions as shown in the tables below.

Against this background, the Net Asset Value per share decreased over the year by 13.4% to \$1.07 (before allowing for the final dividend) as at 30 June 2003. During the past year, the Net Profit from ordinary activities before income tax and changes in accounting policy increased from a loss of \$1,214,000 in the previous year to a profit of \$103,000 for this financial year. In addition cash flow from operating activities increased by 32.8% from \$439,000 to \$583,000 which has enabled the Directors to declare a

final dividend of 2 cents per share fully franked, up from 1.9 cents last year and bringing the total for the year to 3.9 cents, up from 3.7 cents in 2002.

This maintains our record of steadily increasing dividends each year since inception as shown in the highlights.

Our Manager aims to achieve out-performance over time by investing in well researched companies with sound financial fundamentals and growth prospects whose long-term ability to increase revenues and earnings is unaffected by short term price volatility.

During the year much public discussion has occurred around Corporate Governance and we have responded to this. Changes

include setting up of an Audit Committee, chaired by an independent Director, Henry Smerdon, preparation to respond to the ASX Governance Rules for listed companies, a review of the performance and general service contract with the Manager and an increased focus on compliance issues generally. The assessment of the Manager is shown in the table below for growth managers.

I would like to thank you for your support over the past year and look forward to welcoming many of you to our Annual General Meeting on Wednesday, 12 November 2003.



Steven Wilson
Chairman

	to 30.06.03		
	1 Year	2 Years	5 Years
US (DOW JONES)	-0.5	-5.5	1.9
UK (MSCI UK)	-10.3	-12.2	-4.2
Japan (MSCI JAPAN)	-14.5	-17.3	-6.7
MSCI (MSCI WORLD EX AUST)	-6.2	-13.0	-3.7
Australia (S&P/ASX 300)	-5.8	-6.8	3.1

(in local currencies)

InTech Research

Growth Managers

	30/06/2003	30/06/2002	30/06/2001	30/06/2000	30/06/1999
	1y	1y	1y	1y	1y
	Return	Return	Return	Return	Return
Aberdeen	2.2 (1)	1.4 (1)			
Alpha	1.0 (2)	-4.2 (8)	19.1 (2)	25.0 (7)	
AMP -	-2.9 (9)	-8.9 (14)	12.8 (9)	26.2 (6)	23.8 (3)
Capital Approach					
AUSBIL	-3.1 (11)	-3.9 (5)			
Bell	-8.1 (19)	-10.2 (16)			
BT (ex Sagitta)	-2.5 (7)	-9.2 (15)	11.9 (10)	21.2 (8)	15.4 (11)
Colonial First State	0.0 (3)	-7.7 (12)	11.1 (13)	18.6 (10)	26.4 (2)
Concord	-0.5 (4)	-3.2 (4)	16.8 (5)	26.8 (4)	18.7 (8)
Credit Suisse	-6.9 (18)	-12.0 (19)	4.5 (16)	18.1 (12)	20.0 (5)
Deutsche Alpha	-3.3 (12)	-11.1 (18)	14.8 (6)	30.1 (2)	
HSBC Active	-4.6 (13)	-2.7 (3)			
ING	-2.6 (8)	-4.0 (6)	16.9 (4)	11.5 (16)	19.9 (7)
INVESCO	-1.4 (5)	-4.9 (9)	13.4 (7)	16.5 (13)	13.6 (12)
JB Were Equities	-3.1 (10)	-6.1 (11)	16.9 (3)	21.0 (9)	19.9 (6)
JFCP	-5.5 (15)	-13.8 (20)	7.5 (15)	28.3 (3)	
Merryll Lynch	-6.4 (16)	-10.5 (17)	11.9 (11)	18.2 (11)	21.5 (4)
Perennial Growth	-5.2 (14)	-8.9 (13)	10.9 (14)	13.3 (14)	
Portfolio Partners	-1.5 (6)	-4.2 (7)	11.7 (12)	12.2 (15)	17.5 (9)
Schroders	-6.4 (17)	-1.7 (2)	13.3 (8)	26.7 (5)	17.0 (10)
Wilson Investments Taurine Fund Limited	-9.4 (20)	-5.0 (10)	20.0 (1)	33.6 (1)	28.3 (1)
Funds	20	20	16	16	12
Average	-3.5	-6.5	13/3	21.7	20.2
Asset-Weighted	-2.8	-7.6	11.8	17.0	20.1
Upper Quartile	-1.5	-4.0	16.8	26.7	22.1
Median	-3.1	-5.5	13.1	21.1	19.9
Lower Quartile	-5.8	-9.5	11.5	17.7	17.4

Produced with the InTech Desktop Consultant
Returns are expressed gross of tax and ongoing fees
Created on: 2 September 2003



Wilson Investments Taurine Fund Limited annual report 2003

Steven Wilson
Chairman

Managing Director's Report

In my report to shareholders last year I indicated that "...after a decline of 4.9% in the month of June, I'd like to think we have had the worst of low performance." How wrong was that expectation? For the subsequent twelve-month period, both the market and our portfolio under-performed property and cash investments with the Net Asset Value of the portfolio declining by 13.4% from 123.5 cents as at 30 June 2002 to 107.1 cents at 30 June 2003.

The overall poor performance of equity markets, as compared to other asset classes over the past two years, can be described by a negative feedback loop that has dominated the market and which appears to have ended, following the strong rally that has occurred over the past four months.

A negative feedback loop exists when investors see the price of a stock falling and look for the reasons for the fall, thus concentrating on the negatives. The media reports on the falls and the reasons they believe caused them. Some investors see the negative reports and sell. The media reports on this selling.

Soon investors only look for negatives and consider share price trends rather than true business value. This results in widespread investor pessimism that leads to further share sales, causing a negative feedback loop with many companies being oversold with their share prices at levels well below fair value.

In reality, the stock price movements from day to day are sentiment based and have little to do with the underlying valuation of the company and the businesses they own and run. It is during these trying times that management must continuously review portfolio performance and our investment management processes.

This is an ongoing process for us and as a consequence of a recent review, we have further refined our process of stock selection and retention to optimise the probability of out-performance going forward.

Our primary filters for investment grade companies are:

- Historical Sales Growth,
- Return on Equity and
- Interest Cover.

The first filter tests whether a company is growing. Only those companies with sales that have been growing faster than the Australian Economy (as measured by Nominal Gross Domestic Product) are accepted. The principle here is that we don't want to own businesses that are stagnant or shrinking.

The second filter tests whether a company's management has been successful in obtaining excellent returns on Equity. Only companies showing an annual Return on Equity of 15% or greater are considered. To put this another

way, if an investor can get a return of 5% on government bonds that are relatively risk free, we believe that 15% is the minimum that an investor in that company should receive for the extra risk of owning equity. This represents an equity premium of 10%.

The third filter tests for security of clients' funds. Only those companies whose profits cover their annual interest bill on their borrowings by four times or greater are considered. That is, company profits have to drop by more than 75% before they are going to have trouble servicing their debt.

When these three filters are applied together to all the Australian listed companies, we are left with less than 80 companies to consider for investment. The common traits these companies share are that they are growth orientated with a strong business franchise, and in particular, those that we believe have a sustainable competitive advantage.

A sustainable competitive advantage is like having a moat around a company's business. It protects a business from competitors and new entrants to its market. Companies with a sustainable competitive advantage usually have workforces that are incentivised for business success and fragmented customers not able to drive down the prices for the company's products. The company's suppliers usually are not in a good bargaining position, so the company has access to well priced and consistent inputs.

Before we actually buy a stock we ask ourselves the big question. "Would we buy all of this business if we had the money?" That is, we buy shares in the business as a business owner, not as a trader of shares.

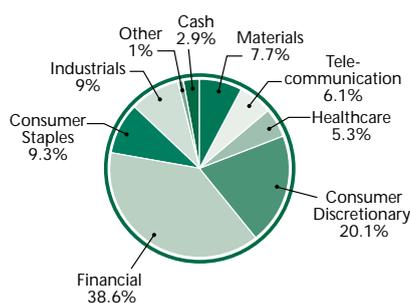


Dr Emmanuel (Manny) C Pohl
Managing Director

However, we will consider selling at certain times. For example:

- If there is a major change in management and we feel that there is insufficient continuity of management to be associated with the track record, we may sell.
- If there is a major takeover or merger. If the company loses its sustainable competitive advantage we will sell its shares. We felt that CSL had erred in the US market and had become a price taker instead of the price maker it is in Australia and as such, we sold it.
- If the market valuation of the company exceeds certain thresholds, then we may sell the shares to achieve a lower weighting.
- If a company's balance sheet deteriorates. For example, if their level of debt moves significantly higher, we would seek to understand why and if the answer was unacceptable, then we may sell the shares.

Chart 1: Distribution of Assets



The overall portfolio distribution of assets is shown in Chart 1. In the portfolio there are a number of new investments, all of which comply with our investment philosophy. In keeping with my intention of providing shareholders with information on the new investments we make, I have included a comment on Count Financial and Orotion.

Count Financial Limited

ASX Code: COU

Count Financial Limited (Count) is a financial and investment advice group. The Company is a licensed securities dealer providing financial services to a franchise network of over 500 accounting firms across Australia. The franchisees operate under the

names 'Count Wealth Accountants' and 'Compound Investment'.

Count franchisees provide advice to clients in financial planning, investment reviews, personal insurance, superannuation, home and investment loans, business loans and leasing. Count's product and service list includes investment administration systems - My Net Wealth and wealth-e-account, lending services, leasing and asset purchasing facilities, life insurance products, Count OnLine Broking, web-site development for franchisees, and a virtual dealer network.

Count is an independent distributor of financial products, which is an attractive feature to franchisees in providing unbiased investment advice. The company has significant bargaining power with the suppliers of wrap and master trust products due to its relative size. Count has developed strong customer loyalty as a result of the comprehensive suite of products that Count has specifically developed for accountants and due to the staff training required if the accountant were to switch products.

Orotion Group

ASX Code: ORL

The Orotion Group is a fashion-based management company involved in the sourcing, marketing, wholesaling and retailing of leather goods, apparel and fashion accessories. The company's four main brands are: Orotion, Polo Ralph Lauren (under license), Morrissey and Marcs.

In addition to wholesaling, Orotion has: 28 Orotion stores, 19 Polo Ralph Lauren stores, 18 Marcs stores and 11 Morrissey stores. Morrissey was purchased in 2001 and Marcs in 2002. Orotion continues to be on the lookout for the acquisition of fashion brands.

We believe that Orotion has a sustainable competitive advantage through:

- An attractive industry structure. The industry has a long history of achieving above-average returns on capital.
- Brand names in the high-discretionary retail spend market – Orotion, Polo, Marcs and Morrissey. It takes a number of years and marketing dollars to establish

goodwill in the high-discretionary retail market.

- Having secured good retail sites on long-term operating leases.

Closing Comments

As mentioned in the Interim report to Shareholders, the Board has historically always followed a policy of accounting for gains or losses on investments through the income statement. In December 2002, the company received a query from the Australian Securities & Investments Commission (ASIC) in relation to this policy. ASIC were of the view that a more appropriate way would be to recognise all unrealised gains and losses on non-current assets through an Asset Revaluation Reserve on the Statement of Financial Position, instead of being treated like market value movements and recognised in the Statement of Financial Performance.

The Board has decided to adopt the ASIC position, which has meant writing off an amount of \$2,634,000 during the year. In future, the Statement of Financial Performance will not reflect the change in the market value of the securities held in the portfolio, with revenue, in essence, reflecting the level of interest and dividends received during the year.

Finally, it must be said that there comes a point in every cycle, even a negative feedback loop, where the likely future return on equities is sufficiently high to cause investors to overcome their fear of investing in equities. The resulting change in investment flows causes stocks to rise and the negative feedback loop is broken. We have experienced this phenomenon in recent months with sharemarkets and our portfolio rebounding strongly, a trend which I expect will continue for the foreseeable future.

Dr Emmanuel (Manny) C Pohl
Managing Director

Directors' Report

This report in relation to the financial year ended 30 June 2003 is presented by the directors.

1. Principal Activities

The principal activity of the Company is investment in securities listed on the Australian Stock Exchange. There have been no significant changes in the nature of this activity during the year.

2. Review of Operations

The operating (loss)/profit from ordinary activities after tax for the year ended 30 June 2003 was (\$1,687,000) [30 June 2002 (\$739,000)].

Directors do not expect any significant developments to occur in the operations of the Company, which will adversely affect the results in subsequent years. Any general decline in equity markets may have an adverse effect on results in future years.

3. Directors

The following persons were directors of Wilson Investments Taurine Fund Limited during the financial year and up to the date of this report:



Steven M Wilson
B.Com. LLB, Hon PHD, FSIA,
FAICD, FAIM
Chairman

- Executive Chairman of Wilson HTM Investment Group Ltd.
- Chairman of South Bank Corporation.
- Director of Wilson HTM Ltd.
- Director of WHTM Asset Management Limited.
- Director of WHTM Capital Management Limited.
- Director of Great Barrier Reef Research Foundation.
- Affiliate of the Australian Stock Exchange Limited.
- Founding Practitioner Member of the Securities & Derivatives Industry Association.
- Past Chairman of St John's Cathedral Completion Fund.
- Formerly served on the boards of:
 - The Brisbane Institute
 - City of Brisbane Airport Corporation
 - Telstra Corporation Ltd
 - Queensland Tourist and Travel Corporation
 - Council of Queensland University of Technology.
- Director since 1997.



Dr Emmanuel (Manny) C Pohl
Pr Eng, BSc (Eng), MBA, DBA,
FAICD, MSDIA, SIA (Aff)
Managing Director

- Managing Director of WHTM Asset Management Limited.
- Managing Director of WHTM Capital Management Limited.
- Director of La Boite Theatre Inc.
- Director of Growth Equities Corporation Limited.
- Alternate Director of Great Barrier Reef Research Foundation.
- Member of the Securities & Derivatives Industry Association.
- Formerly an Executive Director and Head of Research of South African stockbroking firm, Davis Borkum Hare.
- Director since 1997.



George G (Deon) Huysamer
BA, LLB
Non-Executive Director
Member – Audit and Compliance Committee

- Deputy Chairman Ahi Western Cape.
- Managing Director Huysamer Capital Investments (Pty) Ltd.
- Director Eastgate Airport Pty Ltd.
- Director Maxx Communications Pty Ltd.
- Member of the Executive Committee of the Ahi.
- Former Managing Director of South African stockbroking firm ABN AMRO Securities (South Africa) (Pty) Ltd.
- Member of the Johannesburg Stock Exchange.
- Member of the Executive Committee of the Klaserie Private Game Reserve.
- Director since 1997.



Russell B McCrory
ASIA, FAICD
Non-Executive Director

- Formerly served on the board of Wilson HTM Ltd.
- Director Securities & Derivatives Industry Association.
- Affiliate and past Director of the Australian Stock Exchange Limited.
- Director since 1998.



Ignazia (Grace) Grace
BLS, ADIR, ASFA Certification
Non-Executive Director

Member – Audit and Compliance Committee

- General Secretary of the Queensland Council of Unions.
- Director – Energex Ltd Board.
- Director – Sunsuper.
- Proxy Trustee of Qsuper – Queensland Government Superannuation Schemes.
- Member of South Bank Corporation Board.
- Member of the Jupiters Casino Community Benefit Fund.
- Member of the Workplace Health & Safety Board.
- Member of the Premier's Council for Women.
- Director since 2000.



Henry R Smerdon
B.Com, B.Econ, FCPA, MAICD, Fdn DFP

Non-Executive Director

Chairman - Audit and Compliance Committee

- Chairman Brisbane Cruise Wharf Pty Ltd.
- Principal of Strategic and Financial Consulting Services.
- Deputy Chairman of the Queensland Performing Arts Trust.
- Deputy Chancellor of Griffith University.
- Holds positions on the Public Trust Office Investment Board and the Motor Accident Insurance Commission CTP Advisory Committee.
- Formerly CEO of Queensland Investment Corporation, Under Treasurer and Under Secretary of the Queensland Treasury Department and Queensland Government Statistician, Chairman of Q-Invest and Chairman of Government Superannuation Schemes and Deputy Chairman of Queensland Industry Development Corporation.
- Director since 2000.

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

4. Dividends (Paid)

The Dividends paid to members during the financial year were as follows:

Type	Cents per share	Total amount \$'000'	Date of payment
Final	1.9	250	20 September 2002
Interim	1.9	252	26 March 2003
	3.8	502	

Dividends paid by the company during the preceding year were:

Type	Cents per share	Total amount \$'000'	Date of payment
Final	1.8	234	21 September 2001
Interim	1.8	236	15 March 2002
	3.6	470	

All the dividends paid or declared by the company and referred to above were 100% franked.

In addition to the above dividends since the end of the financial year the directors have recommended the payment of a final dividend of \$267,471 (2 cents per share) to be paid on 19 September 2003 out of an asset realisation reserve.

Directors' Report

5. Earnings Per Share

	2003 Cents	2002 Cents
Basic earnings per share	(12.65)	(5.63)
Diluted earnings per share	(12.65)	(5.63)

6. Significant Changes in the State of Affairs

Significant changes in the state of affairs of the entity during the financial year were as follows:

- An increase in contributed equity of \$205,334 (from \$14,162,447 to \$14,367,781) as a result of:
- Issue of 200,858 fully paid ordinary shares under the Dividend Reinvestment Plan. (88,140 @ \$1.13 and 112,718 @ \$0.94)

7. Matters Subsequent to the End of the Financial Year

The directors are not aware of any matter or circumstance not otherwise dealt with in the directors' report or financial report which has arisen since the end of the year that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

8. Likely Developments and Expected Results of Operations

There are no planned changes to principal activities.

9. Environmental Issues

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

10. Meetings Of Directors

The number of directors' meetings attended by each of the directors of the Company during the financial year are:

Directors' Meetings		
	Eligible to Attend	Attended
S M Wilson	6	6
E C Pohl	6	6
G G Huysamer	6	5
R B McCrory	6	6
I Grace	6	5
H R Smerdon	6	6

Mr G G Huysamer is a resident of South Africa. When Mr Huysamer has not been able to attend meetings in person or by telephone, then his views on the business of the meeting are obtained prior to the meeting.

11. Directors' Emoluments

Remuneration of Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board has agreed that Steven Wilson, Manny Pohl and Russell McCrory will not receive any Directors' fees.

The Board has agreed that the Directors not associated with Wilson HTM Ltd will be paid Directors' fees.

Name	Directors' fees paid
G G Huysamer	\$12,000
I Grace	\$12,000
H R Smerdon	\$12,000
	<hr/>
	\$36,000

12. Insurance of Officers

During the financial year the Company paid a premium of \$15,069 to insure the directors and secretary of the company.

The liabilities insured are legal costs that may be insured in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of the information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between the amounts relating to the insurance against legal costs and those relating to other liabilities.

The company has not during or since the financial year indemnified or paid any insurance premiums to indemnify the auditors.

13. Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring procedures on behalf of the company, or to intervene in any procedure to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of the procedures.

No procedures have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the Corporations Act 2001.

14. Directors' Interests

As at the date of this report, directors who hold shares issued by the Company for their own benefit or who have an interest in holdings in the name of another party, and the total number of such securities, are as follows:

Name	Shares Held	Direct	In-direct (i)
S M Wilson	3,736,689	477,500	3,259,189
E C Pohl	3,812,224	553,035	3,259,189
G G Huysamer	34,215	34,215	-
R B McCrory	38,500	38,500	-
I Grace	10,712	10,712	-
H R Smerdon	10,365	10,365	-

(i) Shares indirectly held are managed by WHTM Asset Management Limited as per a Discretionary Funds Management Agreement.

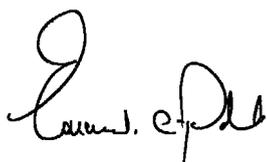
15. Options

No options have been issued during or since the financial year (30 June 2003 – Nil).

16. Rounding Of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 issued by the Australian Securities and Investments Commission. Accordingly amounts in the Financial Statements and Directors' report have been rounded to the nearest \$1,000.

This report is made in accordance with a resolution of the Directors:



Dr Emmanuel (Manny) C Pohl
Director

Brisbane 3 September 2003

Corporate Governance Statement

For the year ended 30 June 2003

This statement outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

Board of Directors

The board is responsible for the overall corporate governance of the entity and its overriding objective is to protect and increase shareholder value. The board guides and monitors the business to ensure that the company is properly managed.

During the year, the board comprised five non-executive directors (including the Chairman) and one executive director (being the Managing Director). The names and details of the directors in office, at the date of this statement are set out in the Directors' Report. There are three independent directors and three directors associated with the Manager.

The Wilson Investments Taurine Fund Limited board reviews board effectiveness and membership on an ongoing basis and retains flexible criteria for nominations to fill board vacancies in the light of the company's current circumstances and the skills, knowledge and experience of the current board members.

The company's constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a director may stand for re-election.

There are no set terms of office or retirement ages for individual directors.

Independent Professional Advice

Each director has the right to seek independent professional advice in relation to the execution of the board's responsibilities at the company's expense. Prior approval of the Chairman, which will not be unreasonably withheld, is required.

Dealings in Company's Shares

The constitution permits directors to acquire shares in the company. The company has established a policy that requires all directors and officers to inform the Chairman in advance of any proposed dealing in company shares. This is to ensure that transactions are at arms length and the market is fully informed of information that the director is aware of.

Committees

Due to the size and nature of the operations of the company, the board as a whole carries out the roles often assigned to committees. Accordingly there is currently no remuneration, nomination and ethics committees.

- Audit and Compliance Sub Committee

The board has established an audit and compliance committee. This committee consists of the following independent directors:

H R Smerdon (Chairman)
G G Huysamer
G Grace

Details of the directors' qualifications and experience are set out in the directors' report on pages 6 to 7.

As the committee has only recently been established, no meetings were held prior to 30 June, 2003. A charter, setting out the committee's role and

responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate has been established. Included in its role is an ongoing review of the performance of the manager and the service it provides.

All matters determined by the committee are submitted to the full board as recommendations for board decision.

Minutes of the committee meetings are tabled at the subsequent board meeting.

Director Remuneration

The total quantum of directors fees payable by the company has been determined by shareholders in general meeting.

The board has delegated the responsibility for determining the remuneration of directors to the Chairman and Managing Director.

Ethical Standards

The board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the company.

Shareholder Relations

The company aims to keep shareholders informed of the company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- The annual report, which is distributed to all shareholders (unless specifically requested otherwise).
- The interim financial report contains summarised financial information and review of the

Corporate Governance Statement Continued

operations of the entity during the period. The report is reviewed by the auditors and is prepared in accordance with the requirements of the applicable accounting standards and the Corporations Act 2001 and is lodged with the Australian Securities and Investments Commission and the ASX.

- Quarterly shareholder newsletters.
- Other correspondence regarding matters impacting on shareholders, as required.

All documents that are released publicly are made available on the company's website.

Shareholders are also encouraged to participate in the annual general meeting to ensure a high level of accountability and identification with the company's strategies and goals. Important issues are presented to shareholders as single resolutions.

The shareholders are responsible for voting on the appointment and aggregate remuneration of directors, any changes to the company's constitution and changes to the entity which may impact on share ownership rights.

External Auditors

The company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO Kendalls were appointed as the external auditors in 1998.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 4 to the financial statements.

Financial Report 30 June 2003

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Shareholder information

This financial report covers Wilson Investments Taurine Fund Limited as an individual entity. There are no controlled entities.

Wilson Investments Taurine Fund Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Wilson Investments Taurine Fund Limited

Level 21
Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

A description of the nature of the entity's operations and its principal activities is included in the Managing Director's report on page 4.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All media releases, financial reports and other information are available from the company at the above address or from our website: www.witfund.com.au

Statement of Financial Performance

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Revenue from ordinary activities	2	1,113	2,323
Cost of Trading Securities sold	3	(730)	(953)
Cost of Long term Investment Securities sold	3	-	(2,248)
Expenses related to change in accounting policy	1(a)	(2,634)	-
Performance fees		(123)	(216)
Other expenses from ordinary activities		(136)	(120)
Profit/(Loss) from ordinary activities before income tax expense		(2,510)	(1,214)
Income tax (expense)/benefit relating to ordinary activities	5	823	475
Net Profit /(Loss) attributable to members of Wilson Investments Taurine Fund Limited		(1,687)	(739)
Net increase (decrease) in asset realisation reserve	13	91	-
Net increase (decrease) in asset revaluation reserve	13	189	-
Total valuation adjustments recognised directly in equity		280	-
Total changes in equity other than those resulting from transactions with owners as owners		(1,407)	(739)
		cents	cents
Basic earnings per share		(12.65)	(5.63)
Diluted earnings per share		(12.65)	(5.63)

The above Statement of Financial Performance should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Assets			
Cash assets	6	415	66
Receivables		18	-
Other assets		11	9
Other financial assets	7	14,023	16,676
Deferred tax assets		4	2
Total Assets		14,471	16,753
Liabilities			
Payables	8	138	18
Current tax liabilities	9	5	224
Provisions	10	-	250
Deferred tax liabilities	11	-	731
Total Liabilities		143	1,223
NET ASSETS		14,328	15,530
Equity			
Contributed equity	12	14,368	14,163
Reserves	13(a)	280	-
Retained profits	13(b)	(320)	1,367
TOTAL EQUITY		14,328	15,530

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the year ended 30 June 2003

	Notes	2003 \$'000 Inflows/ (Outflows)	2002 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Proceeds from sales of trading securities		515	911
Payment for trading securities		(106)	(359)
Payment for bank bills		(10)	-
Income tax paid		(219)	(2)
GST refunds		-	-
Interest received		17	17
Dividends received		516	425
Sub-Underwriting Income		9	-
Other payments		(139)	(553)
Net cash flows provided by/(used in) operating activities	20	583	439
Cash flows from long term investing activities			
Proceeds from sales of investment securities		3,418	3,531
Payment for investment securities		(3,355)	(4,150)
Net cash flows used in long term investing activities		63	(619)
Cash flows from financing activities			
Proceeds from share issues		-	-
Dividends paid on ordinary shares		(297)	(297)
Net cash flows from financing activities		(297)	(297)
Net increase/(decrease) in cash held		349	(477)
Cash at the beginning of the financial year		66	543
Cash at the end of the financial year	6	415	66

The above Statement of Cash Flows should be read in conjunction with the notes to the Financial Statements.

Notes to the Financial Statements

For the year ended 30 June 2003

1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Wilson Investments Taurine Fund Limited is a public company, limited by shares, incorporated in Australia and listed on the Australian Stock Exchange.

(a) Change in accounting policy - unrealised gains and losses

There has been a change of accounting policy compared with the previous financial year. In response to a query from the Australian Securities & Investments Commission (ASIC) on 4 December 2002, the Fund has moved to a position where it recognises unrealised gains and losses under the fair value approach in accordance with *AASB 1041: Revaluation of Non-Current Assets*. Where unrealised gains and losses on non-current assets (investment securities) were previously treated as market value movements and recognised in the Statement of Financial Performance, they are now processed through an asset revaluation reserve on the Statement of Financial Position. For current assets (trading securities), all gains and losses (both realised and unrealised) continue to be processed through the Statement of Financial Performance as a revenue or expense item.

By adopting fair value accounting for investment securities, an asset revaluation reserve was established by a charge to profits equivalent to the accumulated unrealised gains up to the financial year ended 30 June 2002. This charge to profits occurred in accordance with *AASB 1001: Accounting Policies* which states that the financial effect of a change in accounting policies must be recognised as a revenue or expense in the Statement of Financial Performance in the period in which the change is made.

The establishment of the asset revaluation reserve also addresses ASIC's concern that dividends should only be paid out of profits, as revaluation increments on investment securities disposed of will be transferred to a realisation reserve in the Statement of Financial Position. The realisation reserve represents profits and therefore provides profit from which the company can pay dividends.

(b) Basis of accounting

The financial report has been prepared on an accruals basis using the historical cost basis and does not take into account changing money values or, except where stated, current valuations of assets.

(c) Other financial assets

Statement of Financial Position classification

The Statement of Financial Position has been re-formatted from a current/non current format to a liquidity format. The adoption of a liquidity format results in the removal of the terms "current asset" and "non-current asset" from the Statement of Financial Position in favour of the general term "assets".

Investments are brought to account at cost or at fair value being Directors' Valuation. The carrying amount of investments recognised at fair value is assessed by directors' annually to ensure that the carrying value is not materially different from its fair value. The carrying amount of investments is reviewed annually by Directors to ensure that it is 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 their particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts, except where stated.

Dividends are brought to account in the Statement of Financial Performance on the dates the dividends are received by the company.

Notes to the Financial Statements

For the year ended 30 June 2003

(d) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the 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 future income tax benefits 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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse changes 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 the law.

(e) Cash

For the purpose of the statement of cash flows, 'cash' includes cash, deposits held at call and investments in short term financial instruments.

(f) Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 and in accordance with that class order, amounts in the financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

(g) Revenue

Revenue from the sale of investments is recognised at the date the sale of the investments took place.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(h) Comparatives

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 in the statement of financial position are shown inclusive of GST.

(j) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

Change in accounting policy for providing the dividends

The above policy was adopted with effect from 1 July 2002 to comply with *AASB 1044 Provisions, Contingent Liabilities and Contingent Assets* released in October 2001. In previous years, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report.

An adjustment of \$250,000 was made against the entity's retained profits at the beginning of the financial year to reverse the amount provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the directors between the end of the financial year and the completion of the financial report. This reduced the entity's current liabilities - provisions and total liabilities at the beginning of the financial year by \$250,000 with corresponding increases in their net assets, retained profits, total equity and the total dividends provided for or paid during the current financial year.

The restatement of the entity's retained profits, provisions and total dividends provided for or paid during the year set out below show the information that would have been disclosed had the new accounting policy always been applied.

Notes to the Financial Statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
Summary of significant accounting policies (continued)		
Restatement of retained profits	(Restated)	(Restated)
Previously reported retained profits at the end of the previous financial year (note 13(b))	1,367	2,592
Change in accounting policy for providing for dividends	250	234
Restated retained profits at the beginning of the financial year	1,617	2,826
Net profit attributable to members of Wilson Investments Taurine Fund Limited (note 13(b))	(1,687)	(739)
Total available for appropriation	(70)	2,087
Dividends provided for or paid (see below)	(250)	(470)
Restated retained profits at the end of the financial year	(320)	1,617
Restatement of current liabilities – provisions		
Previously reported carrying amount at the end of the financial year (note 10)	–	250
Adjustment for change in accounting policy	–	(250)
Restated carrying amount at the end of the financial year	–	–
Restatement of dividends provided for or paid		
Previously reported total dividends provided for or paid during the financial year (note 14)	250	486
Adjustment for change in accounting policy	–	(16)
Restated total dividends provided for or paid during the financial year	250	470
	2003 \$'000	2002 \$'000
2. Revenue		
Revenue from operating activities		
Proceeds from sale of trading securities	515	911
Interest	17	17
Dividend	532	425
Sub underwriting income	9	–
Income from dealing in securities	(115)	–
Unrealised gains on trading securities	155	(273)
	1,113	1,080
Proceeds from sale of long term investment securities	–	3,531
Unrealised gains on long term investment securities	–	(2,288)
	–	1,243
Revenue from ordinary activities	1,113	2,323

Notes to the Financial Statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
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3. Profit from Ordinary Activities

Net gains and losses

Net gains/(losses)

Proceeds from sale of trading securities

515

911

Cost of trading securities sold

(730)

(953)

Net gain (loss) on disposal of trading securities

(215)

(42)

Proceeds from sale of long term investment securities

-

3,531

Cost of long term investment securities sold

-

(2,248)

Net gain (loss) on disposal of long term investment securities

-

1,283

4. Auditors Remuneration

During the year the auditors of the entity earned the following remuneration:

- an audit or review of the financial report of the entity

13,900

11,510

- other advisory services

7,150

-

21,050

11,510

5. Income Tax

The amount of income tax attributable to the financial period differs from the prima facie amount payable on the profit from ordinary activities. The difference is reconciled as set out below:

Profit/(loss) from ordinary activities before income tax

(2,510)

(1,214)

Prima facie tax payable on profit/(loss) from ordinary activity at 30% (30 June 2002: 30%)

(753)

(364)

Tax effect of permanent differences which increase (reduce) tax payable

• non deductible expenses

11

-

• non assessable capital gain

34

7

• intercorporate dividend rebate

(115)

(118)

Income tax attributable to profit from ordinary activities

(823)

(475)

Comprising...

• current year tax payable

-

218

• movement in provision for deferred income tax

(733)

(693)

• movement in future income tax benefit

(2)

-

• movement in realised profits reserve

(88)

-

(823)

(475)

Provision for deferred income tax reflects the future liability at 30% (2002: 30%) on the following items:

• unrealised capital gains

-

731

-

731

Future income tax benefit reflects the future benefit at 30% on the following items:

• accruals

4

2

4

2

Notes to the Financial Statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
--	----------------	----------------

6. Assets – Cash Assets

Cash at bank	11	13
Deposits at call	404	53
	<hr/> 415	<hr/> 66

7. Assets – Other Financial Assets

Listed securities at market value	14,013	16,676
(cost value 30 June 2003 – \$13,824,000)		
(cost value 30 June 2001 – \$14,195,000)		
Bank Bills	10	–
Total other financial assets	<hr/> 14,023	<hr/> 16,676

If the investments had been sold at balance date a net capital gains tax liability of not more than \$18,000 (2002: \$795,000) would have arisen. However, directors do not intend to dispose of this portfolio and therefore do not expect that the tax associated with such disposal will be incurred.

8. Liabilities – Payables

Performance fee payable	123	–
Accrued expenses	15	18
	<hr/> 138	<hr/> 18

9. Liabilities – Current Tax Liabilities

Income Tax	5	224
	<hr/> 5	<hr/> 224

10. Liabilities – Provisions

Dividends	–	250
	<hr/> –	<hr/> 250
Opening balance	250	234
Dividends provided	252	486
Dividends paid	(502)	(470)
Closing balance	<hr/> –	<hr/> 250

The provisions for dividends is used for accrual and payment of dividends

Notes to the Financial Statements

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
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11. Liabilities – Deferred Tax Liabilities

Provision for deferred income tax		-	731
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12. Contributed Equity

(a) Share capital

Ordinary shares fully paid	(c)	14,368	14,163
----------------------------	-----	--------	--------

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$'000
	Opening balance		13,172,677		14,162
20 Sept 2002	Dividend Reinvestment Plan Issue	(d)	88,140	1.13	100
26 March 2003	Dividend Reinvestment Plan Issue	(d)	112,718	0.94	106
			13,373,535		14,368

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend Reinvestment Plan

The company has established a Dividend Reinvestment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by cash. Shares are issued at a price determined by the directors.

Notes to the Financial Statements

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
13. Reserves and Retained Profits			
13(a) Reserves			
Asset Revaluation Reserve	13(i)	189	-
Asset Realisation Reserve	13(ii)	91	-
		<u>280</u>	<u>-</u>
Movements			
(i) Asset Revaluation Reserve			
Reserve establishment		2,634	-
Revaluation of long term investments		(1,823)	-
Reclassification of trading investments to/from long term investments		(193)	-
Transfer to asset realisation reserve		(429)	-
		<u>189</u>	<u>-</u>
(ii) Asset Realisation Reserve			
Transfer from asset revaluation reserve		429	-
Tax on disposal of long term investments		(86)	-
Dividends paid		(252)	-
		<u>91</u>	<u>-</u>
13(b) Retained profits			
Retained profits at the beginning of the year		1,367	2,592
Adjustment resulting from change in accounting policy for providing for dividends		250	-
Net profit attributable to members of Wilson Investments Taurine Fund Limited		(1,687)	(739)
Dividends provided for or paid		(250)	(486)
Retained profits at the end of the financial year		<u>(320)</u>	<u>1,367</u>

13(c) Nature and purpose of reserves

(i) Asset Revaluation Reserve

This reserve is used to record increments and decrements or the re-valuation of other financial assets.

(ii) Asset Realisation reserve

This reserve records gains or losses arising from disposal of long-term investments. It is adjusted for applicable tax on such disposal, if any. As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of directors.

Notes to the Financial Statements

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
14. Dividends			
Ordinary Shares			
Final dividend of 1.9 cents (2001 - 1.8 cents) per share paid 20 September 2002 (2001 - 21 September 2001)			
Fully franked @ 30% - 1.9 cents per share		250	
Fully franked @ 30% - 1.8 cents per share			234
Interim dividend of 1.9 cents (2002: 1.8 cents) per share paid 26 March 2003 (2002 - 15 March 2002)			
Fully franked @ 30% - 1.9 cents per share		252	
Fully franked @ 30% - 1.8 cents per share			236
TOTAL DIVIDENDS PROVIDED FOR OR PAID		502	470
Dividend paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2003 and 2002 were as follows:			
Paid in cash		296	252
Satisfied by issue of shares		206	218
		502	470
Dividends declared after balance date			
Since the end of the year, directors have declared a final dividend of 2 cents per share, franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2003 to be paid on 19 September, 2003, but not recognised as a liability at the end of the financial year as a result of the change in accounting policy for providing for dividends			
		267	Nil
Franked dividends			
Franking credits			
Balance of the franking account after allowing for tax payable in respect of the current year's profits, the receipt of dividends recognised as receivables and the payment of dividends recognised as a liability at the reporting date.			
		183	192

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, plus tax imputed on dividends received. Prior to that date, franking credits were based on after tax profits and the amount of franked dividends received. The amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of those dividends. In accordance with this legislation, the franking credits available at 30 June 2002 of \$449,000 based on after tax profits, were converted so that the opening balance on 1 July 2002 reflected the underlying tax paid amount of \$192,000 which is shown as the comparative amount above.

Notes to the Financial Statements

For the year ended 30 June 2003

15. Financial Instruments

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

	Weighted Average Interest Rate		Floating Interest Rate		Within 1 Year		Fixed Interest Rate Maturing						Total	
							1 – 5 Years		Over 5 Years		Non-Interest Bearing			
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Financial Assets														
Cash Assets	3.84	3.60	404	53	—	—	—	—	—	—	11	13	415	66
Receivables	—	—	—	—	—	—	—	—	—	—	18	—	18	—
Other Financial Assets	—	—	—	—	—	—	—	—	—	—	14,034	16,685	14,034	16,685
Total Financial Assets	3.84	3.60	404	53	—	—	—	—	—	—	14,063	16,698	14,467	16,751
Financial Liabilities														
Payables	—	—	—	—	—	—	—	—	—	—	138	18	138	18
Total Financial Liabilities											138	18	138	18

All other financial assets and financial liabilities are held at their net fair value and disclosed elsewhere in the financial statements. These financial assets and financial liabilities are not subject to interest risks.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk exposures to the company arise in relation to convertible notes to the extent of their carrying values in the event of a shortfall or winding-up of the issuing companies.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Net Fair Values

The net fair values of listed investments have been valued at the last quoted market sale price at balance date. For other assets and liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
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16. Remuneration of Directors

Income paid or payable or otherwise made available to directors in connection with the management of the affairs of the entity

36	36
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The number of directors whose total income was within the specified bands are as follows:

\$	-	\$		
0	-	9,999	3	3
10,000	-	19,999	3	3

The directors who held office during the financial year were:

Steven Monteith Wilson
Emmanuel Clive Pohl
Russell Bruce McCrory
George Gideon (Deon) Huysamer
Ignazia (Grace) Grace
Henry Robert Smerdon

The board has agreed that Steven Wilson, Manny Pohl and Russell McCrory will not receive any directors' fees.

Steven Wilson and Manny Pohl are directors of, and have an indirect beneficial interest in the Manager, which has received performance fees.

Steven Wilson is a director of and has an indirect beneficial interest in Wilson HTM Ltd, which has received fees from the Manager for corporate services provided by Wilson HTM Ltd. As a participating organisation of the Australian Stock Exchange Ltd, Wilson HTM Ltd will also receive brokerage fees on trades transacted on behalf of the Manager for the Company.

Manny Pohl and Russell McCrory have an indirect beneficial interest in Wilson HTM Ltd, which has received fees from the Manager for corporate services provided by Wilson HTM Ltd. As a participating organisation of the Australian Stock Exchange Ltd, Wilson HTM Ltd will also receive brokerage fees on trades transacted on behalf of the Manager for the Company.

Notes to the Financial Statements

For the year ended 30 June 2003

2003 \$'000	2002 \$'000
----------------	----------------

18. Related Parties

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

(a) Expenses paid or payable by the Company to...

• Wilson HTM Ltd for broking expenses	24	27
• WHTM Asset Management Limited for performance fees	123	216

S M Wilson is interested in the above transactions as an employee and director of Wilson HTM Limited and as a director and shareholder of Wilson HTM Investment Group Ltd.

E C Pohl is interested in the above transactions as a director and employee of WHTM Asset Management Limited and as a shareholder of Wilson HTM Investment Group Ltd.

R B McCrory is interested in the above transactions as an employee of Wilson HTM Limited and as a shareholder of Wilson HTM Investment Group Ltd.

Wilson HTM Ltd is a wholly owned subsidiary of Wilson HTM Investment Group Ltd. WHTM Asset Management Limited is a wholly owned subsidiary of Wilson HTM Ltd.

(b) Share transactions

The aggregate number of shares acquired by directors of the Company during the financial year were:

– directors	297	323
– director related entities	(187)	189
Total	110	512
Ordinary shares held at balance date:		
– by directors	1,124	827
– by director related entities	3,347	3,534
Total	4,471	4,361

19. Events Occuring after Reporting Date

Since 30 June 2003 to the date of this report there has been no event of which the directors are aware which has had a material effect on the company or its financial position.

Notes to the Financial Statements

For the year ended 30 June 2003

	2003 \$'000	2002 \$'000
20. Reconciliation of Net Cash Flows from Operating Activities		
Profit/(loss) from ordinary activities after income tax expense	(1,687)	(739)
<i>Less Non-Cashflows</i>		
• Unrealised loss/(profit) on non-current other financial assets	-	2,288
• Unrealised loss/(profit) on trading other financial assets	(155)	273
<i>Changes in Assets/Liabilities</i>		
• Decrease/(increase) in trading other financial assets	306	678
• Decrease/(increase) in receivables	(18)	-
• Decrease/(increase) in other assets	(2)	(5)
• Decrease/(increase) in deferred tax assets	(2)	-
• Increase in current payables	128	(298)
• Increase/(Decrease) in current tax liabilities	(219)	216
• Increase/(Decrease) in deferred tax liabilities	(731)	(691)
• Realised loss/(profit) on non-current other financial assets	115	(1,283)
• Realised loss/(profit) on trading other financial assets	214	-
• Transfer to asset realisation reserve on change of accounting policy	2,634	-
Net cash flows from operating activities	583	439

21. Management Agreement

Under an agreement dated 5 December 1997, the Company has agreed to engage the Manager (WHTM Asset Management Limited), a company associated with Steven Wilson, Manny Pohl and Russell McCrory, to provide primary and secondary management services, including:

- managing the investment of the Company's portfolio (including keeping it under review);
- ensuring investments by the Company are only made in authorised investments;
- complying with the investment policy of the Company;
- identifying, evaluating and implementing the acquisition and disposal of authorised investments; and
- the provision of accounting, human resources, corporate and information technology services support.

The agreement is to continue for 20 years, subject to termination by the Company on certain specified events.

Under the agreement the Manager will receive a performance fee, payable quarterly in arrears, equal to 15% of the amount by which the Company's net performance before tax (that is, after all costs and outlays but before the calculation of the performance fee) exceeds the interest rate payable on bank bills as represented by the SBC Warburg Bank Bill Index for the quarter. If the Company's net performance in any quarter is less than the interest rate payable on bank bills as represented by the SBC Warburg Bank Bill Index for that quarter, then no performance fee will be payable.

Under the terms of this agreement a performance fee of \$123,000 was paid or payable during the year ended 30 June 2003 (2002 – \$216,000).

	2003 Cents	2002 Cents
22. Earnings Per Share		
Basic earnings per share	(12.65)	(5.63)
Diluted earnings per share	(12.65)	(5.63)
(a) Reconciliation of earnings to net profit or loss		
Net profit/(loss) attributable to members	(1,687)	(739)
Net profit attributable to outside equity interest	-	-
Earnings used in the calculation of basic EPS	(1,687)	(739)
(b) Weighted average number of ordinary shares outstanding during the year (adjusted for bonus elements in ordinary shares issued during the year) used in the calculation of basic earnings per share	13,320,601	13,132,880

23. Segment information

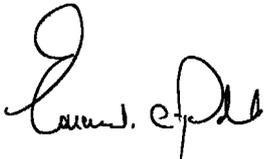
The entity operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long term capital growth and income.

The fund operates solely in one geographical segment being Australia, investing primarily in Australian equities.

Directors' Declaration

1. The directors of the Company declare that the financial statements and notes set out on pages 12 to 27.
 - (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2003 and performance as represented by the results of the operations and the cash flows for the financial year ended on that date.
2. In the Directors' opinion:
 - (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Dr Emmanuel (Manny) C Pohl
Director

Brisbane 3 September 2003

Independent Audit Report

To the Members of Wilson Investments Taurine Fund 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 Investments Taurine Fund Limited (the company), for the year ended 30 June 2003.

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.

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. 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.

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, the financial report of Wilson Investments Taurine Fund Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Wilson Investments Taurine Fund Limited's financial position as at 30 June 2003 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.



BDO KENDALLS
CHARTERED ACCOUNTANTS

Brisbane 3 September 2003



T J KENDALL
PARTNER

Wilson Investments Taurine Fund Limited annual report 2003

Shareholder Information

The shareholder information set out below was applicable as at 25 August 2003.

a) Distribution of equities securities:

	No. of Shareholders
1 to 1,000	33
1,001 to 5,000	171
5,001 to 10,000	99
10,001 to 100,000	164
100,001 and over	18
Total	485
Holdings of less than 100 ordinary shares (number)	17

b) Largest twenty shareholders

	Ordinary Shares	%
Farallon Capital Pty Ltd (Nunn Investment Trust)	2,211,926	16.54
D E & L J Barclay (Don Barclay Super Fund A/C)	1,257,477	9.40
Citadel Bank and Trust Inc (The Fragrance A/C)	551,961	4.13
M V Lieshout	503,401	3.76
Cybele Nominees Pty Ltd	477,895	3.57
Robert James Wilson	400,000	2.99
Earlston Nominees Pty Ltd (Steven Wilson Investment A/C)	320,000	2.39
P J Wilson	270,000	2.02
Invia Custodian Pty Ltd (WAM Capital Limited A/C)	265,500	1.99
Citadel Bank & Trust Inc. (The Diocesan A/C)	241,048	1.80
B R & E Haberfield	240,885	1.80
Barklya Pty Ltd	226,590	1.69
Pohl Pty Ltd (The Manny Pohl Family A/C)	204,415	1.53
H V Lieshout	200,000	1.50
E H & E D Buckland	194,182	1.45
Devoran Trustees Ltd (Goodwood A/C)	170,775	1.28
S M Wilson & A J Wilson & R J Wilson (Estate of JHM Wilson A/C)	150,000	1.12
Quantum Electronics Pty Ltd (Super A/C)	127,519	0.95
J H Eckard	99,039	0.74
D P McManus	76,195	0.57
Total	8,188,808	61.22

c) Substantial Shareholdings

The following have advised that they have a relevant interest in the capital of Wilson Investments Taurine Fund Limited. The holding of a relevant interest does not necessarily 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 Shareholder	Direct	Indirect	No. of shares`	% of total
Farallon Capital Pty Ltd (Nunn Investment Trust)	2,211,926	–	2,211,926	16.54
D E & L J Barclay (Don Barclay Super Fund)	1,257,477	–	1,257,477	9.40
WHTM Asset Management Limited	–	3,259,189	3,259,189	24.37
E C Pohl	553,035	3,259,189	3,812,224	28.51
S M Wilson	477,500	3,259,189	3,736,689	27.94

d) Voting Rights

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Investments

(a) Holdings of Securities as at 30 June 2003

Individual investments at 30 June 2003 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

Ordinary Shares		Shares	Market Value \$'000
ANZ	Australia & New Zealand Banking Group Ltd	40,500	753.7
ASR	Australian Rural Group Ltd	288,785	0.0
ASX	Australian Stock Exchange Ltd	44,900	562.1
BBG	Billabong International Ltd	41,521	254.9
BIL	Brambles Industries Ltd	100,000	457.0
BRK	Breakfree Ltd	250,000	280.0
CDO	Colorado Group Ltd	52,000	165.4
COH	Cochlear Ltd	23,800	768.7
CBA	Commonwealth Bank of Australia	28,800	851.0
ETW	Evans & Tate Ltd	22,276	21.4
FAN	Fantastic Holdings Ltd	193,824	490.4
FLT	Flight Centre Ltd	45,558	1,002.3
FGL	Fosters Brewing Group Ltd	70,000	294.7
MBL	Macquarie Bank Limited	29,885	860.7
MGM	Macquarie Goodman Management	211,800	355.8
MGW	Brian McGuigan Wines Ltd	48,547	187.4
NAB	National Australia Bank Ltd	19,700	660.0
ORL	Oroton Group Ltd	78,718	381.8
PPT	Perpetual Trustees Ltd	23,800	730.7
PIF	Prime Infrastructure Fund Stapled Security	722,500	838.1
QGC	Queensland Gas Corporation Ltd	650,049	120.3
RIO	Rio Tinto Ltd	38,000	1,110.0
SGN	STW Communications Group Ltd	113,800	320.9
TLS	Telstra Corporation Ltd	200,000	880.0
WOW	Woolworths Ltd	67,077	839.8
WSF	Westfield Holdings Ltd	55,190	805.8
			13,992.9
Options			
SSPO	Southern Pacific Petroleum Expiring 19/11/04	285,714	20.0
			\$14,012.9

(b) Transactions and Brokerage

There were 42 (2002: 63) transactions in securities during the year on which brokerage of \$24,000 (2002: \$29,000) was paid.

Wilson Investments Taurine Fund Limited

A.B.N. 99 080 135 913

Registered in Queensland on 23 September 1997.

Board of Directors

Steven M Wilson
Chairman

Emmanuel ('Manny') C Pohl
Managing Director

George ('Deon') G Huysamer
Non-Executive Director

Ignazia ('Grace') Grace
Non-Executive Director

Russell B McCrory
Non-Executive Director

Henry R Smerdon
Non-Executive Director

Secretary

Ian W Harrison

Principal Place of Business

Level 21
Riverside Centre
123 Eagle Street
Brisbane Qld 4000

Manager

WHTM Asset Management Limited
ABN 80 080 135 897

Level 21
Riverside Centre
123 Eagle Street
Brisbane Qld 4000
Tel: (07) 3212 1333
Fax: (07) 3212 1060

Solicitors

McCullough Robertson
Solicitors
Central Plaza Two
66 Eagle Street
Brisbane Qld 4000
Tel: (07) 3233 8888
Fax: (07) 3229 9949

Auditors

BDO Kendalls
Level 18
300 Queen Street
Brisbane Qld 4000
Tel: (07) 3237 5999
Fax: (07) 3221 9227

Share Register

Computershare Investor Services
Pty Ltd
Level 27 Central Plaza One
345 Queen Street
Brisbane Qld 4000
Tel: (07) 3237 2100
Fax: (07) 3229 9860

Registered Office

Level 21
Riverside Centre
123 Eagle Street
Brisbane Qld 4000
Tel: (07) 3212 1333
Fax: (07) 3212 1060

Website address

www.witfund.com.au



Wilson Investments Taurine Fund Limited

ABN 99 080 135 913

Level 21 Riverside Centre 123 Eagle Street Brisbane Q 4000 GPO Box 240 Brisbane Q 4001
Telephone +61 7 3212 1333 Facsimile +61 7 3212 1060