

Wilson Investments  
Taurine Fund Limited

# annual report 2004



Wilson Investments Taurine Fund Limited

ABN 99 080 135 913

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## Financial Calendar

### Financial Year End

30 June 2004

### Securities Traded Ex-Dividend

23 August 2004

### Books Close for Dividend

27 August 2004

### Dividend Payment

17 September 2004

## 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 10 November 2004  
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

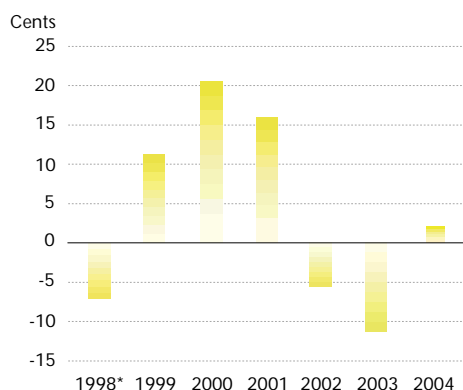
Registered in Queensland  
23 September 1997



# 2004 Highlights

- A 25% increase in the final dividend from 2.0 cents per share to 2.5 cents per share for the year to 30 June 2004.
- The annual dividend increased by 15%, exceeding the rate of inflation again, as it has done every year since inception.
- Net Asset Value per share increased by 14.4% from \$1.071 at 30 June 2003 to \$1.225 at 30 June 2004.
- After adjusting for the rights issue, the overall gain in the Net Asset Value since June 1998 is 32.8%, exceeding the S&P/ASX 300 Index by 2.7%.

## Earnings Per Share

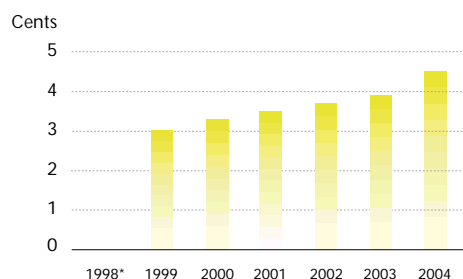


## Relative Performance History

(After adjusting for the rights issue)

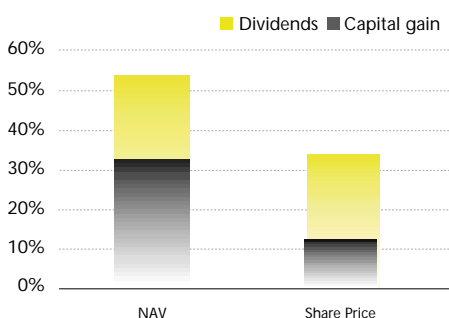


## Dividends Per Share



## Total Returns Since Inception to June 2004

(Adjusted for rights issue)



\* From commencement on 10 March 1998 to 30 June 1998

## Five Major Investments

June 2004

	June-03	June-04
Rio Tinto	7.7%	8.1%
Perpetual Trustee	5.1%	6.6%
Macquarie Bank	6.0%	6.0%
ANZ Banking Group	5.2%	5.5%
Cochlear	5.3%	5.4%
<b>Total</b>	<b>29.3%</b>	<b>31.6%</b>

Wilson Investments Taurine Fund Limited annual report 2004

Wilson Investments Taurine Fund Limited Board (From left to right)

Deon Huysamer, Russell McCrory, Manny Pohl, Grace Grace, Steven Wilson and Henry Smerdon

Wilson Investments Taurine Fund Limited ABN 99 080 135 913 Registered in Queensland 23 September 1997

# Company Profile

Wilson Investments Taurine Fund Limited is a listed investment company providing investors with access to a diversified Australian investment portfolio managed by WHTM Asset Management Limited ("Manager").

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.

WHTM Asset Management'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.

The portfolio is constructed from the perspective of a business owner by investing in well managed companies and not simply by tracking the index weighting of various component stocks.

There is no fixed management fee. The Manager receives a fee which is performance based and until 30th June 2004 has been 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.

At the Annual General Meeting, shareholders are being requested to approve a change in the calculation of the performance fee from being calculated and paid quarterly to being calculated and paid annually.

## 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

## Investment Manager

The management of the Company's investment portfolio is undertaken by WHTM Asset Management Limited ("WAML"). WAML is associated with the Wilson HTM Investment Group. Until 30 June 2004, WAML was a wholly owned subsidiary of Wilson HTM Investment Group.

From 30 June 2004 the executives of WAML effectively own 30% of WAML through a holding company with an option to acquire an additional 10% of the company by 2007 if certain performance hurdles are met.

Manny Pohl as an executive of WAML has an effective 14% interest in WAML.

# Chairman's Report

I am pleased to present the seventh Annual Report of the company for the year ended 30 June 2004.

This year has been important in that our Manager has returned to positive returns after the unprecedented experience of two negative years in global and Australian equity markets.

The performance history graph contained in the highlights section of this report shows that the underlying NAV after tax on realised gains is ahead of the All Ordinaries which is pre-tax. This is a pleasing result and confirms your Board's confidence in the long term performance of our manager.

What is not pleasing is the size of the gap which has emerged this year between the share price and the NAV. Your Directors are treating this seriously and are reviewing a range of actions to encourage stronger share market following of our company.

One factor which improves the results is a lowering of the fees paid to the Manager and following a review conducted by the Audit and Compliance Committee it has been decided that shareholders should vote on a new fee structure as explained in the notice of meeting. The effect of this is a lessening of fees in an average year and a movement of emphasis from shorter to medium-term outcomes.

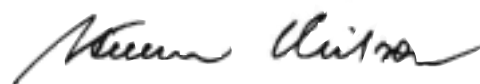
Your Board is in fact focussed on the long-term increment in the NAV caused by the Manager's investment process. The Managing Director has spelt out in some detail his team's investment process. This has been assessed by some of the country's leading asset consultants who have given it good reviews. We as Directors continue to monitor the performance and process.

As an indication of this we have increased the dividend this year by 15% to 4.5 cents per share which brings the total dividend paid since inception to 21.9 cents per share.

As to the Manager, WHTM Asset Management Limited, a change has occurred at the end of the financial year as the entity has been spun out of Wilson HTM Investment Group Ltd from 100% ownership to 50%. This

has allowed the senior executives to take a direct stake in the Manager. At the same time, longer term employment arrangements have been entered into. These changes make the Manager more independent from Wilson HTM Investment Group Ltd which I also chair.

In closing, my fellow Board Members, the Manager and I would like to thank all Shareholders for your support over the year. We look forward to seeing as many of you as possible at the Annual General Meeting on Wednesday, 10 November 2004.



Steven M. Wilson  
Chairman

## InTech Research

### Growth Managers

	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
	1y	1y	1y	1y	1y
	Return	Return	Return	Return	Return
Aberdeen	20.7 (11)	2.2 (1)	1.41 (1)		
Alliance Capital	21.2 (10)	-4.2 (9)	-11.6 (14)	10.0 (12)	
Alpha	20.0 (14)	1.0 (2)	-4.2 (6)	19.1 (2)	25.0 (6)
AMP – Capital Approach	22.4 (6)	-2.9 (6)	-8.9 (11)	12.98 (7)	26.2 (5)
Colonial First State	17.7 (15)	0.0 (3)	-7.7 (9)	11.1 (10)	18.6 (8)
Credit Suisse	15.1 (16)	-6.9 (15)	-12.0 (15)	4.5 (14)	18.1 (10)
Deutsche Alpha	21.8 (7)	-3.3 (8)	-11.1 (13)	14.8 (5)	30.1 (2)
HSBC Active	24.3 (4)	-4.6 (10)	-2.7 (3)		
ING	20.5 (12)	-2.5 (5)	-4.0 (4)	16.9 (4)	11.5 (13)
JB Were Equities	21.3 (9)	-3.1 (7)	-6.1 (8)	16.9 (3)	21.0 (7)
JFCP	25.7 (2)	-5.5 (12)	-13.8 (16)	7.5 (13)	28.3 (3)
Merrill Lynch	21.6 (8)	-6.4 (13)	-10.5 (12)	11.9 (8)	18.2 (9)
Perennial Growth	23.4 (5)	-5.2 (11)	-8.9 (10)	10.9 (11)	13.3 (11)
Portfolio Partners	27.7 (1)	-1.5 (4)	-4.2 (5)	11.7 (9)	12.2 (12)
Schroders	25.3 (3)	-6.4 (14)	-1.7 (2)	13.3 (6)	26.7 (4)
Wilson Investments Taurine Fund Limited	20.3 (13)	-9.4 (16)	-5.0 (7)	20.0 (1)	33.6 (1)
Funds	16	16	16	14	13
Investor Index					
Upper Quartile	23.6	-2.2	-4.1	16.4	26.7
Median	21.5	-3.7	-6.9	12.4	21.0
Lower Quartile	20.4	-5.8	-10.6	11.0	18.1
Average	21.8	-3.7	-6.9	12.9	21.8
Asset-Weighted	20.6	-3.2	-8.2	11.5	16.6
S&P/ASX 300 (Accu)	21.7	-1.6	-4.5	9.1	18.5

Produced with the InTech Desktop Consultant  
Returns are expressed gross of tax and ongoing fees  
Created on: 3 September 2004



Wilson Investments Taurine Fund Limited annual report 2004

Steven Wilson  
Chairman

# Managing Director's Report

Over the past twelve months the equity market has not been affected by a major external systemic shock, unlike the 2001, 2002 and 2003 financial years. Shareholders may well recall the 2000 catastrophe when the equity markets were particularly badly affected by the tech wreck, which wiped trillions of dollars off the market capitalisation of technology companies worldwide. This was reflected by the NASDAQ Composite index suffering a decline of 45% over the twelve-months to June 2001.

In general, this year has seen a much improved performance by the equity market with a 17% improvement as compared to the ten-year average increase in the S&P/ASX 300 Index of around 6% (excluding dividends). Dividends from our portfolio of investments fared substantially better increasing by 38% from \$532,000 to \$735,000 in the 2003 and 2004 financial years respectively. This has enabled the Board of Directors to increase the final dividend to shareholders by 25% over the previous year. This substantial growth in dividend income is due to our three-stage investment process which filters out non-compliant companies

resulting in our investment portfolio comprising low capital intensive growth companies with a small to mid-cap bias.

The first or primary stage 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 a 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 pre-tax 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 80 to 100 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. The company's suppliers are not usually 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 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.

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

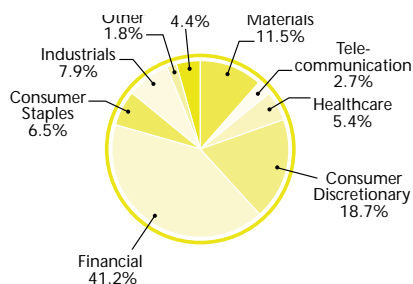
- If there is a major change in management and we feel that there is insufficient continuity of management to be associated with the track record, we may sell.
- If there is a major takeover or merger.
- If the company loses its sustainable competitive advantage we will sell its shares.
- If the market 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.

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 that we make, we have included a comment on BreakFree and Macquarie Goodman Management.



Dr Emmanuel (Manny) C Pohl  
Managing Director

Chart 1: Distribution of Assets as at 30 June 2004



## BREAKFREE

ASX Code: BRK

BreakFree is an integrated company specialising in the management and letting of apartment accommodation.

### The Management and Letting Rights Operations

Strata titled property developments can operate as holiday apartment accommodation. Under the strata arrangement there is a body corporate (responsible for compliance with strata laws) and a building manager (responsible for the management and care taking of the building, as well as the operating and letting of the apartments). The right to operate the letting of apartments is referred to as the Management and Letting Rights (MLR). Under MLR operations an agreement is created where the manager is the letting agent for the apartments. The MLR operator promotes the building and provides support services such as cleaning and linen.

### 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%
June 2004	14.4%	16.9%	-2.5%
Overall Gain*	38.5%	36.4%	2.1%
Average Gain*	6.4%	6.1%	0.3%

\* 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.

BreakFree operates thirty-four MLR businesses on the Gold Coast, Sunshine Coast, Port Douglas, Byron Bay, Cairns, Coffs Harbour, Lorne and Palm Cove.

### Holiday Operations

This includes BreakFree Holidays, which provides packaged holidays structured around specialised events such as Schoolies Week (an event targeted at students leaving school). At the retail level, BreakFree Holidays only sells its own packages, not those supplied by other wholesalers. At the wholesale level, the division sells packages to Bali through retail travel agents and BreakFree Resorts, where BRK supplies self-contained holiday apartment accommodation.

### Sustainable Competitive Advantage

BreakFree is in the early stages of developing the first affordable (3.5 to 4.0 star) national apartment accommodation brand name in Australia. There are distinct scale advantages in having a national brand through marketing muscle and lower maintenance/supply costs. This should lead to higher occupancy rates at BreakFree apartments and greater returns for apartment investors.

## MACQUARIE GOODMAN MANAGEMENT

ASX Code: MGM

Macquarie Goodman Management Limited (MGM) is an integrated property company specialising in the development and management of warehouse/distribution centres, industrial estates, business parks and office parks throughout Australia.

MGM is primarily involved in providing funds management, property management and development management services to Macquarie Goodman Industrial Trust (MGI), Ascendas Real Estate Investment Trust and Macquarie Goodman Property Trust (MGP).

### Sustainable Competitive Advantage

MGM's business model is such that it enjoys a high return on capital. Predictability of earnings is high. Although MGI has a leading market share in the Australian industrial property market it is a fragmented market which provides MGM with good growth potential. The property trusts have provided good returns to unitholders in the past, which should ensure that the trusts are able to continue to provide the capital to fuel MGM's growth.

## Closing Comments

The complete details of all the investments that were held at the end of the financial year are detailed later in the Annual Report. Suffice to say that Rio Tinto (8.1%), Perpetual Trustees (6.6%) and Macquarie Bank (6.0%) were the three major investments held at the June 2004 year-end and it is these three investments that we believe have the best risk adjusted return profiles.

When looking at the market in general, the industrial sector (including banks but excluding News Corporation) which represents 77% of the market, is selling on a historical (2004 financial year) earnings yield of 6.6%. At this level we believe the industrial sector of the market looks to be representing fair value and if anything, is slightly undervalued.

As a consequence, our expected return for the Australian equity market is 9% pa over the next five years. Over shorter time period actual returns could vary markedly each year from this 9% pa forecast. This volatility of returns over shorter time periods is the fundamental reason why we encourage investors to have a minimum five year time horizon when investing in Wilson Investments Taurine Fund Limited.

Dr Emmanuel (Manny) C Pohl  
Managing Director

"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."

# Directors' Report

This report in relation to the financial year ended 30 June 2004 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 profit or (loss) from ordinary activities after tax for the year ended 30 June 2004 was \$289,000 [30 June 2003 (\$1,687,000)].

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, MSDIA  
*Chairman*

- Executive Chairman of Wilson HTM Investment Group Ltd.
- Chairman of South Bank Corporation.
- Director of WHTM Asset Management Limited.
- Director of WHTM Capital Management 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.
- Director of WHTM Capital Management Limited.
- Director of Growth Equities Corporation Limited.
- Director of Queensland Gas Company Ltd
- Member of the Securities & Derivatives Industry Association.
- Formerly served on the boards of
  - The Great Barrier Reef Research Foundation.
  - La Boite Theatre Inc.
- Director since 1997.



George G (Deon) Huysamer  
BA, LLB  
*Non-Executive Director*

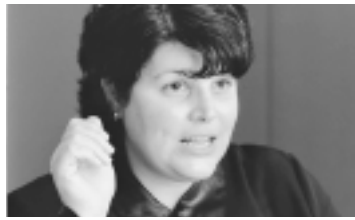
- Member – Audit and Compliance Committee*
- Deputy Chairman Ahi Western Cape.
  - Managing Director Huysamer Capital Investments (Pty) Ltd.
  - Director Eastgate Airport Pty Ltd.
  - Director Maxx Communications Pty Ltd.
  - Former Managing Director of South African stockbroking firm ABN AMRO Securities (South Africa) (Pty) Ltd.
  - Member of the Johannesburg Stock Exchange.
  - Director since 1997.





Russell B McCrory  
ASIA, FAICD, MSDIA  
*Non-Executive Director*

- Director Securities & Derivatives Industry Association.
- Past Director of the Australian Stock Exchange Limited.
- Formerly served on the board of Wilson HTM Ltd.
- 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 Qcomp Board.
- Director since 2000.



Henry R Smerdon  
B.Com, B.Econ, FCPA, MAICD, Fdn DFP  
*Non-Executive Director*

*Chairman - Audit and Compliance Committee*

- Principal of Strategic and Financial Consulting Services.
- Chairman Brisbane Cruise Wharf Pty Ltd.
- 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's	Date of payment
Final	2.0	267	19 September 2003
Interim	2.0	269	26 March 2004
	4.0	536	

Dividends paid by the company during the preceding year were:

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

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 \$343,000 (2.5 cents per share) to be paid on 17 September 2004 out of the asset realisation reserve.

# Directors' Report

## 5. Earnings Per Share

	2004 Cents	2003 Cents
Basic earnings per share	2.13	(12.65)
Diluted earnings per share	2.13	(12.65)

## 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 \$378,166 (from \$14,367,781 to \$14,745,947) as a result of:

- Issue of 216,431 fully paid ordinary shares under the Dividend Reinvestment Plan. (98,374 @ \$1.13 and 118,057 @ \$1.12)
- Issue of 123,842 @ \$1.09 fully paid ordinary shares in accordance with the Share Purchase Plan.

## 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.

The shareholders are being requested to approve a change to the calculation of the performance fee which could result in a change to the profitability of the Company.

## 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 numbers of directors' meetings attended by each of the directors of the Company during the financial year are:

	Board		Audit Sub Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
S M Wilson	6	6	–	–
E C Pohl	6	6	–	–
G G Huysamer	6	6	5	5
R B McCrory	6	6	–	–
I Grace	6	6	5	4
H R Smerdon	6	6	5	5

Mr G G Huysamer is a resident of South Africa.

## 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 had previously agreed that Steven Wilson, Manny Pohl and Russell McCrory will not receive any Directors' fees.

The Board has recently agreed that from 1 July 2004, all of the directors, including the directors associated with the Wilson HTM Investment Group Ltd are to be paid directors' fees.

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

The Company pays a premium for Directors & Officers Liability insurance to which the directors receive the benefit. This insurance forms part of the definition of directors' remuneration, but due to impracticality, the insurance premium has not been allocated to each director.

## 12. Insurance of Officers

During the financial year the Company paid a premium of \$25,532 to insure the directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred 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)
E C Pohl	4,176,543	798,274	3,378,269
S M Wilson	4,105,739	727,500	3,378,269
G G Huysamer	53,305	53,305	-
R B McCrory	35,000	35,000	-
H R Smerdon	15,325	15,325	-
I Grace	11,097	11,097	-

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

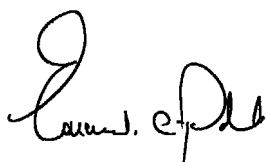
## 15. Options

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  
9 September 2004

# Corporate Governance Statement

## For the year ended 30 June 2004

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

The ASX Listing Rules require listed companies to include in their annual report a statement detailing the extent to which they have followed the 28 ASX best practice recommendations in their reporting period. Listed companies must identify the recommendations that have not been followed and provide reasons for the company's action.

A checklist summarising the ASX recommendations and compliance is on pages 12 and 13.

### 1. 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 in the best interest of Shareholders. The board is accountable to its Shareholders.

A charter setting out the board's role and responsibilities, composition etc has been established. The charter is available on the Company's website.

During the year, the board comprised five non-executive directors (including the Chairman) and one executive director (being the Managing Director). All directors have a personal financial interest in the Company.

For Corporate Governance purposes there are three independent directors and three non-independent directors associated with the Investment Manager. The Directors associated with the Investment Manager are:

Manny Pohl – The Managing Director of the investment manager.

Steven Wilson – The Executive Chairman and a shareholder of Wilson HTM Investment Group Ltd, which is the ultimate owner of 50% of the investment manager.

Russell McCrory – A Shareholder in Wilson HTM Investment Group Ltd, which is the ultimate owner of 50% of the investment manager.

The Directors believe that the current board structure and Chairman is the most appropriate for the Company at the present time.

The names and details of the current directors are set out below:

#### Steven M Wilson Chairman

Mr Wilson is Executive Chairman of the Wilson HTM Investment Group and Chairman of Southbank Corporation. He has extensive experience in the stockbroking industry. Mr Wilson has been the Chairman of the Company since the Company was established in 1997.

#### Dr Emmanuel (Manny) C Pohl Managing Director

Dr Pohl is Managing Director of WHTM Asset Management Limited. He has extensive experience in the stockbroking industry in Australia and South Africa. Dr Pohl has been the Managing Director of the Company since the Company was established in 1997.

#### Mr Russell B McCrory

Mr McCrory has extensive experience in the stockbroking industry. He has been a Director since 1998.

#### Mr Henry R Smerdon Chairman of the Audit and Compliance Committee

Mr Smerdon is a Company Director and has been a Director since 2000.

#### Mr George G (Deon) Huysamer Member of the Audit and Compliance Committee

Mr Huysamer is a Company Director in South Africa and has extensive experience in the South African stockbroking industry. He has been a Director since the Company was established in 1997.

#### Ms Ignazia (Grace) Grace Member of the Audit and Compliance Committee

Ms Grace is the General Secretary of the Queensland Council of Unions and a member of a number of Government boards. Ms Grace has been a Director since 2000.

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.

A formal review (written survey) of the board and audit committee is undertaken yearly. The board and audit committee are continually reviewing the performance of the investment manager and the relationship between the Managing Director and the investment manager.

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.

### 2. Independent Professional Advice

Each director has the right to seek independent professional advice in

# Corporate Governance Statement Continued

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.

### 3. Dealings in the 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 receive approval from the Chairman in respect to any dealings. The Chairman requires prior approval from the Chairman of the Audit and Compliance Committee in advance of any proposed dealing in Company shares.

### 4. 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 are currently no remuneration, nomination and ethics committees.

- Audit and Compliance 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 and 7.

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. This charter is available on the Company's website.

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.

### 5. Remuneration

#### *Directors*

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.

#### *Executives*

The only executive of the Company is the Managing Director. During the year the Managing Director did not receive any remuneration from the Company. The Managing Director is employed and paid by the investment manager.

### 6. 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.

### 7. Compliance and Continuous Disclosure

The Company is committed to maintaining the highest standard of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness.

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company keeps the market advised of all information required to be disclosed under the rules which it believes would have a material affect on the price or value of the Company's securities.

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

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.

### 8. Risk Management

The Company seeks to reduce investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

Other risk management issues, for example disaster recovery, credit and counter-party risk, are considered by the board.

The Board receives regular reports about the financial condition and operational results of the Company.

The CEO and CFO are required to provide formal statements to the Board that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results, and
- The risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

# Corporate Governance Statement Continued

## 9. 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.

The Company's external auditor attends the annual general meeting

and is available to answer shareholder questions.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 5 to the financial statements.

	ASX Principle	Reference (1)	Compliance
<b>Principle 1:</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	1	Comply
<b>Principle 2:</b>	<b>Structure the board to add value</b>		
2.1	A majority of the board should be independent directors.	1	Non-Comply
2.2	The chairperson should be an independent director.	1	Non-Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	1	Comply
2.4	The board should establish a nomination committee.	4	Non-Comply
2.5	Provide the information indicated in <i>Guide to reporting on Principle 2</i> .	1 & 2 & Directors' report	Non-Comply
<b>Principle 3:</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executive as to:		
	3.1.1 the practices necessary to maintain confidence in the company's integrity	1	Comply
	3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	1	Comply
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	3	Comply
3.3	Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	1	Comply
<b>Principle 4:</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	8	Comply
4.2	The board should establish an audit committee.	4	Comply
4.3	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> <li>only non-executive directors</li> <li>a majority of independent directors</li> <li>an independent chairperson, who is not chairperson of the board.</li> <li>a least three members.</li> </ul>	4	Comply
4.4	The audit committee should have a formal charter.	4	Comply
4.5	Provide the information in <i>Guide to reporting on Principle 4</i> .	4 & Directors' report	Comply

ASX Principle		Reference (1)	Compliance
<b>Principle 5:</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	7	Comply
5.2	Provide the information indicated in <i>Guide to reporting on Principle 5</i> .	7	Comply
<b>Principle 6:</b>	<b>Respect the rights of shareholders</b>		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	7	Comply
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	9	Comply
<b>Principle 7:</b>	<b>Recognise and manage risk</b>		
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	8	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:		
	7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.	8	Comply
	7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	8	Comply
7.3	Provide the information indicated in <i>Guide to reporting on Principle 7</i> .	8	Comply
<b>Principle 8:</b>	<b>Encourage enhanced performance</b>		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	1	Comply
<b>Principle 9:</b>	<b>Remunerate fairly and responsibly</b>		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	5	Comply
9.2	The board should establish a remuneration committee.	4	Non-Comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	5	Comply
9.4	Ensure the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	5 and Directors' report	N/A
9.5	Provide the information indicated in <i>Guide to reporting on Principle 9</i> .	4 and 5	Comply
<b>Principle 10:</b>	<b>Recognise the legitimate interests of stakeholders</b>		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations.	1	Comply

Note 1: Reference refers to the relevant sections of this Corporate Governance Statement or to the Directors' Report.

# Financial Report

## 30 June 2004

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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](http://www.witfund.com.au)



# Statement of Financial Performance

For the year ended 30 June 2004

	Notes	2004 S'000	2003 S'000
Revenue from ordinary activities	2	587	1,113
Cost of Trading Securities sold	3	-	(730)
Expenses related to change in accounting policy	1(a)	-	(2,634)
Performance fees		(282)	(123)
Other expenses from ordinary activities	4	(149)	(136)
Profit/(Loss) from ordinary activities before income tax expense		156	(2,510)
Income tax (expense)/benefit relating to ordinary activities	6	133	823
Net Profit/(Loss) attributable to members of Wilson Investments Taurine Fund Limited		289	(1,687)
Net increase/(decrease) in asset realisation reserve	12	(51)	91
Net increase/(decrease) in asset revaluation reserve	12	1,855	189
Total valuation adjustments recognised directly in equity		1,804	280
Total changes in equity other than those resulting from transactions with owners as owners		2,093	(1,407)
		<b>cents</b>	<b>cents</b>
Basic earnings per share		2.13	(12.65)
Diluted earnings per share		2.13	(12.65)

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 2004

	Notes	2004 \$'000	2003 \$'000
<b>Assets</b>			
Cash assets	7	754	415
Receivables		-	18
Other assets		21	11
Other financial assets	8	16,103	14,023
Deferred tax assets		6	4
<b>Total Assets</b>		<b>16,884</b>	<b>14,471</b>
<b>Liabilities</b>			
Payables	9	75	138
Current tax liabilities	10	10	5
<b>Total Liabilities</b>		<b>85</b>	<b>143</b>
<b>NET ASSETS</b>		<b>16,799</b>	<b>14,328</b>
<b>Equity</b>			
Contributed equity	11	14,746	14,368
Reserves	12(a)	2,084	280
Retained profits	12(b)	(31)	(320)
<b>TOTAL EQUITY</b>		<b>16,799</b>	<b>14,328</b>

*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 2004

	Notes	2004 S'000 Inflows/ (Outflows)	2003 S'000 Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Proceeds from sales of trading securities		-	515
Payment for trading securities		-	(106)
Payment for bank bills		10	(10)
Income tax paid		(2)	(219)
GST refunds		1	-
Interest received		18	17
Dividends received		751	516
Sub-Underwriting Income		-	9
Other payments		(504)	(139)
Net cash flows provided by/(used in) operating activities	18	274	583
<b>Cash flows from long term investing activities</b>			
Proceeds from sales of investment securities		4,094	3,418
Payment for investment securities		(3,870)	(3,355)
Net cash flows provided by/(used in) long term investing activities		224	63
<b>Cash flows from financing activities</b>			
Proceeds from share issues		135	-
Dividends paid on ordinary shares		(294)	(297)
Net cash flows from financing activities		(159)	(297)
Net increase/(decrease) in cash held		339	349
Cash at the beginning of the financial year		415	66
Cash at the end of the financial year	7	754	415

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 2004

## 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 no changes in accounting policy compared with the previous financial year.

In the 2003 year in response to a query from the Australian Securities & Investments Commission (ASIC) on 4 December 2002, the Fund 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 is in 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 2004

## Summary of significant accounting policies (continued)

### (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.

# Notes to the Financial Statements

For the year ended 30 June 2004

	2004 \$'000	2003 \$'000
<b>2. Revenue</b>		
Revenue from operating activities		
Proceeds from sale of trading securities	-	515
Interest	17	17
Dividend	735	532
Sub underwriting income	-	9
Income from dealing in securities	(165)	(115)
Unrealised gains on trading securities	-	155
Revenue from ordinary activities	<u>587</u>	<u>1,113</u>

## 3. Profit from Ordinary Activities

Net gains and losses		
Proceeds from sale of trading securities	-	515
Cost of trading securities sold	-	(730)
Net gain (loss) on disposal of trading securities	<u>-</u>	<u>(215)</u>

## 4. Other Expenses from Ordinary Activities

ASX Fees	21	15
Audit Fees	19	14
Directors Fees	36	36
Insurance	16	14
Share Registry	16	10
Other	41	47
	<u>149</u>	<u>136</u>

## 5. Auditors Remuneration

	2004 \$	2003 \$
During the year the auditors of the entity earned the following remuneration:		
- an audit or review of the financial report of the entity	19,218	13,900
- other advisory services	-	7,150
	<u>19,218</u>	<u>21,050</u>

# Notes to the Financial Statements

For the year ended 30 June 2004

	2004 \$'000	2003 \$'000
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## 6. 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	156	(2,510)
Prima facie tax payable on profit/(loss) from ordinary activities at 30% (30 June 2003: 30%)	47	(753)
Tax effect of permanent differences which increase (reduce) tax payable		
• non deductible expenses	-	11
• realised capital losses	50	34
• intercorporate dividend rebate	(211)	(115)
Income tax adjusted for permanent differences	(114)	(823)
Benefit of tax losses of prior years recouped	(26)	-
Under (over) provision in previous year	7	-
Income tax (benefit)/expense attributable to profit from ordinary activities	(133)	(823)
Comprising...		
• current year tax payable	7	-
• movement in provision for deferred income tax	-	(733)
• movement in future income tax benefit	(2)	(2)
• movement in realised profits reserve	(138)	(88)
	(133)	(823)
Future income tax benefit reflects the future benefit at 30% on the following items:		
• non deductible expenses	6	4
	6	4

## 7. Assets – Cash Assets

Cash at bank	17	11
Deposits at call	737	404
	754	415

## 8. Assets – Other Financial Assets

Listed securities at market value	16,103	14,013
(cost value 30 June 2004 – \$14,059,000)		
(cost value 30 June 2003 – \$13,824,000)		
Bank Bills	-	10
Total other financial assets	16,103	14,023

If the investments had been sold at balance date a net capital gains tax liability of not more than \$613,000 (2003: \$18,000) 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.

# Notes to the Financial Statements

For the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
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## 9. Liabilities – Payables

Performance fee payable		46	123
Accrued expenses		29	15
		<u>75</u>	<u>138</u>

## 10. Liabilities – Current Tax Liabilities

Income Tax		<u>10</u>	<u>5</u>
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## 11. Contributed Equity

### Notes

### (a) Share capital

Ordinary shares fully paid	(c)	<u>14,746</u>	<u>14,368</u>
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### (b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price	\$'000
	Opening balance		13,373,535		14,368
19 Sept 2003	Dividend Reinvestment Plan Issue	(d)	98,374	1.13	111
19 Dec 2003	Share Purchase Plan Issue	(e)	123,842	1.09	135
26 March 2004	Dividend Reinvestment Plan Issue	(d)	118,057	1.12	132
	Balance at end of the financial year		<u>13,713,808</u>		<u>14,746</u>

### (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.

### (e) Share Purchase Plan

The Company has established a Share Purchase Plan under which holders of ordinary shares may elect to acquire new ordinary shares as determined by the directors. The shares are issued at a price as determined by the directors.



# Notes to the Financial Statements

For the year ended 30 June 2004

	Notes	2004 \$'000	2003 \$'000
<b>12. Reserves and Retained Profits</b>			
<b>12(a) Reserves</b>			
Asset Revaluation Reserve	12(i)	2,044	189
Asset Realisation Reserve	12(ii)	40	91
		<b>2,084</b>	<b>280</b>
<b>Movements</b>			
<b>(i) Asset Revaluation Reserve</b>			
Reserve establishment		-	2,634
Opening balance		189	-
Revaluation of long term investments		2,478	(1,823)
Reclassification of trading investments to/from long term investments		-	(193)
Transfer to asset realisation reserve		(623)	(429)
Balance at the end of the financial year		<b>2,044</b>	<b>189</b>
<b>(ii) Asset Realisation Reserve</b>			
Opening balance		91	-
Transfer from asset revaluation reserve		623	429
Tax on disposal of long term investments		(137)	(86)
Dividends paid		(537)	(252)
Balance at the end of the financial year		<b>40</b>	<b>91</b>
<b>12(b) Retained profit</b>			
Retained profits at the beginning of the year		(320)	1,367
Adjustment resulting from change in accounting policy for providing for dividends		-	250
Net profit attributable to members of Wilson Investments Taurine Fund Limited		289	(1,687)
Dividends provided for or paid		-	(250)
Retained profits at the end of the financial year		<b>(31)</b>	<b>(320)</b>
<b>12(c) Nature and purpose of reserves</b>			
<b>(i) Asset Revaluation Reserve</b>			
This reserve is used to record increments and decrements or the re-valuation of other financial assets.			
<b>(ii) Asset Realisation reserve</b>			
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 2004

	2004 \$'000	2003 \$'000
<b>13. Dividends</b>		
<b>a) Dividends paid during year</b>		
Final dividend of 2.0 cents (2003 - 1.9 cents) per share paid 19 September 2003 (2003 - 20 September 2002)		
Fully franked @ 30% - 2.0 cents per share	267	
Fully franked @ 30% - 1.9 cents per share		250
Interim dividend of 2.0 cents (2003: 1.9 cents) per share paid 26 March 2004 (2003 - 26 March 2003)		
Fully franked @ 30% - 2.0 cents per share	269	
Fully franked @ 30% - 1.9 cents per share		252
<b>TOTAL DIVIDENDS PROVIDED FOR OR PAID</b>	<b>536</b>	<b>502</b>
Dividend paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2004 and 2003 were as follows:		
Paid in cash	293	296
Satisfied by issue of shares	243	206
	<b>536</b>	<b>502</b>
<b>b) Dividends declared after balance date</b>		
Since the end of the year, directors have declared a final dividend of 2.5 cents per share, franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2004 to be paid on 17 September, 2004, but not recognised as a liability at the end of the financial year.	343	267
<b>c) Franking credits</b>		
Balance as at 30 June 2004 on 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.	373	183
<b>d) Listed Investment Company capital gain account</b>		
Balance of the Listed Investment company (LIC) capital gain account.	484	209
Distributed LIC capital gains may entitle certain shareholders to a special deduction in their tax return, as set out in the dividend statement.		
LIC capital gains available for distribution are dependent upon:		
(i) The disposal of investment portfolio holdings which qualify for LIC capital gains.		
(ii) or the receipt of LIC distributions from LIC securities held in the portfolio.		

# Notes to the Financial Statements

For the year ended 30 June 2004

## 14. 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 \$'000		Fixed Interest Rate Maturing								Total \$'000	
					Within 1 Year \$'000		1 – 5 Years \$'000		Over 5 Years \$'000		Non-Interest Bearing \$'000			
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Financial Assets</b>														
Cash Assets	3.85	3.84	737	404	—	—	—	—	—	—	17	11	754	415
Receivables	—	—	—	—	—	—	—	—	—	—	—	18	—	18
Other Financial Assets	—	—	—	—	—	—	—	—	—	—	16,103	14,023	16,103	14,023
<b>Total Financial Assets</b>	<b>3.85</b>	<b>3.84</b>	<b>737</b>	<b>404</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16,120</b>	<b>14,052</b>	<b>16,857</b>	<b>14,456</b>
<b>Financial Liabilities</b>														
Payables	—	—	—	—	—	—	—	—	—	—	75	138	75	138
<b>Total Financial Liabilities</b>											<b>75</b>	<b>138</b>	<b>75</b>	<b>138</b>

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 2004

## 15. Specified Directors and Executives Remuneration

Names and positions held by specified directors at any time during the financial year are:

Director	Position
Steven Monteith Wilson	Chairman
Emmanuel Clive Pohl	Managing Director
Russell Bruce McCrory	Non Executive Director
George D Huysamer	Non Executive Director
Ignazia (Grace) Grace	Non Executive Director
Henry R Smerdon	Non Executive Director

The Company's Secretary (Ian Harrison) is employed by Wilson HTM Investment Group and does not receive any form of direct remuneration from this company. Instead Wilson HTM Investment Group receives management fees from WHTM Asset Management Limited designed to cover the cost of provision of that service. WHTM Asset Management Limited as the investment manager receives a management fee from the company as detailed in notes 16 and 19. The company has no other staff and therefore it has no specified executives.

### Specified Directors Remuneration

Director	Primary Benefits
Steven Monteith Wilson	Nil (a)
Emmanuel Clive Pohl	Nil (a)
Russell Bruce McCrory	Nil (a)
George D Huysamer	\$12,000
Ignazia (Grace) Grace	\$12,000
Henry R Smerdon	\$12,000
<b>Total</b>	<b>\$36,000</b>

The company does not pay any other form of remuneration other than the primary benefits above (ie. equity based benefits, post employment benefits and other benefits). No shares, rights, options or other equitable instrument has been issued in the form of directors' remuneration.

(a) The Board has agreed that for 2003/2004 the following directors will not receive any directors' fees.

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

Steven Wilson was a director of and has an indirect beneficial interest in Wilson HTM Ltd, which has received fees from the Manager for 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 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.

Russell McCrory has an indirect beneficial interest in the Manager which has received performance fees.

From 1 July 2004, all directors will be paid directors' fees.

(b) The Company pays a premium for Directors & Officers Liability insurance to which the directors receive the benefit. This insurance forms part of the definition of directors' remuneration, but due to impracticality, the insurance premium has not been allocated to each director.

# Notes to the Financial Statements

For the year ended 30 June 2004

## Principles for Determining Directors Remuneration

### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also has agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

No directors receive share options.

No bonuses have been granted or are payable to any of the directors for the financial year.

## Equity Holdings

The following are the number of shares held directly by directors:

Director	Held at 1 July 2003	Granted as Remuneration	Other Issuances	Market Transactions	Held at 30 June 2004
Steven Monteith Wilson	477,500	–		140,000	617,500
Emmanuel Clive Pohl	566,956	–	10,811	113,972	691,739
Russell Bruce McCrory	38,500	–			38,500
George D Huysamer	34,215	–	3,553	14,650	52,418
Ignazia (Grace) Grace	10,712	–	190		10,902
Henry R Smerdon	10,355	–	4,781		15,136
<b>Total</b>	<b>1,138,238</b>	<b>–</b>	<b>19,335</b>	<b>268,622</b>	<b>1,426,195</b>

Steven Wilson and Emmanuel Pohl are directors of, and have an indirect beneficial interest in the Manager. Accordingly, they have an indirect interest in shares which are managed by the Manager in accordance with Discretionary Funds Management Agreements with clients. At 30 June 2004 this interest was in respect to 3,378,269 shares.

## General Transactions

Other than Directors' remuneration, the Company does not directly contract with any of the Directors. Refer (a) above for transactions with companies to which the directors are associated with.

## Loans

There are no loans to any of the directors.

# Notes to the Financial Statements

For the year ended 30 June 2004

2004	2003
\$'000	\$'000

## 16. 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	29	24
• WHTM Asset Management Limited for performance fees	282	123

### (b) Amounts remaining payable at balance date

46	123
----	-----

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

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

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

Up to 29 June 2004, WHTM Asset Management Limited was a wholly owned subsidiary of Wilson HTM Ltd with Wilson HTM Investment Group Limited as the ultimate holding company.

### (c) Share transactions

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

– directors	288	297
– director related entities	31	(187)
<b>Total</b>	<b>319</b>	<b>110</b>
Ordinary shares held at balance date:		
– by directors	1,426	1,138
– by director related entities	3,378	3,374
<b>Total</b>	<b>4,804</b>	<b>4,485</b>

## 17. Events Occuring after Reporting Date

Since 30 June 2004 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 2004

	2004 S'000	2003 S'000
<b>18. Reconciliation of Net Cash Flows from Operating Activities</b>		
Profit/(loss) from ordinary activities after income tax expense	289	(1,687)
<i>Less Non-Cashflows</i>		
• Unrealised loss/(profit) on trading other financial assets	-	155
• Realised loss/(profit) on non-current other financial assets	165	115
• Realised loss/(profit) on trading other financial assets	-	214
• Income Tax Benefit from current year	(129)	-
<i>Changes in Assets/Liabilities</i>		
• Decrease/(increase) in trading other financial assets	-	306
• Decrease/(increase) in receivables	18	(18)
• Decrease/(increase) in other assets	(9)	(2)
• Decrease/(increase) in deferred tax assets	(2)	(2)
• Increase/(Decrease) in current payables	(63)	128
• Increase/(Decrease) in current tax liabilities	5	(219)
• Increase/(Decrease) in deferred tax liabilities	-	(731)
• Transfer to asset realisation reserve on change of accounting policy	-	2,634
<b>Net cash flows from operating activities</b>	<b>274</b>	<b>583</b>

## 19. 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 terminate in 2005, subject to termination before this date by the Company if certain specified events happen.

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 UBS Warburg Bank Bill Index for each quarter. If the Company's net performance in any quarter is less than the interest rate payable on bank bills as represented by the UBS Warburg Bank Bill Index for that quarter, then no performance fee will be payable.

Under the terms of this agreement a performance fee of \$282,000 was paid or payable during the year ended 30 June 2004(2003 - \$123,000).

At the Annual General Meeting, shareholders are being requested to approve a change to the performance fee calculation so that the calculation is undertaken yearly instead of quarterly.

# Notes to the Financial Statements

For the year ended 30 June 2004

	2004 Cents	2003 Cents
<b>20. Earnings Per Share</b>		
Basic earnings per share	2.13	(12.65)
Diluted earnings per share	2.13	(12.65)
(a) Reconciliation of earnings to net profit or loss		
Net profit/(loss) attributable to members	289	(1,687)
Net profit attributable to outside equity interest	-	-
Earnings used in the calculation of basic EPS	289	(1,687)
(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	13,545,716	13,320,601

## 21. 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.



# Notes to the Financial Statements

For the year ended 30 June 2004

## 22. Impact of Adopting International Financial Reporting Standards

The Australian Accounting Standards Board (AASB) is adopting Australian Equivalents to International Financial Reporting Standards (AEIFRS) for application to reporting periods beginning on or after 1 January 2005. The adoption of AEIFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. Management will oversee the transition process and report to the audit committee.

The Company is in the process of analysing the full impact of AEIFRS. The actual impacts will depend on the particular circumstances and conditions prevailing at the time of application of AEIFRS. For these reasons it is not yet possible to fully quantify the impact of the transition to AEIFRS on the Company.

The significant accounting policies affected by AEIFRS are:

### Financial Assets

Currently movements in traded investments are accounted for by charging income and expense to the Statement of Financial Performance. With respect to non-traded investments, unrealised gains and realised gains are recognised directly as an increase in the asset revaluation reserve and asset realisation reserve respectively, unless they reverse a prior unrealised loss, in which case they are reversed against the expense in the Statement of Financial Performance. For unrealised losses and realised losses, these are recognised as an expense in the Statement of Financial Performance, unless they reverse a prior unrealised gain, in which case they are reversed against the asset revaluation reserve in the Statement of Financial Position.

Under the new accounting standards, movements in both traded investments and non-traded investments designated at inception at fair value will be recognised as income and expense in the Income Statement.

### Taxation

A "balance sheet" approach will be adopted under Australian equivalents to IFRSs, replacing the "statement of financial performance" approach currently used by Australian companies. The "balance sheet" method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. Any initial adjustments to calculate deferred tax assets and liability balances on transition using the new basis will be made through opening balances of retained earnings at 1 July 2004. Deferred tax asset and liability balances at 1 July 2004 can only be calculated once all other opening balance sheet amounts have been finalised at that date.

### First Time

Any adjustments required as a result of first time adoption will be recognised directly in retained earnings.

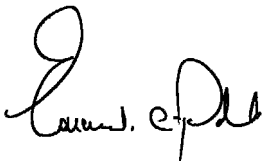
## 23. Contingent Assets and Contingent Liabilities

The Company has no known contingent assets or contingent liabilities.

# Directors' Declaration

1. The directors of the Company declare that the financial statements and notes set out on pages 15 to 31.
  - (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 2004 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  
9 September 2004

# 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, notes to the financial statements and the directors' declaration for Wilson Investment Taurine Fund Limited (the company), for the year ended 30 June 2004.

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 2004 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  
9 September 2004



T J KENDALL  
PARTNER

# Shareholder Information

The shareholder information set out below was applicable as at 24 August 2004.

## a) Distribution of equities securities:

	<b>No. of Shareholders</b>
1 to 1,000	35
1,001 to 5,000	147
5,001 to 10,000	85
10,001 to 100,000	153
100,001 and over	20
<b>Total</b>	<b>440</b>
Holdings of less than 100 ordinary shares (number)	24

## b) Largest twenty shareholders

	<b>Ordinary Shares</b>	<b>%</b>
Farallon Capital Pty Ltd (Nunn Investment Trust A/C)	2,291,274	16.71
D E & L J Barclay (Don Barclay Super Fund A/C)	1,279,932	9.33
Mary Van Lieshout	503,401	3.67
Robert James Wilson	450,000	3.28
Rubicon Nominees Pty Ltd	444,543	3.24
Earlston Nominees Pty Ltd (Steven Wilson Investment A/C)	440,000	3.21
Citadel Bank and Trust Inc (The Fragrance A/C)	423,548	3.09
Kinauld Pty Ltd	280,000	2.04
Robert James Wilson (No. 2 A/C)	280,000	2.04
Invia Custodian Pty Ltd (WAM Capital Limited A/C)	266,426	1.94
Parkstone Investments Pty Ltd	262,889	1.92
Bruce Robert & Erika Haberfield	240,885	1.76
Edwin H & Enid O Buckland (Buckland Super Fund A/C)	205,735	1.50
Pohl Pty Ltd (The Manny Pohl Family A/C)	204,415	1.49
Hank Van Lieshout	200,000	1.46
Devoran Trustees Ltd (Goodwood A/C)	176,902	1.29
Christopher Andrew Beard (Estate of GEP Beard A/C)	150,000	1.09
Quantum Electronics Pty Ltd (Super A/C)	132,094	0.96
Accessories Com Pty Ltd (TRS Securities S/Fund A/C)	119,257	0.87
John Henry Eckard	102,592	0.75
<b>Total</b>	<b>8,453,893</b>	<b>61.64</b>

**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.

<b>Substantial Shareholder</b>	<b>Direct</b>	<b>Indirect</b>	<b>No. of shares</b>	<b>% of total</b>
Farallon Capital Pty Ltd (Nunn Investment Trust)	2,291,274	-	2,291,274	16.71
D E & L J Barclay (Don Barclay Super Fund)	1,279,932	-	1,279,932	9.33
WHTM Asset Management Limited	-	3,378,269	3,378,269	24.63
E C Pohl	798,274	3,378,269	4,176,543	30.45
S M Wilson	727,500	3,378,269	4,105,769	29.94

**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 2004

Individual investments at 30 June 2004 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	50,264	918.8	5.45
APO	Australian Property Systems Ltd	160,000	81.6	0.49
ASR	Australian Rural Group Ltd	288,785	0.0	0.00
ASX	Australian Stock Exchange Ltd	25,500	396.3	2.35
BBG	Billabong International Ltd	35,621	294.2	1.75
BIL	Brambles Industries Ltd	100,000	600.0	3.56
BRK	Breakfree Ltd	250,000	535.0	3.17
CAB	Cabcharge Australia Ltd	110,000	378.4	2.24
COH	Cochlear Ltd	40,000	908.8	5.39
CDO	Colorado Group Ltd	69,948	358.1	2.13
CBA	Commonwealth Bank of Australia	22,150	721.6	4.28
COU	Count Financial Ltd	651,748	612.6	3.63
EXL	Excel Coal Ltd	75,000	198.8	1.18
FAN	Fantastic Holdings Ltd	138,185	579.0	3.44
FLT	Flight Centre Ltd	31,258	597.3	3.54
FGL	Fosters Brewing Group Ltd	70,000	330.4	1.96
GTP	Great Southern Plantations Ltd	129,493	372.9	2.21
MBL	Macquarie Bank Limited	29,885	1012.5	6.01
MGM	Macquarie Goodman Management	180,000	646.2	3.83
NAB	National Australia Bank Ltd	25,900	772.9	4.59
NCK	Nick Scali Limited	84,796	117.0	0.70
ORL	Oroton Group Ltd	53,000	143.6	0.85
PPT	Perpetual Trustees Ltd	23,800	1118.4	6.64
QGC	Queensland Gas Corporation Ltd	1,230,149	221.4	1.31
RIO	Rio Tinto Ltd	38,000	1366.1	8.10
SGN	STW Communications Group Ltd	113,800	369.9	2.19
SAQ	Sydney Aquarium Ltd	30,000	159.0	0.94
TLS	Telstra Corporation Ltd	90,000	452.7	2.69
WES	Wesfarmers Limited	11,700	344.0	2.04
WBC	Westpac Banking Corporation Ltd	41,500	730.4	4.33
WOW	Woolworths Ltd	67,077	764.7	4.54
			16,102.6	95.53
<b>Options</b>				
SPPO	Southern Pacific Petroleum Expiring 19/11/04	285,714	0.0	0.00
<b>Cash</b>				
	Cash		754.0	4.47
			\$16,856.6	100.00%

### (b) Transactions and Brokerage

There were 56 (2003:42) transactions in securities during the year on which brokerage of \$28,800 (2003: \$24,000) 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 1318  
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  
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## Share Register

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