

Wilson Investments  
Taurine Fund Limited

# interim financial report

For the Half-Year  
ended 31 December  
**2002**



**Wilson Investments Taurine Fund Limited**  
ABN 99 080 135 913



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ABN 99 080 135 913

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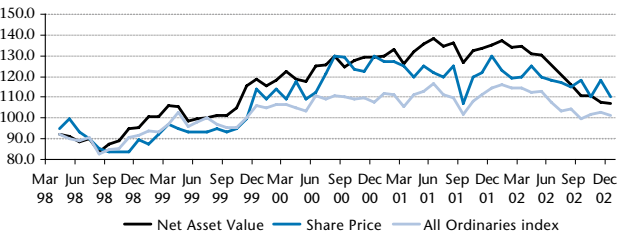
Independent Review Report

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Wilson Investments Taurine Fund Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

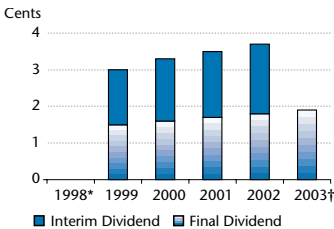
# Highlights

## Performance History

(from April 1998)



## Dividends Per Share



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

† 2003 Interim Dividend only

## Wilson Investment Taurine Fund Limited Board of Directors (From left to right)

Deon Huysamer (Jnr), Russell McCrory, Dr 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

# Directors' Report

The Directors' submit the financial report of the company for the half-year ended 31 December 2002.

## Directors

The names of the Directors who held office since 30 June 2002 and up to the date of this report:

Mr Steven M Wilson	Mr Russell B McCrory
Dr Emmanuel C Pohl	Ms Grace Grace
Mr George G Huysamer	Mr Henry R Smerdon

## Review of Operations

The Directors of Wilson Investments Taurine Fund Limited have pleasure in announcing an interim dividend of 1.9 cents per share, fully franked (the 2002 interim dividend was 1.8 cents per share fully franked). The dividend was not declared in the six months ending 31 December 2002 but was announced on 27 February 2003 and will be paid on 26 March 2003, with the books closing on 12 March 2003.

Australia's equity market has outperformed the global market over the past three years and this trend continued in the half year ending December 2002. The global market fell by 12.4% (as represented by the MSCI World Index in Australian dollars). In comparison, the Australian market only declined by 5.9% to close at 2975.5 (as represented by the All Ordinaries Index). This out-performance was due to the strength of the materials sector, in particular oil and gold companies. Industrial and financial sectors performed in a similar fashion to their overseas counterparts.

The businesses in which we invest continued to fare well with dividend receipts up 21% on the same corresponding period in 2001. However, the company's net asset value declined by 11.2% due to our limited exposure to gold and oil investments, and our investment in growth-orientated companies. These investments, which produced our previous out-performance, were out-of-favour as investors withdrew from the equity market to the safety of bond markets and cash.

Historically, the Board has always followed an extremely conservative policy of accounting for gains or losses on investments through the Statement of Financial Performance. In December 2002, the company received a query from the Australian Securities & Investments Commission (ASIC) in relation to this policy. ASIC were of the view that a more appropriate approach would be to recognise all unrealised

gains and losses on non-current assets through an asset revaluation reserve on the Statement of Financial Position instead of being treated as market value movements and recognised in the Statement of Financial Performance. The Board has decided to adopt the ASIC position with the interim financial report reflecting the necessary adjustments to accommodate this change in accounting policy, bringing WIT into line with other listed investment companies.

This change resulted in a one-off charge to the Statement of Financial Performance of \$2,364,000. WIT reported a net after tax loss (unaudited) for the six months ending 31 December 2002 of \$2,051,000.

## Significant Changes in State of Affairs

The following significant changes to the investments were made during the period:

- The purchase of 250,000 Breakfree Limited shares;
- The purchase of 78,595 Fantastic Holdings Limited shares;
- The purchase of 15,000 Southcorp Limited shares;
- The sale of 40,000 Baycorp Advantage Limited shares;
- The sale of 13,500 CSL Limited shares; and
- Acceptance of the take over offer for 100,000 Snack Foods Limited shares.

## Dividend Declared

There was no interim dividend declared in the half-year to 31 December 2002. A dividend of 1.9 cents per share was announced by the Board of Directors on 27 February 2003:

Interim dividend amount	1.9 cents per share
Ex-dividend date	6 March 2003
Books close date	12 March 2003
Dividend payment date	26 March 2003

## Rounding of Accounts

Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order 98/100 (issued by the Australian Securities and Investments Commission).

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

**Dr Emmanuel C. Pohl**  
*Managing Director*

**BRISBANE**

# Condensed Statement of Financial Performance

For the half-year ended 31 December 2002

	Note	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Revenue from ordinary activities		1,030	2,052
Cost of trading securities sold		(730)	(90)
Cost of long-term investment securities sold		(455)	(1,710)
Expenses related to change in accounting policy		(2,634)	-
Other expenses from ordinary activities	2	(79)	(289)
Profit/(loss) from ordinary activities before income tax		(2,868)	(37)
Income tax expense/(benefit) relating to ordinary activities	5	(817)	(85)
Net profit from ordinary activities after income tax expense		(2,051)	48
		<b>cents</b>	<b>cents</b>
Basic earnings per share		(15.52)	0.37
Diluted earnings per share		(15.52)	0.37
Dividend per share		-	1.8

The above Condensed Statement of Financial Performance should be read in conjunction with the accompanying notes.

# Condensed Statement of Financial Position

As at 31 December 2002

	31 Dec 2002 \$'000	30 June 2002 \$'000
<b>Assets</b>		
Cash assets	392	66
Other assets	4	11
Other financial assets	13,996	16,676
Tax assets	86	-
<b>Total assets</b>	<b>14,478</b>	<b>16,753</b>
<b>Liabilities</b>		
Payables	26	18
Current tax liabilities	223	224
Provisions	-	250
Deferred tax liabilities	-	731
<b>Total liabilities</b>	<b>249</b>	<b>1,223</b>
<b>Net assets</b>	<b>14,229</b>	<b>15,530</b>
<b>Equity</b>		
Contributed equity	14,262	14,163
Reserves	652	-
Retained profits	(685)	1,367
<b>Total equity</b>	<b>14,229</b>	<b>15,530</b>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

# Condensed Statement of Cash Flows

For the half-year ended 31 December 2002

	31 Dec 2002 \$'000	31 Dec 2001 \$'000
<b>Net cash flows provided by/(used in) operating activities</b>		
Proceeds from sales of trading securities	515	92
Payment for trading securities	(106)	(347)
Income tax paid	-	(1)
Interest received	6	7
Dividends received	310	267
Other receipts	4	-
Other payments	(66)	(369)
Net cash flows from operating activities	663	(351)
<b>Net cash flows provided by/(used in) investing activities</b>		
Proceeds from sales of investment securities	335	2,549
Payment for investment securities	(521)	(1,366)
Net cash flows from long term investing activities	(186)	1,183
<b>Net cash flows provided by/(used in) financing activities</b>		
Dividend paid on ordinary shares	(151)	(234)
Proceeds from share issues	-	121
Net cash flows from financing activities	(151)	(113)
Net increase/(decrease) in cash held	326	719
Cash at beginning of the financial period	66	543
Cash at the end of the financial period	392	1,262

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the half-year ended 31 December 2002

## NOTE 1 Basis of Preparation of Half-Year Financial Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2002 has been prepared in accordance with the *Australian Accounting Standard AASB 1029: Interim Financial Reporting*, other mandatory professional reporting requirements, (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Wilson Investments Taurine Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## NOTE 1(a) Change in Accounting Policy

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

By adopting fair value accounting for investment securities, an asset revaluation reserve was established by a charge to profits equivalent to the accumulated unrealised gains up to the financial year ended 30 June 2002. This charge to profits occurred in the interim financial report for the half-year ending 31 December 2002 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.

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# Notes to the Financial Statements

For the half-year ended 31 December 2002

## NOTE 1(a) Change in Accounting Policy

(Continued from page 7)

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.

In addition to the adoption of fair value accounting for investment securities, the Statement of Financial Position has been re-formatted from a current/non-current format to a liquidity format. The adoption of a liquidity format results in the removal of the terms "current asset" and "non-current asset" from the Statement of Financial Position in favour of the general term "assets".

All other accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

## NOTE 2 Individually Significant Items

	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Management fees	-	216

## NOTE 3 Contingent Liabilities

There are no contingent liabilities to report.

## NOTE 4 Events Occurring After Reporting Date

Apart from the announcement of a dividend of 1.9 cents per share on 27 February 2003, the Directors are not aware of any other matter or circumstance which has arisen since balance date that has significantly affected, or may significantly affect, the operations of the company.

# Notes to the Financial Statements

For the half-year ended 31 December 2002

## NOTE 5 Income Tax

The company adopts the liabilities method of tax effect accounting. The circumstances in calculating the tax liability for the half-year may change during the half-year period to 30 June 2003.

## NOTE 6 Dividends

	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Dividends provided for or paid during the half-year	-	236

## NOTE 7 Movements in Contributed Equity

	31 Dec 2002 \$'000	31 Dec 2001 \$'000
Dividends satisfied by the issue of ordinary shares under the dividend reinvestment plan	100	121

## NOTE 8 Segment Information

### Business Segment

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

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

# Directors' Declaration

The Directors' declare that the financial statements and notes set out on pages 7 to 11:

- (a) Comply with *Australian Accounting Standard AASB 1029: Interim Financial Reporting*; the Corporations Regulations and other mandatory proposed reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 31 December 2002 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Wilson Investments Taurine Fund Limited 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 C. Pohl**  
*Managing Director*

**BRISBANE**

# Independent Review Report

To the Members of  
Wilson Investments Taurine Fund Limited

## Scope

We have reviewed the financial report of Wilson Investments Taurine Fund Limited for the half-year ended 31 December 2002 being the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements. The Directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with *Australian Accounting Standard AASB1029: Interim Financial Reporting*; and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission and the Australian Stock Exchange.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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# Independent Review Report

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## Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wilson Investments Taurine Fund Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2002 and of its performance for the half-year ended on that date
  - (ii) complying with Australian Accounting Standard AASB1029: Interim Financial Reporting and the Corporations Regulations 2001
- (b) other mandatory professional reporting requirements.

## BDO KENDALLS

Chartered Accountants

## T J KENDALL

Partner

BRISBANE

# Wilson Investments Taurine Fund Limited

ABN 99 080 135 913

Registered in Queensland on 23 September 1997

## Board of Directors

Steven Monteith Wilson  
*Chairman*

Dr Emmanuel ('Manny')  
Clive Pohl  
*Managing Director*

George Gideon ('Deon')  
Huysamer (Jnr)  
*Non-Executive Director*

Russell Bruce McCrory  
*Non-Executive Director*

Ignazia (Grace) Grace  
*Non-Executive Director*

Henry Robert Smerdon  
*Non-Executive Director*

## Secretary

Ian William Harrison

## Manager

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## Solicitors

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Solicitors  
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## Auditors

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Chartered Accountants  
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Brisbane Qld 4000  
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Fax: (07) 3221 9227

## Share Registry

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## Internet

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