



## **Wilson Investments Taurine Fund Limited**

A.B.N 99 080 135 913

### **APPENDIX 4E STATEMENT**

**FOR THE YEAR ENDING 30 JUNE 2004**

#### **CONTENTS**

- Results for announcement to the market
- Appendix 4E Accounts

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2004 with the corresponding period being the year ended 30 June 2003.

On an on-going basis income from our investments increased by 33% from \$443,000 in the previous corresponding period to \$538,000.

This increase is primarily due to a 38% increase in the dividends received from our investments which reflects the growth in the businesses in which we invest.

The following statutory information is provided:

- Revenue from ordinary activities is down 47% to \$587,000
- Profit from ordinary activities after tax was up 117% to \$289,000
- Net Profit attributable to members was up 117% to \$289,000

The substantial increase in net profit after tax was due to income tax rebates on dividends received during the year as shown in the following reconciliation:

	\$
Profit/(Loss) from operating activities before income tax	156,000
Income tax benefit relating to operating activities	133,000
Net Profit/(Loss) attributable to members (as per financials)	<u>289,000</u>

As a result of the strong performance of our underlying investments, the directors are pleased to announce the following:

- A fully franked final dividend of 2.5 cents per share will be paid on 17 September 2004 to shareholders registered on 27 August 2004. This is a 25% increase in the fully franked interim dividend of 2.0 cents per share that was paid on 26 March 2004. The 2.5 cents dividend will include a LIC capital gain amount of 1.76 cents per share in respect of the 2004 year. These dividends have been sourced from the Asset Realisation Reserve.
- The company's Dividend Reinvestment Plan will apply to this dividend. The last date for the receipt of an election notice for participation in the dividend reinvestment plan will be 27 August 2004.
- The company's net asset backing per share at 30 June 2004 was \$1.225 per share. The company's net asset backing at 30 June 2003 was \$1.071.
- If the tax on unrealised portfolio gains is deducted, then the net asset backing per share at 30 June 2004 was \$1.18 per share as compared to \$1.067 for the previous corresponding period.

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2004**

	<b>Notes</b>	<b>2004 \$'000</b>	2003 \$'000
Revenue from ordinary activities	2	<b>587</b>	1,113
Cost of Trading Securities sold	3	-	(730)
Expenses related to change in accounting policy		-	(2,634)
Performance fees		<b>(282)</b>	(123)
Other expenses from ordinary activities	4	<b>(149)</b>	(136)
Profit/(Loss) from ordinary activities before income tax expense		<b>156</b>	(2,510)
Income tax (expense)/benefit relating to ordinary activities	6	<b>133</b>	823
Net Profit /(Loss) attributable to members of Wilson Investments Taurine Fund Limited		<b>289</b>	(1,708)
Net increase (decrease) in asset realisation reserve	12	<b>(51)</b>	91
Net increase (decrease) in asset revaluation reserve	12	<b>1,855</b>	189
Total valuation adjustments recognised directly in equity		<b>1,804</b>	280
Total changes in equity other than those resulting from transactions with owners as owners		<b>2,093</b>	(1,428)
		<b>Cents</b>	cents
Basic earnings per share		<b>2.13</b>	(12.8)
Diluted earnings per share		<b>2.13</b>	(12.8)

This Statement of Financial Performance should be read with the accompanying notes.

## 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
Tax Assets	6	6	4
<b>Total Assets</b>		<b>16,884</b>	14,471
<b>Liabilities</b>			
Payables	9	75	138
Current tax liabilities	10	10	5
<b>Total Liabilities</b>		<b>85</b>	143
<b>NET ASSETS</b>		<b>16,799</b>	14,328
<b>Equity</b>			
Contributed equity	10	14,746	14,368
Reserves	12(a)	2,084	280
Retained profits	12(b)	(31)	(320)
<b>TOTAL EQUITY</b>		<b>16,799</b>	14,328

This Statement of Financial Position should be read with the accompanying notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 \$'000 Inflows/ (Outflows)	2003 \$'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		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 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 accompanying notes.

**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 have 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

**(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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

**2. REVENUE**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from operating activities		
Proceeds from sale of trading activities	-	515
Interest	18	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>588</u>	<u>1,113</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**3. PROFIT FROM ORDINARY ACTIVITIES**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net gains and losses</b>		
Net gains/(losses)		
Proceeds from sale of trading securities	-	515
Cost of trading securities sold	-	(730)
Net gain (loss) on disposal of trading securities	-	(215)

**4. OTHER EXPENSES FROM ORDINARY ACTIVITIES**

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

**5. AUDITORS REMUNERATION**

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

- an audit or review of the financial report of the entity	<b>19,218</b>	13,900
- other advisory services	-	7,150
	<b>19,218</b>	21,050

**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:

	<b>2004</b>	2003
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) from ordinary activities before income tax	<b>156</b>	(2,510)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**6. INCOME TAX (Continued)**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Prima facie tax payable on profit/(loss) from ordinary activity at 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 accruals	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 (cost value 30 June 2004 - \$14,059,000) (cost value 30 June 2003 - \$13,824,000)	16,103	14,013
- Bank Bills	-	10
	16,103	14,023

**9. LIABILITIES – PAYABLES**

Performance fee payable	46	123
Accrued expenses	29	15
	75	138

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

<b>10.</b>	<b>LIABILITIES – CURRENT TAX LIABILITIES</b>		<b>2004</b>	<b>2003</b>		
			<b>\$'000</b>	<b>\$'000</b>		
	Income Tax		<b>10</b>	<b>5</b>		
<b>11.</b>	<b>CONTRIBUTED EQUITY</b>	<b>Notes</b>				
	<b>(a) Share capital</b>					
	Ordinary shares fully paid	<b>(c)</b>	<b>14,746</b>	<b>14,368</b>		
	<b>(b) Movements in ordinary share capital</b>					
	<b>Date</b>	<b>Details</b>	<b>Notes</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$'000</b>
		Opening balance		13,373,535		14,368
	19 Sept 2003	Dividend Reinvestment Plan Issue	<b>(d)</b>	98,374	1.13	111
	19 Dec 2003	Share Purchase Plan Issue	<b>(e)</b>	123,842	1.09	135
	26 March 2004	Dividend Reinvestment Plan Issue	<b>(d)</b>	118,057	1.12	132
		Balance at end of financial year		<b>13,713,808</b>		<b>14,746</b>

**(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 also determined by the directors.

			<b>2004</b>	<b>2003</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>12.</b>	<b>RESERVES AND RETAINED PROFITS</b>			
	<b>11(a) Reserves</b>			
	Asset Revaluation Reserve	13(i)	<b>2,044</b>	189
	Asset Realisation Reserve	13(ii)	<b>40</b>	91
			<b>2,084</b>	<b>280</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**12. RESERVES AND RETAINED PROFITS (Continued)**

<b>Movements</b>	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
(i) Asset Revaluation Reserve		
Reserve establishment		
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	<u>2,044</u>	<u>189</u>
(ii) Asset Realisation Reserve		
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	<u>40</u>	<u>91</u>

**12(b) Retained profits**

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	<u>(31)</u>	<u>(320)</u>

**12(c) Nature and purpose of reserves**

- (i) Asset Revaluation Reserve  
This reserve is used to record increments and decrements or the re-valuation of other financial assets.
- (ii) Asset Realisation reserve  
This reserve records gains or losses arising from disposal of long-term investments. It is adjusted for applicable tax on such disposal, if any. As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of directors.

**13. DIVIDENDS**

	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>

**(a) Dividends paid during year**

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% - 1.09 cents per share		250

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

<b>13. DIVIDENDS (Continued)</b>	<b>2004 \$'000</b>	<b>2003 \$'000</b>
Interim dividend of 2.0cents (2003: 1.9 cents) per share paid 26 March 2004 (2003 – 26 March 2003)		
Fully franked @ 30% - 2.0 cents per share	<b>269</b>	
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	<b>293</b>	296
Satisfied by issue of shares	<b>243</b>	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 as a result of the change in accounting policy for providing for dividends		
	<b>343</b>	<b>267</b>
<b>(c) Franking credits</b>		
Balance 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.		
	<b>373</b>	<b>183</b>

**14. AUDIT OF ACCOUNTS**

These accounts are currently in the process of being audited.

**15. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Australian Accounting Standards Board (AASB) is adopting Australian Equivalent 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.