

WINMILL & CO.

INCORPORATED

INVESTMENTS SINCE 1974

2003
ANNUAL
REPORT

WINMILL & CO.

INCORPORATED

INVESTMENTS SINCE 1974

11 HANOVER SQUARE

NEW YORK, NEW YORK 10005

TEL. 1-212-785-0900 FAX 1-212-363-1101

April 2, 2004

Fellow Shareholders:

The Company reported net income of \$730,616 for 2003, versus \$137,326 in 2002, or \$.45 per share fully diluted versus \$.08 in the prior period. Net increases in unrealized appreciation of the shares owned by the Company of its publicly held affiliates, namely Bexil Corporation and Tuxis Corporation, contributed the bulk of the 2003 earnings. It is also a pleasure to report that the Company's financial condition continues to be very strong, with shareholders' equity of approximately \$8.3 million and no long term debt.

| Year | Winmill & Co., Incorporated | | |
|------|-----------------------------|-------------------------|-------------------------|
| | Shares at Year End | Shareholders' Equity | Book Value Per Share |
| 2003 | 1,513,667 | \$8,280,041 | \$5.47 |
| 2002 | 1,608,520 | 7,889,020 | 4.90 |
| 2001 | 1,648,320 | 7,748,846 | 4.70 |

Importantly, the credit for these solid results goes to every Company employee, whose hard work, positive attitude, and teamwork contributed so much.

Bexil Corporation

Bexil Corporation (AMEX symbol: BXL), 25.3% owned by the Company at year end, reported that operations continue to grow at York Insurance Services Group, Inc., which is 50% owned by Bexil. York's revenue and net income for the past three years were as follows:

| Year ended December 31 | York Insurance Services Group, Inc. | |
|---------------------------|-------------------------------------|-------------|
| | Revenue | Net Income |
| 2003 | \$52,700,000 | \$5,600,000 |
| 2002 | 40,300,000 | 4,200,000 |
| 2001 | 25,300,000 | 700,000 |

Of note, York's total liabilities have declined approximately 42% from the time of acquisition on January 19, 2002 to December 31, 2003. As reported previously, the limited guaranty to the lender of senior debt, which Bexil provided in connection with the 2002 York transaction, was eliminated in the first half of 2003.

Since the 1930's, York's affiliates have served as third party administrators and independent adjusters providing claims data and risk related services to insurance carriers, self insureds, public entities, brokers and other intermediaries. York's claims services include property & casualty, workers' compensation, transportation & logistics, environmental, construction and inland & ocean marine. Significantly, Bexil's application filed in 2002 with the Securities and Exchange Commission (SEC) to terminate its registration as an investment company was approved by the SEC on January 6, 2004. Bexil reports that as a result of the SEC action it will have fewer regulatory constraints and greater operating flexibility. It will also operate under different accounting rules that will require York's earnings to be reported using the equity accounting method, rather than by the prior investment company fair valuation method.

Tuxis Corporation

Tuxis Corporation (AMEX symbol: TUX), 20.2% owned by the Company at year end, recently reported that through a newly formed subsidiary it has acquired a 16,000 square foot commercial property on 1.7 acres in Mabbettsville, Dutchess County, New York as part of its program to acquire and operate real estate properties. Tuxis announced that it intends to renovate the building and landscaping, obtain requisite zoning and other permits, engage in an active leasing program, and operate the site for multiple tenants in retail and other businesses. More recently, Tuxis announced that another subsidiary has agreed to purchase, subject to customary and other closing conditions, certain adjoining property as part of an overall re-development and enhancement of the site and that it may seek to further expand its property holdings in this area.

Tuxis management has stated that it continues to focus on an ongoing real estate business review, development, and acquisition program. Also as previously announced, Tuxis intends to apply to the SEC to de-register as an investment company and continue as a publicly-held operating company listed on the American Stock Exchange, and be subject to the reporting and other requirements of the Securities Exchange Act of 1934.

Investment Company Management

Assets under management grew to approximately \$140 million at year end 2003 from approximately \$129 million at the end of 2002. Midas Fund's policy of investing primarily in securities of companies principally involved in mining, processing, fabricating, distributing or otherwise dealing in gold, silver, platinum or other natural resources has been very rewarding to its shareholders, with total returns of 43.79% in 2003 and 61.05% in 2002. Our largest, Midas Fund's assets stood at about \$67 million at year end. Although the total returns of our other two mutual funds were more modest, we are gratified to report that all of the Funds were able to report lower expense ratios in 2003, which should enhance their attractiveness to investors.

The closed-end funds, Global Income Fund and Foxby Corp. (formerly "Internet Growth Fund"), also showed solid total return performance, increased assets, and, in the case of Foxby, a lower expense ratio.

If you have any questions, or would like further information on any of the Midas Funds, simply visit www.midasfunds.com, or call 1-800-400-MIDAS (6432) and an Investor Service Representative will be glad to assist you, as always, without any obligation on your part.

Outlook for 2004

As we enter 2004, we believe the Company's overall financial position is strong and that its operations have attractive potential. Yet, we remain concerned with the increasingly burdensome SEC and Nasdaq regulatory framework under which the Company operates. Nevertheless, management shares your enthusiasm for the Company's outlook and at year end owned about 33% of its outstanding shares. We appreciate your confidence and support, as well as that of our employees.

Sincerely,



Bassett S. Winmill
Chairman



Thomas B. Winmill
President

MUTUAL FUNDS

- **Midas Special Equities Fund** Invests aggressively for maximum capital appreciation.
- **Midas Fund** Invests primarily in companies involved with processing, fabricating, distributing or otherwise dealing in gold silver, platinum or other natural resources.
- **Midas Dollar Reserves** A high quality money market fund investing in U.S. Government Securities. Free, unlimited check writing with only a \$250 minimum per check.

CLOSED-END FUNDS LISTED ON THE AMERICAN STOCK EXCHANGE

- **Global Income Fund:** The primary investment objective of the Fund is to provide for its shareholders a high level of income, with capital appreciation as a secondary objective. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities. The Fund's shares trade on the American Stock Exchange under the symbol GIF.
- **Foxby Corp.** The Fund's non-fundamental investment objective is total return which it may seek from growth of capital and from income in any security type and in any industry sector under the symbol FXX. The Fund's shares trade on the American Stock Exchange.

The Midas Funds listed above are further described in a combined prospectus that contains more complete information about each Fund, including management fees and other charges, risks and expenses. Please call us at 1-800-400-MIDAS (6432) to obtain a free prospectus. Read it carefully before you invest or send money.

This Report contains forward-looking statements and similar expressions that reflect Winmill & Co. Incorporated's current expectations about its future performance, and are subject to risks, uncertainties and other factors that could cause the Company's actual performance to differ materially from what is expressed in, or implied by, these forward-looking statements.

CONSOLIDATED BALANCE SHEETS

| | December 31, | |
|----------------------------------------------------|--------------|-------------|
| ASSETS | 2003 | 2002 |
| Current Assets: | | |
| Cash and cash equivalents | \$1,108,426 | \$1,254,528 |
| Marketable securities (Note 2) | 6,486,697 | 5,287,080 |
| Management, distribution and other fees receivable | 121,813 | 114,216 |
| Dividends, interest and other receivables | 96,000 | 56,475 |
| Prepaid expenses and other current assets | 136,827 | 100,115 |
| Refundable income taxes | 7,370 | 173,294 |
| Total Current Assets | 7,957,133 | 6,985,708 |
| Equipment, furniture and fixtures, net | 65,015 | 58,502 |
| Intangible assets, net | 581,796 | 635,795 |
| Deferred income taxes (Note 8) | - | 22,000 |
| Other assets (Note 11) | 335,291 | 404,431 |
| Total Assets | \$8,939,235 | \$8,106,436 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current Liabilities: | | |
| Accrued professional fees | \$ 97,075 | \$ 99,024 |
| Deferred income taxes (Note 8) | 459,200 | - |
| Accrued payroll and other related costs | 25,000 | 25,000 |
| Accrued other expenses | 76,351 | 24,504 |
| Accounts payable | - | 12,585 |
| Other current liabilities | 1,568 | 56,303 |
| Total Current Liabilities | 659,194 | 217,416 |
| Shareholders' Equity (Notes 4,5 and 6) | | |
| Common Stock, \$.01 par value | | |
| Class A, 10,000,000 shares authorized; | | |
| 1,493,367 and 1,588,520 shares issued | 14,933 | 16,283 |
| Class B, 20,000 shares authorized; | | |
| 20,000 shares issued and outstanding | 200 | 200 |
| Additional paid-in capital | 5,884,414 | 6,807,985 |
| Retained earnings | 2,380,494 | 1,649,878 |
| Notes receivable for common stock issued | - | (527,041) |
| Accumulated other comprehensive income (loss) | - | (177) |
| Less treasury stock | 8,280,041 | 7,947,128 |
| Total Shareholders' Equity | 8,280,041 | 7,889,020 |
| Total Liabilities and Shareholders' Equity | \$8,939,235 | \$8,106,436 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended December 31, | |
|---------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|
| | 2003 | 2002 |
| Revenues: | | |
| Management, distribution and other fees | \$1,459,747 | \$1,469,731 |
| Net unrealized appreciation of publicly held affiliates and unrealized and realized gains on proprietary trading | 1,211,157 | 161,794 |
| Dividends, interest and other | <u>29,649</u> | <u>179,243</u> |
| | <u>2,700,553</u> | <u>1,810,768</u> |
| Expenses: | | |
| General and administrative | 725,016 | 772,827 |
| Marketing | 441,876 | 493,405 |
| Expense reimbursements to the Funds (Note 9) | 153,001 | 179,716 |
| Professional | 76,500 | 92,035 |
| Depreciation and amortization | <u>67,962</u> | <u>57,159</u> |
| | <u>1,464,355</u> | <u>1,595,142</u> |
| Income before income taxes | 1,236,198 | 215,626 |
| Income taxes (Note 8) | <u>505,582</u> | <u>78,300</u> |
| Net Income | <u>\$ 730,616</u> | <u>\$ 137,326</u> |
| Per Share Data: | | |
| Basic | | |
| Net income | \$.46 | \$.08 |
| Diluted | | |
| Net income | \$.45 | \$.08 |
| Average Shares Outstanding: | | |
| Basic | 1,596,946 | 1,638,403 |
| Diluted | 1,631,344 | 1,649,129 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31, 2003 and 2002

| | Number of Shares | | | | Dollar Amounts | | | | | |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------------------------|---------------------------------------------------|-----------------------------------|------------------------------|-------------------------------------------------|----------------------------------|
| | Class A Common | Class B Common | Class A Common | Class B Common | Additional Paid-In Capital | Notes Receivable For Common Stock Issued | Retained Earnings (Deficit) | Treasury Stock Class A | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
| Balance, December 31, 2001 | 1,628,320 | 20,000 | \$ 16,283 | \$ 200 | \$ 6,807,985 | \$ (597,736) | \$ 1,512,552 | \$ - | \$ 9,562 | \$ 7,748,846 |
| Net income | - | - | - | - | - | - | 137,326 | - | - | 137,326 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Unrealized losses on investments | - | - | - | - | - | - | - | - | (9,739) | (9,739) |
| Comprehensive income | - | - | - | - | - | - | - | - | - | 127,587 |
| Purchase of treasury stock | (39,800) | - | - | - | - | - | - | (58,108) | - | (58,108) |
| Repayment of notes receivable | - | - | - | - | - | 70,695 | - | - | - | 70,695 |
| Balance, December 31, 2002 | 1,588,520 | 20,000 | 16,283 | 200 | 6,807,985 | (527,041) | 1,649,878 | (58,108) | (177) | 7,889,020 |
| Net Income | - | - | - | - | - | - | 730,616 | - | - | 730,616 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Unrealized gains on marketable securities | - | - | - | - | - | - | - | - | 177 | 177 |
| Comprehensive income | - | - | - | - | - | - | - | - | - | 730,793 |
| Issuance of stock in connection with exercise of stock options | 207,500 | - | 2,075 | - | 333,800 | - | - | - | - | 335,875 |
| Redemption of stock | (302,653) | - | (3,027) | - | (1,257,371) | - | - | - | - | (1,260,398) |
| Cancellation of treasury stock | - | - | (398) | - | - | - | - | 58,108 | - | 57,710 |
| Repayment of notes receivable | - | - | - | - | - | 527,041 | - | - | - | 527,041 |
| Balance, December 31, 2003 | 1,493,367 | 20,000 | \$ 14,933 | \$ 200 | \$ 5,884,414 | \$ - | \$ 2,380,494 | \$ - | \$ - | \$ 8,280,041 |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31, | |
|-----------------------------------------------------------------------------------------------|---------------------------------|--------------------|
| | 2003 | 2002 |
| Cash Flows from Operating Activities: | | |
| Net income | <u>\$730,616</u> | <u>\$ 137,326</u> |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 67,962 | 57,159 |
| Increase in deferred income taxes | 481,200 | 69,000 |
| Increase in cash value of life insurance | (32,193) | (32,160) |
| Net unrealized appreciation of publicly held affiliates and on proprietary securities trading | (1,211,157) | (163,105) |
| (Increase) decrease in: | | |
| Management, distribution and other fees receivable | (7,597) | (8,499) |
| Dividends, interest and other receivables | (39,525) | (32,229) |
| Prepaid expenses and other current assets | (36,712) | (27,699) |
| Refundable income taxes | 165,924 | 86,126 |
| Other assets | 8,058 | (26,538) |
| Increase (decrease) in: | | |
| Accounts payable | (12,585) | (15,286) |
| Accrued expenses | (1,949) | (54,322) |
| Accrued income taxes | 51,847 | 9,300 |
| Other current liabilities | <u>(54,735)</u> | <u>(10,215)</u> |
| Total adjustments | <u>(621,462)</u> | <u>(148,468)</u> |
| Net cash provided by (used in) operating activities | <u>\$109,154</u> | <u>\$ (11,142)</u> |

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

| | <u>Years Ended December 31,</u> | |
|------------------------------------------------------------|---------------------------------|-----------------------------|
| | <u>2003</u> | <u>2002</u> |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | \$ (20,476) | \$ (18,874) |
| Proprietary securities trading sales | 68,908 | 27,173 |
| Proprietary securities trading purchases | (57,191) | (722,438) |
| Acquisition of intangible asset | — | (476,471) |
| | <u> </u> | <u> </u> |
| Net cash used in investing activities | <u>(8,759)</u> | <u>(1,190,610)</u> |
| Cash Flows from Financing Activities: | | |
| Repayments of notes receivable | 620,316 | 70,695 |
| Issuance of stock | 335,875 | — |
| Purchase of treasury stock | (1,202,688) | (58,108) |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) financing activities | <u>(246,497)</u> | <u>12,587</u> |
| Net decrease in cash and cash equivalents | <u>(146,102)</u> | <u>(1,189,165)</u> |
| Cash and Cash Equivalents: | | |
| Beginning of year | <u>1,254,528</u> | <u>2,443,693</u> |
| End of year | <u>\$1,108,426</u> | <u>\$1,254,528</u> |

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

1. NATURE OF BUSINESS

Winmill & Co. Incorporated (“Company”) is a holding company. Its subsidiaries’ businesses consist of providing investment management and distribution services for the Midas Funds (three open-end funds), two closed-end funds, and proprietary securities trading. Its publicly held affiliates are Bexil Corporation (Amex Symbol: BXL); Tuxis Corporation (Amex Symbol: TUX); Foxby Corp. (Amex Symbol: FXX); and Global Income Fund (Amex Symbol: GIF). The businesses of Bexil and Tuxis are, respectively, insurance services and real estate. Global Income Fund and Foxby are closed-end funds.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially all intercompany accounts and transactions have been eliminated.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses and other liabilities approximate fair value because of the short maturity of these items. Marketable securities are recorded at market value which represents the fair value of the securities.

CASH AND CASH EQUIVALENTS

Investments in money market funds are considered to be cash equivalents. At December 31, 2003, the Company and subsidiaries had invested approximately \$870,400 in an affiliated money market fund.

MARKETABLE SECURITIES

The Company and its non-broker/dealer subsidiaries’ marketable securities are considered to be “available-for-sale” and recorded at market value, with the unrealized gain or loss included in stockholders’ equity as “accumulated other comprehensive income.” Marketable securities of the broker/dealer subsidiary are valued at market with unrealized gains and losses included in earnings. At December 31, 2003, all marketable securities were held by the broker/dealer subsidiary.

INCOME TAXES

The Company's method of accounting for income taxes conforms to Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The Company and its wholly-owned subsidiaries file consolidated income tax returns.

EQUIPMENT

Equipment, furniture and fixtures are recorded at cost and are depreciated on the straight-line basis over their estimated useful lives, 3 to 10 years. At December 31, 2003, accumulated depreciation on equipment, furniture and fixtures amounted to approximately \$837,700.

INTANGIBLE ASSETS

As of December 31, 2003, the Company's carrying value of intangible assets was approximately \$810,700 with accumulated amortization of approximately \$228,900. These intangible assets are being amortized over their useful lives, which is fifteen years and the estimated annual amortization is approximately \$54,000 per year over the next five years. In addition, intangible assets are reviewed for impairment and the remaining useful life evaluated at least annually to determine whether events and circumstances warrant a revision to the remaining period of amortization.

COMPREHENSIVE INCOME

The Company discloses comprehensive income in the financial statements. Comprehensive income includes net income and unrealized gains and losses on marketable securities held by the Company and its non-broker/dealer subsidiaries, which is reported as other comprehensive income in stockholders' equity.

SEGMENT INFORMATION

The Company's operating segments are organized into three groups – fund services, publicly held affiliates and proprietary trading.

EARNINGS PER SHARE

Basic earnings per share is computed using the weighted average number of shares outstanding. Diluted earnings per share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock.

The following table sets forth the computation of basic and diluted earnings per share:

| | <u>2003</u> | <u>2002</u> |
|----------------------------------------------------------|------------------|------------------|
| Numerator for basic and diluted earnings per share: | | |
| Net income | <u>\$730,616</u> | <u>\$137,326</u> |
| Denominator: | | |
| Denominator for basic earnings per share: | | |
| Weighted-average shares | 1,596,946 | 1,638,403 |
| Effect of dilutive securities: | | |
| Employee stock options | <u>34,398</u> | <u>10,726</u> |
| Denominator for diluted earnings per share: | | |
| adjusted weighted-average shares and assumed conversions | <u>1,631,344</u> | <u>1,649,129</u> |

2. MARKETABLE SECURITIES

At December 31, 2003 marketable securities at market consisted of:

| | |
|-------------------------------------------------|------------------|
| Broker/dealer subsidiary | |
| Publicly held affiliates | \$5,381,226 |
| Proprietary trading | <u>1,105,471</u> |
| Total marketable securities (cost: \$5,271,323) | <u>6,486,697</u> |

Included in the broker/dealer's holdings of publicly held affiliates are \$3,540,045 of shares (representing approximately 25% of the outstanding shares) of Bexil Corporation and \$1,528,841 of shares (representing approximately 20% of the outstanding shares) of Tuxis Corporation. Bexil has received shareholder approval to change from a registered investment company to an operating company and effective January 6, 2004, the Securities and Exchange Commission issued an order declaring that Bexil had ceased to be a registered investment company under Section 8(f) of the Investment Company Act of 1940. Tuxis has received shareholder, but not SEC, approval to change from a registered investment company to an operating company.

3. LEASE COMMITMENTS

The Company leases office space under a lease which expires September 30, 2008. The future minimum lease payments for years ended December 31, including electricity are as follows:

| | |
|------|------------------|
| 2004 | \$ 97,100 |
| 2005 | 97,100 |
| 2006 | 97,700 |
| 2007 | 100,200 |
| 2008 | <u>76,600</u> |
| | <u>\$468,700</u> |

4. SHAREHOLDERS' EQUITY

The Class A and Class B Common Stock are identical in all respects except for voting rights, which are vested solely in the Class B Common Stock. The Company also has 1,000,000 shares of Preferred Stock, \$.01 par value, authorized. As of December 31, 2003 and 2002, none of the Preferred Stock was issued.

5. NET CAPITAL REQUIREMENTS

The Company's broker/dealer subsidiary is a member firm of the National Association of Securities Dealers, Inc. ("NASD") and is registered with the Securities and Exchange Commission as a broker/dealer. Under its membership agreement with the NASD, the broker/dealer must maintain minimum net capital, as defined, of not less than \$100,000, or 6-2/3% of aggregate indebtedness, whichever is greater; and a ratio of aggregate indebtedness to net capital, as defined, of not more than 15 to 1. At December 31, 2003, the subsidiary had: net capital of approximately \$5,592,500; net capital requirements of \$100,000; excess net capital of approximately \$5,492,500; and the ratio of aggregate indebtedness to net capital was approximately .04 to 1.

6. STOCK OPTIONS

On December 6, 1995, the Company adopted a Long-Term Incentive Plan which, as amended, provides for the granting of a maximum of 600,000 options to purchase Class A Common Stock to directors, officers and key employees of the Company or its subsidiaries. As of December 31, 2003, there were 33,500 remaining options available for future issuance under the Plan. With respect to non-employee directors, only grants of non-qualified stock options and awards of restricted shares are available. The three non-employee directors were granted 2,500 options each on December 10, 2002. The option price per share may not be less than the fair value of such shares on the date the option is granted, and the maximum term of an option may not exceed ten years except as to non-employee directors for which the maximum term is five years.

The Company applies APB Opinion 25 and related interpretations in accounting for its stock option plan. Accordingly, no compensation cost has been recognized for its stock option plan. Pro forma compensation cost for the Company's plans is required by Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation (SFAS 123)" and has been determined based on the fair value at the grant dates for awards under the plan consistent with the method of SFAS 123. For purposes of pro forma disclosure, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

Years Ended December 31,

| | | <u>2003</u> | <u>2002</u> |
|--------------------|-------------|-------------|-------------|
| Net income | As reported | \$730,616 | \$137,326 |
| | Pro forma | \$730,616 | \$ 102,381 |
| Earnings per share | | | |
| | Basic | | |
| | As reported | \$.46 | \$.08 |
| | Pro forma | \$.46 | \$.06 |
| Diluted | As reported | \$.45 | \$.08 |
| | Pro forma | \$.45 | \$.06 |

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2002: 41.18%, risk-free interest rate of 1.17% and expected life of three years for each year.

A summary of the status of the Company's stock option plan as of December 31, 2003 and 2002, and changes during the years ending on those dates is presented below:

| <u>Stock Options</u> | <u>Number of Shares</u> | <u>Weighted Average Exercise Price</u> |
|----------------------------------|----------------------------------------|-----------------------------------------------------------|
| Outstanding at December 31, 2001 | 221,000 | \$1.60 |
| Granted | 77,500 | \$1.61 |
| Canceled | <u>(17,000)</u> | \$1.76 |
| Outstanding at December 31, 2002 | 281,500 | \$1.59 |
| Exercised | <u>(207,500)</u> | \$1.62 |
| Outstanding at December 31, 2003 | <u>74,000</u> | \$1.50 |

There were 74,000 and 266,500 options exercisable at December 31, 2003 and 2002 with a weighted-average exercise price of \$1.50 and \$1.59, respectively. The weighted-average fair value of options granted using the Black Scholes option-pricing model was \$.40 for the year ended December 31, 2002.

The following table summarizes information about stock options outstanding at December 31, 2003:

| <u>Range of Exercise Prices</u> | <u>Number Outstanding</u> | <u>Weighted-Average Remaining Contractual Life</u> | <u>Weighted-Average Exercise Price</u> |
|--------------------------------------------|--------------------------------------|-------------------------------------------------------------------|---------------------------------------------------|
| \$1.50 - \$1.60 | 74,000 | 3.6 years | \$1.50 |

In connection with the exercise of stock options in 2003, the Company redeemed 85,214 shares of Class A Common Stock. In connection with the exercise of the options in prior years, the Company had received from certain officers notes with interest rates ranging from 2.45% to 2.48% per annum payable December 31, 2004. The balance of the notes at December 31, 2002 was \$527,041, which was classified as “notes receivable for common stock issued.” These notes were paid in full during 2003 by the redemption of 151,197 shares of Class A Common Stock. In addition, there were 66,242 shares of Class A Common Stock redeemed by the Company in 2003 from certain officers and directors.

7. PENSION PLAN

The Company has a 401(k) retirement plan for substantially all of its qualified employees. Contributions are based upon a percentage of earnings of eligible employees and are accrued and funded on a current basis. Total pension expense for the years ended December 31, 2003 and 2002 was approximately \$47,200 and \$49,500, respectively.

8. INCOME TAXES

The provision for income tax expense (benefit) was as follows:

| | <u>2003</u> | <u>2002</u> |
|-----------------|-------------------|------------------|
| Current | | |
| Federal | \$ 16,000 | \$ (4,500) |
| State and local | <u>8,382</u> | <u>13,800</u> |
| | 24,382 | 9,300 |
| Deferred | <u>481,200</u> | <u>69,000</u> |
| | <u>\$ 505,582</u> | <u>\$ 78,300</u> |

Deferred tax assets (liabilities) are comprised of the following at December 31, 2003 and 2002:

| | <u>2003</u> | <u>2002</u> |
|-------------------------------------|--------------------|------------------|
| Unrealized (appreciation) | | |
| depreciation on investments | \$(486,200) | \$ (5,000) |
| Accrued expenses | 2,000 | 2,000 |
| Net operating loss carryforwards | <u>25,000</u> | <u>25,000</u> |
| Net deferred tax assets liabilities | <u>\$(459,200)</u> | <u>\$ 22,000</u> |

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

| | | |
|------------------------------------------------|--------------|--------------|
| | <u>2003</u> | <u>2002</u> |
| Statutory rate | 34.0% | 34.0% |
| Increase in effective tax rate resulting from: | | |
| State income taxes, net of federal benefit | - | 4.2 |
| Non-deductible income and expenses, net | <u>6.9</u> | <u>(1.9)</u> |
| | <u>40.9%</u> | <u>36.3%</u> |

9. RELATED PARTIES

All investment management and distribution fees are a result of services provided to the Funds. All such services are provided pursuant to agreements that set forth the fees to be charged for these services. These agreements are subject to annual review and approval by each Fund's Board of Directors and a majority of the Fund's non-interested directors. In addition, during the years ended December 31, 2003 and 2002, the Funds paid approximately \$42,000 and \$44,000, respectively, for recordkeeping services to the Company's broker/dealer subsidiary, which paid such amounts to certain other broker/dealers for performing such services. These reimbursements for record keeping services were recorded in management, distribution and other fees.

The Company's investment manager and distributor subsidiaries waived management and distribution fees from the Funds in the amount of approximately \$153,000 and \$179,700 for the years ended December 31, 2003 and 2002, respectively. Certain officers of the Company also serve as officers and/or directors of the Funds. Commencing August 1992, the Company has a key man life insurance policy on the life of the Company's Chairman which provides for the payment of \$1,000,000 to the Company upon his death. As of December 31, 2003, the policy had a cash surrender value of approximately \$306,400 and is included in other assets in the balance sheet.

10. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The following details selected financial information by business segment.

| | Fund Services | Publicly Held Affiliates | Proprietary Trading | Total |
|-------------------------------|------------------|-----------------------------|------------------------|-------------|
| <u>December 31, 2003</u> | | | | |
| Revenues | \$1,473,850 | \$ 753,631 | \$ 473,072 | \$2,700,553 |
| Income from operations | 601,239 | 262,730 | 372,229 | 1,236,198 |
| Depreciation and amortization | 57,830 | 8,405 | 1,727 | 67,962 |
| Capital expenditures | 20,476 | - | - | 20,476 |
| Gross identifiable assets | 2,452,538 | 5,381,226 | 1,105,471 | 8,939,235 |
| <u>December 31, 2002</u> | | | | |
| Revenues | \$1,526,116 | \$ 464,278 | \$(179,626) | \$1,810,768 |
| Income from operations | 507,464 | (14,348) | (277,490) | 215,626 |
| Depreciation and amortization | 44,739 | 10,312 | 2,108 | 57,159 |
| Capital expenditures | 18,874 | - | - | 18,874 |
| Gross identifiable assets | 2,819,356 | 4,389,555 | 897,525 | 8,106,436 |

11. CONTINGENCIES

From time to time, the Company and/or its subsidiaries are threatened or named as defendants in litigation arising in the normal course of business. As of December 31, 2003, neither the Company nor any of its subsidiaries was involved in any other litigation that, in the opinion of management, would have a material adverse impact on the consolidated financial statements.

In April 2002, the Company entered into a Death Benefit Agreement (“Agreement”) with the Company’s Chairman. Following his death, the Agreement provides for annual payments, equal to 80% of his average annual salary received from the Company, its affiliates, subsidiaries and other related entities for the three year period prior to his death subject to certain adjustments to his wife until her death. The Company’s obligations under the Agreement are not secured and will terminate if he leaves the Company’s employ under certain conditions.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders of
Winmill & Co. Incorporated

We have audited the accompanying consolidated balance sheet of Winmill & Co. Incorporated and subsidiaries as of December 31, 2003, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Winmill & Co. Incorporated and subsidiaries at December 31, 2003, and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania
January 23, 2004

The Company's Class A Common Stock (non-voting) trades on the Nasdaq SmallCap Market tier of the Nasdaq Stock Market under the symbol WNMLA. The Company's Class B Common Stock (voting) has no public trading market. There are approximately 208 holders of record of the Class A Common Stock and 1 holder of Class B Common Stock as of December 31, 2003. In addition, there are an indeterminate number of beneficial owners of Class A Common Stock that are held in "street name." No dividends have been paid on either class of Common Stock in the past five years and the Company does not expect to pay any such dividends in the foreseeable future.

The high and low sales prices of the Class A Common Stock during each quarterly period over the last two years were as follows:

| | <u>2003</u> | | <u>2002</u> | |
|----------------|-------------|------------|-------------|------------|
| | <u>High</u> | <u>Low</u> | <u>High</u> | <u>Low</u> |
| First Quarter | \$1.74 | \$1.48 | \$1.67 | \$1.48 |
| Second Quarter | \$2.27 | \$1.48 | \$1.85 | \$1.42 |
| Third Quarter | \$3.70 | \$2.05 | \$1.70 | \$1.46 |
| Fourth Quarter | \$4.15 | \$3.32 | \$1.75 | \$1.42 |

PRIVACY POLICY

Winmill & Co. Incorporated recognizes the importance of protecting the personal and financial information of its shareholders. We consider each shareholder's personal information to be private and confidential. This describes the practices followed by us to protect our shareholders' privacy. We may obtain information about you from the following sources: Information we receive from you on forms and other information you provide to us whether in writing, by telephone, electronically or by any other means. Information regarding your transactions with us, our corporate affiliates, or others. We do not sell shareholder personal information to third parties. We will collect and use shareholder personal information only to service shareholder accounts. This information may be used by us in connection with providing services or financial products requested by our shareholders. We will not disclose shareholder personal information to any nonaffiliated third party except as permitted by law. We take steps to safeguard shareholder information. We restrict access to nonpublic personal information about you to those employees and service providers who need to know that information to provide products or services to you. With our service providers we maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. Even if you are no longer a shareholder, Winmill & Co. Incorporated's Privacy Policy will continue to apply to you. We reserve the right to modify, remove or add portions of this Privacy Policy at any time.

DIRECTORS

BASSETT S. WINMILL
Chairman of the Company

ROBERT D. ANDERSON
Vice Chairman of the Company

THOMAS B. WINMILL, Esq.
President of the Company and
Bexil Corporation

CHARLES A. CARROLL
Managing Director, Kalin Associates, Inc.

EDWARD G. WEBB, JR.
President, Webb Associates, Ltd.

MARK C. WINMILL
President, Tuxis Corporation

OFFICERS AND STAFF

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President, General Counsel

MARION E. MORRIS
Senior Vice President

WILLIAM G. VOHRER
Treasurer, Chief Financial Officer

MONICA PELAEZ, Esq.
Vice President, Secretary
Chief Compliance Officer

HEIDI KEATING
Vice President

VLADIMIR BORD
Assistant Treasurer

ANNE M. CHI
Accounting Coordinator

EMINE POSMA
Marketing Director

JOHN F. RAMIREZ
Compliance Assistant

DEBRA CELENTANO
Administrative Assistant

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Registrar and Transfer Company
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NASDAQ STOCK MARKET SYMBOL:
WNMLA

Copies of Form 10-KSB, filed with the
Securities and Exchange Commission,
are available without charge by writing:

Treasurer
Winmill & Co. Incorporated
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New York, NY 10005