

**WINMILL & CO.**

**INCORPORATED**

**INVESTMENTS SINCE 1974**

**2002**

**ANNUAL**

**REPORT**

# WINMILL & CO.

INCORPORATED

INVESTMENTS SINCE 1974

11 HANOVER SQUARE

NEW YORK, NEW YORK 10005

TEL: 212-785-0900 FAX: 212-785-0400

April 4, 2003

Fellow Shareholders:

2002 has been a year of successful execution of several of our long term strategies. Total net assets under management are up over last year, in the open-end Midas Funds, as well as the closed-end funds, Global Income Fund and Internet Growth Fund. Fund performance was strong, particularly Midas Fund's 61.05% return for the year. Expense ratios are down for all funds (except Internet Growth Fund – whose management we acquired only in July) as a result of our arduous selection, conversion to, and implementation of new operating procedures internally and with new third party service agents. Our marketing efforts were re-designed to be more focused and polished. Our financial controls and intra-office procedures are increasingly efficient.

Importantly, it should be recognized and emphasized that none of this could have happened without the hard work, positive attitude, and teamwork of every employee of the Company, each of whom is listed on the back cover of this report. We look forward to 2003 as a year when we can build on these successes and achieve even greater results.

## **Bexil Operations**

Bexil Corporation, 24% owned by the Company, reported that operations at York Insurance Services Group, Inc. in 2002 achieved excellent results. Bexil acquired 50% of York in January 2002. York's audited results for 2002 show revenues of approximately \$40.3 million with net income of approximately \$4.2 million. In 2000 and 2001, York's revenues were approximately \$25.3 million in each year with net income of approximately \$2,015,000 in 2000 and \$688,845 in 2001. Since the 1930's, York's affiliates have served as both an independent adjustment company and third party administrator providing claims, data, and risk related services to insurers, insureds and intermediaries located throughout the United States.

Bexil is pursuing the application it initially filed in 2002 with the Securities and Exchange Commission to terminate its registration as an investment company. While the SEC staff had advised Bexil in the fall of last year that it did not believe an order of de-registration was appropriate at that time, the staff did agree to meet with Bexil representatives to discuss the application further. Based on that January 8, 2003 meeting and other correspondence Bexil

has reported that it believes its request for an order of de-registration has strong merit, although there can be no assurance that its application will be successful. Should Bexil's application be approved by the SEC, it will have fewer regulatory constraints and greater operating flexibility, as well as different accounting rules that will require York to be shown using the equity accounting method, rather than by the current investment company fair valuation approach.

### **Tuxis Conducting Real Estate Acquisition and Development Program**

Following through on shareholder approval to change the nature of the Tuxis Corporation's business so as to cease to be an investment company and to concentrate in real estate and related services, Tuxis management is currently reviewing a number of real estate acquisition candidates. Tuxis is 19% owned by the Company.

### **2002 Results**

The Company earned \$137,326 or \$.08 per share for the year ended December 31, 2002. The Company's financial condition continues to be very strong with no long term debt and shareholders' equity at year-end of almost \$7.9 million or \$4.78 per share.

### **Outlook for 2003**

Overall, we believe the Company is well positioned to capitalize on developments and opportunities for future growth. We appreciate your confidence and support, as well as that of our employees. If you have any questions, or would like further information on any of the Midas Funds, simply visit [www.midasfunds.com](http://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.



Bassett S. Winmill  
Chairman

Sincerely,



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.
- **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 and, secondarily, capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities.
- **Internet Growth Fund, Inc.** The Fund's investment objective is to seek capital appreciation by investing in the equity securities of companies that participate in the Internet.

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 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,	
<b>ASSETS</b>	2002	2001
<b>Current Assets:</b>		
Cash and cash equivalents	\$1,254,528	\$2,443,693
Marketable securities (Note 2)	5,287,080	4,445,888
Management, distribution and other fees receivable	114,216	105,717
Dividends, interest and other receivables	56,475	24,246
Prepaid expenses and other current assets	100,115	72,416
Refundable income taxes	173,294	259,420
Total Current Assets	6,985,708	7,351,380
Equipment, furniture and fixtures, net	58,502	51,232
Intangible assets, net	635,795	197,440
Deferred income taxes (Note 8)	22,000	91,000
Other assets (Note 10)	404,431	345,733
Total Assets	\$8,106,436	\$8,036,785
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 12,585	\$ 27,871
Accrued professional fees	99,024	102,213
Accrued payroll and other related costs	25,000	46,197
Accrued other expenses	24,504	45,140
Other current liabilities	56,303	66,518
Total Current Liabilities	217,416	287,939
 <b>Shareholders' Equity (Notes 2,4,5 and 6)</b>		
Common Stock, \$.01 par value		
Class A, 10,000,000 shares authorized;		
1,628,320 shares issued	16,283	16,283
Class B, 20,000 shares authorized;		
20,000 shares issued and outstanding	200	200
Additional paid-in capital	6,807,985	6,807,985
Retained earnings	1,649,878	1,512,552
Notes receivable for common stock issued	(527,041)	(597,736)
Accumulated other comprehensive income (loss)	(177)	9,562
Total Shareholders' Equity	7,947,128	7,748,846
Less treasury stock	(58,108)	-
Total Shareholders' Equity	7,889,020	7,748,846
Total Liabilities and Shareholders' Equity	\$8,106,436	\$8,036,785

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,	
	2002	2001
<b>Revenues:</b>		
Management, distribution and other fees	\$1,469,731	\$ 1,759,262
Consulting fees	-	246,923
Realized and unrealized gains (losses) from proprietary securities trading	161,794	(360,418)
Dividends, interest and other	<u>179,243</u>	<u>264,639</u>
	<u>1,810,768</u>	<u>1,910,406</u>
<b>Expenses:</b>		
General and administrative	772,827	916,751
Marketing	493,405	718,984
Expense reimbursements to the Funds (Note 11)	179,716	284,375
Professional fees	92,035	181,324
Depreciation and amortization	<u>57,159</u>	<u>93,890</u>
	<u>1,595,142</u>	<u>2,195,324</u>
Income (loss) before income taxes	215,626	(284,918)
Income taxes (benefit) (Note 8)	<u>78,300</u>	<u>(85,853)</u>
<b>Net Income (loss)</b>	<u>\$ 137,326</u>	<u>\$ (199,065)</u>
<b>Per Share Data:</b>		
Basic		
Net income (loss)	\$.08	\$ (.12)
Diluted		
Net income (loss)	\$.08	\$ (.12)
<b>Average Shares Outstanding:</b>		
Basic	1,638,403	1,653,343
Diluted	1,649,129	1,653,343

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended December 31, 2002 and 2001

	Dollar Amounts									
	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
<b>Balance, December 31, 2000</b>	1,635,017	20,000	\$16,351	\$200	\$6,872,454	\$(603,675)	\$1,711,617	\$-	\$(35,201)	\$7,961,746
Net loss	-	-	-	-	-	-	(199,065)	-	-	(199,065)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Unrealized gains on marketable securities	-	-	-	-	-	-	-	-	44,763	44,763
Comprehensive income	-	-	-	-	-	-	-	-	-	(154,302)
Redemption of stock	(6,697)	-	(68)	-	(64,469)	-	-	-	-	(64,537)
Repayment of notes receivable	-	-	-	-	-	5,939	-	-	-	5,939
<b>Balance, December 31, 2001</b>	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
Repayment of notes receivable	-	-	-	-	-	70,695	-	-	-	70,695
Purchase of treasury stock	(39,500)	-	-	-	-	-	-	(58,108)	-	(58,108)
<b>Balance, December 31, 2002</b>	1,588,820	20,000	\$16,283	\$200	\$6,807,985	\$(527,041)	\$1,649,878	\$(58,108)	\$(177)	\$7,889,020

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2002	2001
<b>Cash Flows from Operating Activities:</b>		
<b>Net income (loss)</b>	<u>\$137,326</u>	<u>\$(199,065)</u>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	57,159	93,890
Decrease (increase) in deferred income taxes	69,000	47,000
Decrease (increase) in cash value of life insurance	(32,160)	21,463
Unrealized (gain) on proprietary securities trading	(163,105)	(54,591)
(Increase) decrease in:		
Management, distribution and other fees receivable	(8,499)	56,057
Dividends, interest and other receivables	(32,229)	159,570
Prepaid expenses and other current assets	(27,699)	118,094
Refundable income taxes	86,126	(259,420)
Other assets	(26,538)	(13,275)
Increase (decrease) in:		
Accounts payable	(15,286)	(10,778)
Accrued expenses	(54,322)	57,557
Accrued income taxes	9,300	(231,000)
Other current liabilities	<u>(10,215)</u>	<u>56,682</u>
<b>Total adjustments</b>	<u>(148,468)</u>	<u>41,249</u>
<b>Net cash from operating activities</b>	<u>\$ (11,142)</u>	<u>\$ (157,816)</u>

See accompanying notes to consolidated financial statements.

(continued)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Continued)

	<u>Years Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	\$ (18,874)	\$ (5,623)
Proprietary securities trading sales	27,173	1,253,790
Proprietary securities trading purchases	(722,438)	(1,674,147)
Acquisition of intangible asset	<u>(476,471)</u>	<u>-</u>
Net cash from investing activities	<u>(1,190,610)</u>	<u>(425,980)</u>
<b>Cash Flows from Financing Activities:</b>		
Repayments of notes receivable	70,695	5,939
Redemption of Class A Common Stock	-	(64,537)
Purchase of treasury stock	<u>(58,108)</u>	<u>-</u>
Net cash from financing activities	<u>12,587</u>	<u>(58,598)</u>
Net decrease in cash and cash equivalents	<u>(1,189,165)</u>	<u>(642,394)</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>2,443,693</u>	<u>3,086,087</u>
End of year	<u>\$1,254,528</u>	<u>\$2,443,693</u>

**Supplemental Disclosure:**

The Company paid \$0 in Federal income taxes in 2002 and 2001.

See accompanying notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### NATURE OF BUSINESS

Winmill & Co. Incorporated ("Company") is a holding company. Its subsidiaries manage and distribute the Midas Funds (three open-end funds), manage two closed-end funds, and engage in proprietary securities trading.

### 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, 2002, and 2001, the Company and subsidiaries had invested approximately \$983,100 and \$2,212,500, respectively, 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.

## **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, 2002 and 2001, accumulated depreciation on equipment, furniture and fixtures amounted to approximately \$823,700 and \$812,100, respectively.

## **INTANGIBLE ASSETS**

The Company adopted Statements of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets ("SFAS 142") in 2002. In accordance with SFAS 142, intangible assets with a finite useful life are amortized over the useful life. 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. As such, the Company has amortized its intangible assets over fifteen years using the straight-line method. At December 31, 2002 and 2001, accumulated amortization on intangible assets amounted to approximately \$174,900 and \$136,700, respectively.

## **COMPREHENSIVE INCOME**

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

## **SEGMENT INFORMATION**

The Company's operating segment is organized around services provided and classified into one group - investment management.

## **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>2002</u>	<u>2001</u>
Numerator for basic and diluted earnings per share:		
Net income (loss)	<u>\$ 137,326</u>	<u>\$(199,065)</u>
Denominator:		
Denominator for basic earnings per share:		
Weighted-average shares	1,638,403	1,653,343
Effect of dilutive securities:		
Employee Stock Options	<u>10,726</u>	<u>—</u>
Denominator for diluted earnings per share: adjusted weighted-average shares and assumed conversions	<u>1,649,129</u>	<u>1,653,343</u>

## 2. MARKETABLE SECURITIES

At December 31, marketable securities at market consisted of:

	<u>2002</u>	<u>2001</u>
Broker/dealer securities-at market		
Affiliated investment companies	\$4,389,555	\$3,658,794
Equity securities	<u>895,020</u>	<u>752,596</u>
Total broker/dealer securities (cost: \$5,272,185 and \$3,984,299)	<u>5,284,575</u>	<u>4,411,390</u>
Other companies		
Unaffiliated investment companies	2,505	3,325
Equity securities	<u>—</u>	<u>31,173</u>
Total available-for-sale securities (cost: \$2,682 and \$17,936)	<u>2,505</u>	<u>34,498</u>
	<u>\$5,287,080</u>	<u>\$4,445,888</u>

At December 31, 2002 and 2001, the Company had \$(177) and \$9,562, respectively, net of deferred income taxes, of unrealized gains (losses) on "available-for-sale securities" which is reported as a separate component of consolidated shareholders' equity. Included in the investments in affiliated investment companies as of December 31, 2002 are investments of \$2,302,945 (representing approximately 24% of the outstanding shares) in Bexil and \$1,817,329 (representing approximately 19% of the outstanding shares) in Tuxis, both of which have received shareholder approval to change from registered investment companies to operating companies.

### **3. LEASE COMMITMENTS**

The Company leases office space under a lease which expires December 31, 2003. The rent is approximately \$109,000 per annum including electricity.

### **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, 2002 and 2001, 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, 2002, the subsidiary had net capital of approximately \$4,623,900; net capital requirements of \$100,000; excess net capital of approximately \$4,523,900; and the ratio of aggregate indebtedness to net capital was approximately .05 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. 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 plans. Accordingly, no compensation cost has been recognized for its stock option plans. 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 these plans 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:

		<u>Years Ended December 31,</u>	
		<u>2002</u>	<u>2001</u>
Net income (loss)	As reported	\$137,326	\$(199,065)
	Pro forma	\$102,381	\$(213,005)
Earnings per share			
	Basic		
	As reported	\$.08	\$(.12)
	Pro forma	\$.06	\$(.13)
	Diluted		
	As reported	\$.08	\$(.12)
	Pro forma	\$.06	\$(.13)

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 and 2001: expected volatility of 41.18% and 46.98%, risk-free interest rate of 1.17% and 3.95% and expected life of three years for each year.

A summary of the status of the Company's stock option plans as of December 31, 2002 and 2001, 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, 2000	226,000	\$1.61
Granted	15,000	\$1.80
Canceled	<u>(20,000)</u>	\$1.94
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	<u>281,500</u>	\$1.59

There were 266,500 and 174,000 options exercisable at December 31, 2002 and 2001 with a weighted-average exercise price of \$1.59 and \$1.59, respectively. The weighted-average fair value of options granted using the Black Scholes option-pricing model was \$.40 and \$.64 for the years ended December 31, 2002 and 2001, respectively.

The following table summarizes information about stock options outstanding at December 31, 2002:

<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	121,500	3.4 years	\$1.50
\$1.60 - \$1.66	160,000	3.6 years	\$1.65

In connection with the exercise of the options, the Company 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."

## 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, 2002 and 2001 was approximately \$49,500 and \$33,700, respectively.

## 8. INCOME TAXES

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

	<u>2002</u>	<u>2001</u>
Current		
Federal	\$ (4,500)	\$(114,000)
State and local	<u>13,800</u>	<u>(18,853)</u>
	9,300	(132,853)
Deferred	<u>69,000</u>	<u>47,000</u>
	<u>\$ 78,300</u>	<u>\$(85,853)</u>

Deferred tax assets (liabilities) are comprised of the following at December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Unrealized (appreciation)		
depreciation on investments	\$(5,000)	\$53,000
Accrued expenses	2,000	19,000
Net operating loss carryforwards	<u>25,000</u>	<u>19,000</u>
Net deferred tax assets	<u>\$22,000</u>	<u>\$91,000</u>

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

	<u>2002</u>	<u>2001</u>
Statutory rate	34.0%	34.0%
Increase in effective tax rate resulting from:		
State income taxes, net of federal benefit	4.2	4.4
Write-down of non-deductible intangible assets	-	(6.2)
Non-deductible income and expenses, net	<u>(1.9)</u>	<u>(2.1)</u>
	<u>36.3%</u>	<u>30.1%</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, 2002 and 2001, the Funds paid approximately \$44,000 and \$69,000, respectively, for recordkeeping services to ISC, which paid such amounts to certain brokers for performing such services. These reimbursements for recordkeeping 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 \$179,700 and \$284,400 for the years ended December 31, 2002 and 2001, respectively.

On March 31, 1999, the Company sold its discount brokerage business, Bull & Bear Securities, Inc. ("BBSI") to a subsidiary of Royal Bank of Canada. In connection with the sale, Royal Bank agreed that it would cause for the three-year period following the sale, BBSI to offer exclusively Dollar Reserves to its customers as the sole money market fund into which cash balances held by BBSI's customers would be swept on a daily basis. In addition, the Company agreed to provide to BBSI for a period of three years following the sale certain services with respect to the operation of a securities brokerage business for a monthly consulting fee of \$16,666.67, subject to certain conditions. The agreement was terminated in June 2001 by Royal Bank which provided a final settlement payment of approximately \$164,000.

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, 2002 and 2001, the policy had a cash surrender value of approximately \$274,200 and \$242,000, respectively, and is included in other assets in the balance sheet.

## **10. 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, 2002, 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.

The Company has a Death Benefit Agreement ("Agreement") with the Company's Chairman, which was entered into in 1994 and amended in 2002. Following his death, the Agreement provides for annual payments, equal to 80% of his average annual compensation 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, 2002 and 2001, 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, 2002. 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, 2002 and 2001, and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania  
February 7, 2003

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 219 holders of record Class A Common Stock and 1 holder of Class B Common Stock as of December 31, 2002. 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:

	2002		2001	
	High	Low	High	Low
First Quarter	\$1.6700	\$1.4800	\$1.6250	\$1.1563
Second Quarter	\$1.8500	\$1.4200	\$1.8900	\$1.3000
Third Quarter	\$1.7000	\$1.4600	\$1.9400	\$1.5500
Fourth Quarter	\$1.7500	\$1.4200	\$1.7000	\$1.3500

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## 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

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

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

**MARK C. WINMILL**  
President, Tuxis Corporation

## **OFFICERS AND STAFF**

**THOMAS B. WINMILL, Esq.**  
President, General Counsel

**MARION E. MORRIS**  
Senior Vice President

**WILLIAM G. VOHRER**  
Treasurer, Chief Financial Officer

**MONICA PELAEZ, Esq.**  
Vice President, Secretary

**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

## **CORPORATE INFORMATION**

### **EXECUTIVE OFFICES**

11 Hanover Square  
New York, NY 10005  
Tel: (212) 785-0900  
Fax: (212) 785-0400  
Toll-Free: 1-800-472-4160

### **MUTUAL FUNDS**

Midas Management Corporation  
1-800-400-MIDAS (6432)  
[www.midasfunds.com](http://www.midasfunds.com)

### **CLOSED-END FUNDS**

CEF Advisers, Inc.  
1-212-635-0671  
[www.globalincomefund.net](http://www.globalincomefund.net)  
[www.internetgrowthfund.com](http://www.internetgrowthfund.com)

### **INDEPENDENT AUDITORS**

Tait, Weller & Baker  
1818 Market Street  
Philadelphia, PA 19103

### **TRANSFER AGENT**

Registrar and Transfer Company  
10 Commerce Drive  
Cranford, NJ 07016

**NASDAQ STOCK MARKET SYMBOL:**  
WNMLA

### **INTERNET**

[www.winmillco.com](http://www.winmillco.com)

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

Treasurer  
Winmill & Co. Incorporated  
11 Hanover Square  
New York, NY 10005