

WINMILL & CO.

INCORPORATED
INVESTMENTS SINCE 1974

2000
ANNUAL
REPORT

WINMILL & CO.

INCORPORATED

INVESTMENTS SINCE 1974

11 HANOVER SQUARE

NEW YORK, NEW YORK 10005

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

March 7, 2001

Fellow Shareholders:

It is a pleasure to report that the Company's net income for the year 2000 was \$508,314 or \$.31 per share. The Company's financial condition continues to be very strong with no long term debt and shareholders' equity at year-end of almost \$8 million or \$4.81 per share.

Real Estate Operations

The Company's wholly-owned subsidiary, Performance Properties, Inc., purchased a two story 13,000 square foot office building in downtown Red Bank, New Jersey in 1994 for \$225,000 cash. Over the next two years, we completely renovated the building, which had been built in 1928, at a cost of about \$1,000,000 and subsequently leased it up with primarily AAA tenants. In the fourth quarter of 2000, we sold the building for \$2,250,000 cash resulting in a pretax net gain of slightly over \$900,000.

Investment Management

Dollar Reserves, the Company's money market fund, received the IBC Financial Data, Inc.'s Money Fund Report Award for the highest gross return for the year 2000 in the government securities money market fund category, a repeat of Dollar Reserves' first place award for 1999. In this regard, we are pleased to welcome Marion E. Morris, Senior Vice President, member of the Investment Policy Committee and Portfolio Manager of Dollar Reserves, who joined us last year. Ms. Morris, whose prior positions included Vice President of Salomon Brothers and Vice President of The First Boston Corporation, also is responsible for fixed income investments of Global Income Fund (Amex: GIF), Bexil Corporation (Amex: BXL) and Tuxis Corporation (Amex: TUX).

Global Income Fund, investing primarily in fixed income securities, enjoyed excellent returns last year, with a market return of +19.75% on a net asset value return of +9.05%. Tuxis, which invests at least half its assets in municipals and the balance in other securities, had a market return of +13.81% on a net asset value return of negative 0.86%, reflecting a decrease in its discount to net asset value. Although Bexil's market return for the year was

negative 4.00% on a net asset value return of +1.57%, since the beginning of 2001 both its market price and net asset value have improved steadily. Importantly, Bexil received shareholder approval in November 2000 to cease to be an investment company and operate businesses directly or through companies in which it has a majority or other controlling interest and, in this connection, a business review, development and acquisition program has been initiated by the Company's wholly-owned subsidiary, CEF Advisers, Inc. Winmill & Co. owns approximately 6% of Tuxis and 23% of Bexil.

The stock market volatility experienced in the past year is unequalled in our 25 years as investment managers, and reflecting this volatility, the Midas Funds' results were generally disappointing in relation to the prior year's results. For example, Midas Magic's total return for 2000 was a negative 25.83%, versus a strong gain of +70.58% for 1999; Midas Special Equities likewise declined, with a negative total return of 21.18% versus a gain of +30.5% the prior year, and Midas U.S. and Overseas Fund had a negative total return of 52.09% compared with a gain of +46.72% for 1999. Midas' narrowly oriented precious metals funds lagged the general equity markets, reflecting lower prices of gold and mining shares.

Overall, we believe the Company is very 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, 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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Winmill', with a long horizontal stroke extending to the right.

Bassett S. Winmill
Chairman

A handwritten signature in blue ink, appearing to read 'T. Winmill', with a long horizontal stroke extending to the right.

Thomas B. Winmill
President

MUTUAL FUNDS

- **Midas U.S. and Overseas Fund** Invests worldwide for the highest possible total return.
- **Midas Special Equities Fund** Invests aggressively for maximum capital appreciation.
- **Midas Magic** Seeks long term capital appreciation.
- **Midas Fund** Seeks primarily capital appreciation and protection against inflation and secondarily current income.
- **Midas Investors** Seeks long term capital appreciation in investments with the potential to provide a hedge against inflation and preserve the purchasing power of the dollar.
- **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

- **Bexil Corporation®** Its objective is to provide its stockholders with an attractive rate of total return from capital appreciation and income.
- **Global Income Fund** The Fund's primary objective is to provide its share holders with a high level of income, and secondarily, capital appreciation.
- **Tuxis Corporation®** Seeks to provide an attractive level of long term total return on an after tax basis, consisting of a combination of current income and capital appreciation.

CONSOLIDATED BALANCE SHEETS

	December 31,	
ASSETS	2000	1999
Current Assets:		
Cash and cash equivalents	\$3,086,087	\$ 2,560,093
Marketable securities (Note 3)	3,926,175	4,600,928
Management, distribution and other fees receivable	161,774	272,800
Interest, dividends and other receivables	183,816	43,429
Prepaid expenses and other current assets	190,510	128,962
Total Current Assets	7,548,362	7,606,212
Real estate, net	–	1,325,693
Equipment, furniture and fixtures, net	50,624	102,702
Excess of cost over net book value of subsidiaries, net	286,315	650,001
Deferred income taxes (Note 9)	138,000	140,000
Other assets	353,921	265,421
	828,860	2,483,817
Total Assets	\$8,377,222	\$10,090,029
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 38,649	\$ 201,926
Accrued professional fees	66,563	75,055
Accrued payroll and other related costs	69,428	72,049
Accrued income taxes	231,000	1,866,600
Accrued other expenses	–	25,928
Other current liabilities	9,836	9,836
Total Current Liabilities	416,476	2,251,394
Contingencies (Note 13)	–	–
Shareholders' Equity (Notes 3, 5, 6, and 7)		
Common Stock, \$.01 par value		
Class A, 10,000,000 shares authorized;		
1,635,017 shares issued and outstanding	16,351	16,351
Class B, 20,000 shares authorized;		
20,000 shares issued and outstanding	200	200
Additional paid-in capital	6,872,454	6,872,454
Retained earnings	1,711,617	1,203,303
Notes receivable for common stock issued	(603,675)	(603,675)
Accumulated other comprehensive income (loss)	(35,201)	350,002
Total Shareholders' Equity	7,961,746	7,838,635
Total Liabilities and Shareholders' Equity	\$8,377,222	\$10,090,029

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2000	1999	1998
Revenues:			
Management, distribution, service, and administrative fees	\$2,285,540	\$2,855,637	\$3,554,725
Real estate rental income	250,941	216,271	43,878
Gain on sale of real estate	901,046	–	–
Consulting fee	200,000	150,000	–
Realized and unrealized gains (losses) from investments	139,154	(250,893)	62,783
Dividends, interest and other	387,124	329,905	58,966
	<u>4,163,805</u>	<u>3,300,920</u>	<u>3,720,352</u>
Expenses:			
General and administrative	1,915,609	1,958,636	1,912,927
Marketing	324,611	466,024	531,228
Expense reimbursements to the Funds (Note 11)	287,555	328,836	180,396
Subadvisory fees	–	147,157	230,954
Professional fees	192,835	159,537	177,376
Amortization and depreciation	126,755	153,702	118,186
Non-recurring item (Note 10)	325,000	–	–
	<u>3,172,365</u>	<u>3,213,892</u>	<u>3,151,067</u>
Income from continuing operations before income taxes	991,440	87,028	569,285
Income taxes (benefit) (Note 9)	483,126	38,252	(82,544)
Income from continuing operations	508,314	48,776	651,829
Discontinued Operations:			
Income (loss) from discontinued operations (net of income taxes) (Note 2)	–	2,479,865	(140,414)
Net Income	<u>\$508,314</u>	<u>\$ 2,528,641</u>	<u>\$511,415</u>
Per Share Data:			
Basic			
Income from continuing operations	\$.31	\$.03	\$.47
Income (loss) from discontinued operations	–	1.50	(.10)
Net income	<u>.31</u>	<u>\$1.53</u>	<u>\$.37</u>
Diluted			
Income from continuing operations	.31	\$.03	\$.45
Income (loss) from discontinued operations	–	1.48	(.10)
Net income	<u>\$.31</u>	<u>\$1.51</u>	<u>\$.35</u>
Average Shares Outstanding:			
Basic	1,655,017	1,655,017	1,391,940
Diluted	<u>1,659,839</u>	<u>1,680,757</u>	<u>1,453,472</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of Shares				Dollar Amount				
	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)	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 1997	1,350,017	20,000	\$13,501	\$200	\$6,236,077	-	\$(1,836,753)	\$42,086	\$4,455,111
Net income	-	-	-	-	-	-	511,415	-	511,415
Other comprehensive income	-	-	-	-	-	-	-	-	-
Unrealized losses on marketable securities	-	-	-	-	-	-	-	(43,062)	(43,062)
Comprehensive income	-	-	-	-	-	-	-	-	468,353
Issuance of Class A common stock on exercise of stock options	285,000	-	2,850	-	636,377	-	-	-	639,227
Issuance of notes receivable (Note 8)	-	-	-	-	-	(603,675)	-	-	(603,675)
Balance, December 31, 1998	1,635,017	20,000	16,351	200	6,872,454	(603,675)	(1,325,338)	(976)	4,959,016
Net income	-	-	-	-	-	-	2,528,641	-	2,528,641
Other comprehensive income	-	-	-	-	-	-	-	-	-
Unrealized gains on investments	-	-	-	-	-	-	-	350,978	350,978
Comprehensive income	-	-	-	-	-	-	-	-	2,879,619
Balance, December 31, 1999	1,635,017	20,000	16,351	200	6,872,454	(603,675)	1,203,303	350,002	7,838,635
Net income	-	-	-	-	-	-	508,314	-	508,314
Other comprehensive income	-	-	-	-	-	-	-	-	-
Unrealized losses on investments	-	-	-	-	-	-	-	(385,203)	(385,203)
Comprehensive income	-	-	-	-	-	-	-	-	123,111
Balance, December 31, 2000	1,635,017	20,000	\$16,351	\$200	\$6,872,454	\$(603,675)	\$1,711,617	\$(35,201)	\$7,961,746

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2000	1999	1998
Cash Flows from Operating Activities:			
Net income	\$508,314	\$2,528,641	\$511,415
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	126,755	153,702	169,008
Write-off of impaired asset	325,000	-	-
Deferred income taxes	26,000	75,400	(215,400)
Increase in cash value of life insurance	(88,500)	(33,000)	(33,000)
Realized/unrealized (gain) loss on investments	(139,154)	260,014	(40,330)
Gain on sale of discontinued operations	-	(2,464,616)	-
Gain on sale of real estate	(901,046)	-	-
(Increase) decrease in, net of effects from sale of discontinued operations:			
Management, distribution and shareholder administration fees receivable	111,026	(15,487)	11,671
Interest, dividends and other receivables	(140,387)	(28,712)	(17,832)
Prepaid expenses and other current assets	(61,548)	277,625	(95,129)
Other assets	-	43,762	-
Increase (decrease) in, net of effects from sale of discontinued operations:			
Accounts payable	(163,277)	193,369	(55,915)
Accrued expenses	(37,041)	(48,580)	57,010
Accrued income taxes	(1,635,600)	1,866,600	-
Other current liabilities	-	-	(572)
Total adjustments	<u>(2,577,772)</u>	<u>280,077</u>	<u>(220,489)</u>
Net Cash provided by (used for) Operating Activities	<u>\$ (2,069,458)</u>	<u>\$ 2,808,718</u>	<u>\$ 290,926</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Years Ended December 31,		
	2000	1999	1998
Cash Flows from Investing Activities:			
Improvement to real estate	\$ (53,951)	\$ (201,237)	\$ (606,296)
Proceeds from sale of real estate for investment	2,250,000	-	-
Capital expenditures	(5,301)	(7,617)	(102,440)
Proceeds from sale of discontinued operations net of discontinued operations cash and current expenses and taxes	-	2,717,626	-
Proceeds from sales of investments	2,711,049	810,528	1,748,467
Purchases of investments	<u>(2,306,345)</u>	<u>(4,967,107)</u>	<u>(258,556)</u>
Net cash provided by (used in) Investing Activities	<u>2,595,452</u>	<u>(1,647,807)</u>	<u>781,175</u>
Cash Flows from Financing Activities:			
Issuance collection of note receivable	-	-	(603,675)
Repayments of capitalized lease obligation	-	(4,749)	(16,355)
Proceeds from issuance of Class A Common Stock	<u>-</u>	<u>-</u>	<u>639,227</u>
Net cash provided by (used in) Financing Activities	<u>-</u>	<u>(4,749)</u>	<u>19,197</u>
Net increase in cash and cash equivalents	525,994	1,156,162	1,091,298
Cash and cash equivalents:			
Beginning of year	<u>2,560,093</u>	<u>1,403,931</u>	<u>312,633</u>
End of year	<u>\$3,086,087</u>	<u>\$2,560,093</u>	<u>\$1,403,931</u>

SUPPLEMENTAL DISCLOSURE:

The Company paid \$1,475,000, \$0 and \$9,346 in Federal income taxes in 2000, 1999, and 1998 respectively. The Company paid \$864 and \$916 in interest in 1999 and 1998, respectively.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2000, 1999 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Winmill & Co. Incorporated ("Company") is a holding company. Its subsidiaries' business consists of providing investment management and distribution services for the Midas Funds (six open-end funds) and three closed-end funds, proprietary securities trading, and real estate investment and operation.

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 generally accepted accounting principles, 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, 2000 and 1999, the Company and subsidiaries had invested approximately \$2,871,800 and \$2,199,800, 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 for the broker/dealer subsidiary is valued at market with unrealized gains and losses included in earnings.

INCOME TAXES

The Company and its wholly-owned subsidiaries file consolidated income tax returns. 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.

REAL ESTATE HELD FOR INVESTMENT AND EQUIPMENT

Real estate held for investment is recorded at cost and is depreciated on the straight-line basis over its estimated useful life. At December 31, 1999, accumulated depreciation on real estate held for investment amounted to approximately \$166,100. The real estate held for investment was sold on December 31, 2000 at a gain of \$901,046. 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, 2000 and 1999, accumulated depreciation on equipment, furniture and fixtures amounted to approximately \$813,000 and \$796,900, respectively.

EXCESS OF COST OVER NET BOOK VALUE OF SUBSIDIARIES

The excess of cost over net book value of subsidiaries is capitalized and amortized over fifteen and forty years using the straight-line method. At December 31, 2000 and 1999, accumulated amortization amounted to approximately \$589,500 and \$550,800, respectively. Periodically, the Company reviews its intangible assets for events or changes in circumstances that may indicate that the carrying amounts of the assets are not recoverable (see Note 10).

COMPREHENSIVE INCOME

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

SEGMENT INFORMATION

The Company's operating segments were organized around services provided and classified into three groups – investment management, real estate operations and discount brokerage. Due to the sale of the discount brokerage business in 1999, the discount brokerage business is classified as "income from discontinued operations" on the financial statements (see Note 2). The Company's remaining business is in two industry segments.

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>2000</u>	<u>1999</u>	<u>1998</u>
Numerator for basic and diluted earnings per share:			
Net income	<u>\$508,314</u>	<u>\$2,528,641</u>	<u>\$511,415</u>
Denominator:			
Denominator for basic earnings per share – weighted-average shares	1,655,017	1,655,017	1,391,940
Effect of dilutive securities:			
Employee Stock Options	<u>4,822</u>	<u>25,740</u>	<u>61,532</u>
Denominator for diluted earnings per share – adjusted weighted-average shares and assumed conversions	<u>1,659,839</u>	<u>1,680,757</u>	<u>1,453,472</u>

2. DISCONTINUED OPERATIONS

On December 17, 1998, the Company signed an agreement to sell the outstanding stock of Bull & Bear Securities, Inc. (“BBSI”), the discount brokerage business, to a subsidiary of Royal Bank of Canada for \$6 million cash. The sale closed on March 31, 1999. In connection with the sale, the rights to the name “Bull & Bear” were transferred to Royal Bank of Canada. In addition, Royal Bank has agreed that it will cause BBSI, for the three-year period following the closing, to offer exclusively Dollar Reserves to its customers as the sole money market fund into which cash balances held by BBSI’s customers may be swept on a daily basis for so long as certain conditions are met, including certain performance rankings by the Fund, in consideration of a monthly fee equal to one-twelfth of 0.25% of the aggregate average daily amount of such balances. At December 31, 2000, the value invested in Dollar Reserves by BBSI’s customers was approximately \$30 million. Further, the Company has agreed to provide or to cause its subsidiaries to provide to BBSI for a period of three years following the closing certain services with respect to the operation of a securities brokerage business for a monthly administrative fee of \$16,666.67, subject to certain conditions.

Accordingly, results from the discount brokerage segment are shown as discontinued operations. Summarized financial information for the discontinued operations was as follows:

	<u>1999</u>	<u>1998</u>
Revenues	\$ 748,786*	\$2,379,506
Expenses	<u>733,537*</u>	<u>2,614,920</u>
Income (loss) before income taxes	15,249	(235,414)
Income taxes	—	95,000
Income (loss)	<u>15,249</u>	<u>(140,414)</u>
Gain on sale of discontinued operations:		
Proceeds, net of basis	5,500,000	—
Professional fees	(222,021)	—
Closing bonuses	(868,586)	—
Gain on sale before income taxes	<u>4,409,393</u>	—
Income taxes	(1,944,777)	—
Gain on sale	<u>2,464,616</u>	—
Income (loss) from discontinued operations	<u>\$2,479,865</u>	<u>\$ (140,414)</u>

* Represents revenues and expenses for the 3 months ended March 31, 1999.

3. MARKETABLE SECURITIES

At December 31, marketable securities consisted of:

	<u>2000</u>	<u>1999</u>
Securities Held by Broker/dealer at Market		
Affiliated funds	\$2,155,070	\$2,063,205
Equity securities	<u>1,286,900</u>	<u>435,875</u>
Total broker/dealer securities		
(cost: \$3,733,304 for 2000 and \$2,861,234 for 1999)	<u>3,441,970</u>	<u>2,499,080</u>
Available-for-Sale Securities Held by Other Companies at Market		
Unaffiliated funds	3,404	23,622
Affiliated funds	446,361	2,046,439
Equity securities	<u>34,440</u>	<u>31,787</u>
Total available-for-sale securities		
(cost: \$543,406 for 2000 and \$1,751,846 for 1999)	<u>484,205</u>	<u>2,101,848</u>
	<u>\$3,926,175</u>	<u>\$4,600,928</u>

At December 31, 2000 and 1999, the Company had \$(35,201) and \$350,002, 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.

4. LEASE COMMITMENTS

The Company leases office space under a lease which expires December 31, 2001. The rent is approximately \$103,000 per annum including electricity.

5. 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, 2000, 1999 and 1998, none of the Preferred Stock was issued.

6. NET CAPITAL REQUIREMENTS

The Company’s broker/dealer subsidiary is a member firm of the National Association of Securities Dealers, Inc. and are registered with the Securities and Exchange Commission as broker/dealers. Under the Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934), a broker dealer must maintain minimum net capital, as defined, of not less than (a) \$250,000 or, when engaged solely in the sale of redeemable shares of registered investment companies, \$100,000, or (b) 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, 2000, the subsidiary had net capital of approximately \$790,200; net capital requirements of \$262,989; excess net capital of approximately \$527,200; and the ratios of aggregate indebtedness to net capital was approximately 4.99 to 1.

7. STOCK OPTIONS

On December 6, 1995, the Company adopted a Long-Term Incentive Plan which provides for the granting of a maximum of 300,000 options to purchase Class A Common Stock to directors, officers and key employees of the Company or its subsidiaries. The plan was amended on February 5, 1996 to change certain provisions, on October 29, 1997 to increase the maximum number of options to 450,000, and on March 2, 1999 to increase the maximum number of options to 600,000. With respect to non-employee directors, only grants of non-qualified stock options and awards of restricted shares are available. The non-employee directors were granted 15,000 options each on December 12, 2000 and all previously issued options were cancelled. 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 applied 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. Proforma 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 proforma 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>2000</u>	<u>1999</u>	<u>1998</u>
Net income	As reported	\$502,572	\$2,528,641	\$511,415
	Pro forma	\$463,593	\$2,285,639	\$465,641
Earnings per share				
Basic	As reported	\$.30	\$1.53	\$.37
	Pro forma	\$.28	\$1.38	\$.33
Diluted	As reported	\$.30	\$1.51	\$.35
	Pro forma	\$.28	\$1.36	\$.32

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 2000, 1999, and 1998, respectively: expected volatility of 46.33%, 83.09% and 73.95%, risk-free interest rate of 4.40%, 5.78%, and 5.11% 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, 2000, 1999 and 1998, and changes during the years ending on those dates is presented below:

Stock Options	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 1997	412,000	\$2.21
Granted	12,000	\$1.81
Exercised	(285,000)	\$2.25
Canceled	<u>(20,000)</u>	\$2.64
Outstanding at December 31, 1998	119,000	\$2.05
Granted	280,000	\$2.98
Canceled	<u>(160,000)</u>	\$3.28
Outstanding at December 31, 1999	239,000	\$2.32
Granted	261,000	\$1.65
Canceled	<u>(274,000)</u>	\$2.26
	<u>226,000</u>	\$1.61

There were 182,000, 239,000 and 97,000 options exercisable at December 31, 2000, 1999, and 1998 with a weighted-average exercise price of \$1.64, \$2.32, and \$1.99, respectively. The weighted-average fair value of options granted was \$.54, \$1.18 and \$.94 for the years ended December 31, 2000, 1999, and 1998, respectively.

In December 2000, the Company canceled 192,000 previously issued stock options. The exercise prices of the canceled stock options were \$1.875 to \$2.6125. In December 2000, the Company granted 216,000 stock options with exercise prices of \$1.50 to \$1.65.

In September 1999, the Company canceled 125,000 previously issued stock options. The exercise prices of the canceled stock options were \$3.36 to \$3.69. In September 1999, the Company granted 155,000 stock options with exercise prices of \$2.38 to \$2.61.

The following table summarizes information about stock options outstanding at December 31, 2000:

<u>Range of Exercise Prices</u>	<u>Options Outstanding</u>		
	<u>Number Outstanding</u>	<u>Weighted-Average Remaining Contractual Life</u>	<u>Weighted-Average Exercise Price</u>
\$1.50 - \$1.65	216,000	4.9 years	\$1.58
\$2.00 - \$2.375	10,000	3.7 years	\$2.375

In connection with the exercise of the options, the Company received from certain officers notes with an interest rate of 4.47% per annum payable December 15, 2003. The balance of the notes at December 31, 2000 was \$603,675, which was classified as “notes receivable for common stock issued.”

8. PENSION PLAN

The Company has a 401(k) retirement plan for substantially all of its qualified employees. Contributions to this 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, 2000, 1999, and 1998 was approximately \$45,100, \$31,600, and \$44,700, respectively.

9. INCOME TAXES

The provision for income taxes charged to operations was as follows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Continuing Operations			
Current			
Federal	\$352,000	\$ (25,500)	\$(111,054)
State and local	105,126	(11,648)	28,510
	457,126	(37,148)	(82,544)
Deferred	26,000	75,400	—
	483,126	38,252	(82,544)
Discontinued Operations	—	1,944,777	(95,000)
	<u>\$483,126</u>	<u>\$1,983,029</u>	<u>\$(177,544)</u>

Deferred tax assets are comprised of the following at December 31, 2000, 1999 and 1998:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Unrealized			
depreciation on investments	\$138,000	\$140,000	\$ 12,400
Accrued expenses	-	-	40,000
Depreciation	-	-	10,000
Net operating loss carryforwards	<u>-</u>	<u>-</u>	<u>153,000</u>
Net deferred tax assets	<u>\$138,000</u>	<u>\$140,000</u>	<u>\$215,400</u>

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

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Statutory rate	34.0%	34.0%	34.0%
Increase in effective tax rate resulting from:			
State income taxes, net of federal benefit	7.0	9.1	5.6
Write-down of non-deductible intangible assets	11.1	-	-
Operating loss carryforwards	-	(3.1)	(92.8)
Other assets	<u>(3.4)</u>	<u>4.0</u>	<u>-</u>
	<u>48.7%</u>	<u>44.0%</u>	<u>(53.2)%</u>

In 1998, the negative effective tax rate resulted from the reversal of the valuation allowance account established in prior years.

10. NON-RECURRING ITEM

In 2000, the Company determined that the carrying value of one of its intangible assets exceeded its net realizable value. This occurred because of a decline in net assets under management. As a result, the Company recorded a non-recurring charge to operations of \$325,000.

11. RELATED PARTIES

All 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. Shareholder administration fees represented reimbursement of costs incurred by subsidiaries of the Company on behalf of the open-end Funds. Such reimbursement amounted to approximately \$314,100 for the year ended December 31, 1998. The Company outsourced the shareholder administration after 1998. During the years ended December 31, 2000, 1999, and 1998, the Funds paid approximately \$147,000, \$210,000, and \$182,000, respectively, for record-keeping services to the Company's broker/dealer subsidiary, which paid such amounts to certain brokers for performing such services. These reimbursements for recordkeeping services were recorded in management, distribution, service and administrative fees.

In connection with investment management services, the Company's investment managers and distributor waived management and distribution fees from the Funds in the amount of approximately \$287,600, \$328,800, and \$180,400 for the years ended December 31, 2000, 1999, and 1998, 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, 2000, the policy had a cash surrender value of approximately \$263,500 and is included in other assets in the balance sheet.

12. FINANCIAL INFORMATION BY BUSINESS SEGMENT

The following details selected financial information by business segment.

<u>2000</u>	<u>Investment Management</u>	<u>Real Estate Operations</u>	<u>Total</u>
Revenues	\$2,485,540	\$ 250,941	\$ 2,736,481
Gain on sale of real estate	–	901,046	901,046
Investment income	525,121	1,157	526,278
Income (loss) from operations	157,800	833,640	991,440
Depreciation and amortization	62,506	64,249	126,755
Non-recurring item	325,000	–	325,000
Capital expenditures	5,301	53,951	59,252
Gross identifiable assets	\$6,345,189	\$2,133,033	\$ 8,478,222
<u>1999</u>			
Revenues	\$3,005,636	\$ 216,272	\$ 3,221,908
Investment income	78,165	847	79,012
Income (loss) from operations	109,733	(22,705)	87,028
Depreciation and amortization	78,316	75,386	153,702
Capital expenditures	7,617	201,237	208,854
Gross identifiable assets	\$8,620,008	\$1,470,021	\$10,090,029

13. 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, 2000, 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 July 1994, 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 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 sheets of Winmill & Co. Incorporated and subsidiaries as of December 31, 2000, and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. 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 generally accepted auditing standards. 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, 2000, and 1999, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2000, in conformity with generally accepted accounting principles.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania
February 9, 2001

Our business plans and expectations for growth are forward-looking statements that involve risks and uncertainties depending on many factors, including market demand, economic conditions and the performance of financial markets. Further, our business will also be affected by the relative performance of our products as compared with those of our competitors. Therefore, actual results may differ materially from those set forth in the forward-looking statements discussed in this report.

On April 1, 1999 the Company changed its name to Winmill & Co. Incorporated and the Company's Class A Common Stock trades on the Nasdaq SmallCap Market tier of the Nasdaq Stock Market under the symbol WNMLA. The high and low sales prices of the Class A Common Stock during each quarterly period over the last two years were as follows:

	2000		1999	
	High	Low	High	Low
First Quarter	\$2-7/32	\$1-15/16	\$15-1/4	\$2-5/8
Second Quarter	\$2-1/16	\$1-5/8	\$4-1/16	\$2-5/8
Third Quarter	\$2-3/32	\$1-13/16	\$2-3/4	\$2
Fourth Quarter	\$1-15/16	\$1	\$2-5/16	\$1-7/8

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
Chairman, Thanksgiving Foundation

OFFICERS AND STAFF

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President, General Counsel

MARION E. MORRIS
Senior Vice President

WILLIAM G. VOHRER
Treasurer

MONICA PELAEZ, Esq.
Vice President, Secretary

HEIDI KEATING
Vice President

ANN NGUYEN
Assistant Treasurer

ANNE M. CHI
Accounting Coordinator

EMINE POSMA
Marketing Director

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NASDAQ STOCK MARKET SYMBOL
WNMLA

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