



GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2016**

Directors' Report

The Directors of Global Masters Fund Limited submit herewith their report together with the Interim Financial Report for the Half-Year Ended 31 December 2016 and the Auditor's Independent Review Report thereon.

DIRECTORS

The following persons were Directors of the Company since 30 June 2016 and up to the date of this report, unless stated otherwise.

- Mr Jonathan Lancelot Addison (Chairman)
- Dr Emmanuel Clive Pohl (Managing Director)
- Mr Patrick Corrigan AM
- Mr Murray d'Almeida (*appointed 10 October 2016*)
- Mr Jason Pohl (Alternate Director *appointed 16 June 2016*)

REVIEW OF OPERATIONS

During the half-year to 31 December 2016 the Company sold 187,057 shares in Flagship Investments Limited realizing a gain of \$20,857. The remaining number of units the Company had invested with Colonial Wholesale Income Fund (362.5) were sold during the half-year and realized a gain of \$1,160.

No dividends were paid during the half-year. Operating revenues amounting to \$100,470 and the Company recorded an operating loss of \$41,369 which included an increase in Directors' fees. This compares with operating revenue of \$83,277 and a net loss of \$41,934 for the first six months of the prior year (to 31 December 2015).

In the six months ended 31 December 2016, the investment in Berkshire Hathaway increased in value by 15.5 % and the investment in Athelney Trust increased by 15.6 % (both in Australian dollar terms) and net assets of the Company increased by 13.3 % over same period.

DIVIDEND

No dividend has been declared.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 2.

Signed on behalf of the Board in accordance with a Resolution of the Directors.



Jonathan L Addison
24 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF GLOBAL MASTERS FUND LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there have been no contraventions of:

1. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
2. any applicable code of professional conduct in relation to the review.



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Joe Pien
Chartered Accountant

Date 24th February 2017

Suite 503,
Level 5,
276 Pitt Street
Sydney NSW 2000

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Revenue	2	100,470	83,277
Other expenses	3	(141,839)	(125,211)
(Loss) before income tax		(41,369)	(41,934)
Income tax expense		-	-
Net (loss) attributable to members of the Company		(41,369)	(41,934)
Other Comprehensive Income			
Items that will not be subsequently reclassified to Profit or Loss			
Changes in fair value of available-for-sale financial assets		1,529,675	306,378
Total Comprehensive Income for the period		1,488,306	264,444
Basic and diluted (Loss)per share (cents)		(0.48)	(0.49)
Comprehensive income per share (cents)		17.35	3.08

These financial statements are to be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position

As at 31 December 2016

	Note	31 Dec 2016 \$	30 June 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		220,772	56,302
Trade and Other Receivables		4,721	1,787
Other assets		91,650	6,575
TOTAL CURRENT ASSETS		<u>317,143</u>	<u>64,664</u>
NON-CURRENT ASSETS			
Financial Assets		16,945,210	15,078,717
TOTAL NON-CURRENT ASSETS		<u>16,945,210</u>	<u>15,078,717</u>
TOTAL ASSETS		<u>17,262,353</u>	<u>15,143,381</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		39,708	13,407
TOTAL CURRENT LIABILITIES		<u>39,708</u>	<u>13,407</u>
NON-CURRENT LIABILITIES			
Deferred tax liability		2,228,177	1,623,812
TOTAL NON-CURRENT LIABILITIES		<u>2,228,177</u>	<u>1,623,812</u>
TOTAL LIABILITIES		<u>2,267,885</u>	<u>1,637,219</u>
NET ASSETS		<u>14,994,468</u>	<u>13,506,162</u>
EQUITY			
Issued Capital	4	8,609,085	8,609,085
Reserves		6,993,551	5,483,876
Accumulated losses		(608,168)	(566,799)
TOTAL EQUITY		<u>14,994,468</u>	<u>13,506,162</u>

These financial statements are to be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2016

	Issued Share Capital \$	Retained Profits/ (Accumulated Losses) \$	Reserves \$	Total Equity \$
Balance at 30 June 2015	8,609,085	(567,842)	4,820,797	12,863,040
Change in Value of Investments	-	-	306,376	306,376
Net income recognised directly in equity	-	-	306,376	306,376
Net loss attributable to members	-	(41,934)	-	(41,934)
Total recognised income and expense for the period	-	(41,934)	-	(41,934)
Balance at 31 December 2015	8,609,085	(609,776)	5,128,173	13,127,482
Balance at 30 June 2016	8,609,085	(566,799)	5,463,876	13,506,162
Change in Value of Investments	-	-	1,529,675	1,529,675
Net income recognised directly in equity	-	-	1,529,675	1,529,675
Net loss attributable to members	-	(41,369)	-	(41,369)
Total recognised income and expense for the period	-	(41,369)	-	(41,369)
Balance at 31 December 2016	8,609,085	(608,168)	6,993,551	14,994,468

These financial statements are to be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2016

	Half-Year Ended	
	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities		
Interest and distributions received	370	74
Dividends Received	78,082	79,957
Payments to suppliers	(206,563)	(149,080)
Net cash outflows used in operating activities	<u>(128,111)</u>	<u>(69,049)</u>
Cash flows from investing activities		
Acquisition of shares in Athelney Trust		
Proceeds from sale of Flagship Investments	291,068	56,913
Proceeds from CFS Wholesale Income Fund units	1,513	2,204
Net cash flows (used in) from investing activities	<u>292,581</u>	<u>59,117</u>
Net (decrease) increase in cash held	164,470	(9,932)
Add opening cash brought forward (30 June)	<u>56,302</u>	<u>53,766</u>
Closing cash carried forward	<u>220,772</u>	<u>43,834</u>

These financial statements are to be read in conjunction with the accompanying notes.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year financial statements are a general purpose financial prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, and other applicable Accounting Standards.

This half-year financial report does not include all the notes of the type normally included in an Annual Financial Report. It is recommended that this half-year financial report be read in conjunction with the 30 June 2016 Annual Financial Report and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

These financial statements have been prepared on the historical cost basis except as modified by the revaluation of available-for-sale financial assets. The accounting policies are consistent with those applied in the 30 June 2016 Annual Report.

This financial report is presented in Australian dollars.

(b) Investments

All investments are classified as “available-for-sale investments” and are recognised at fair value.

Investments are valued continuously. Unrealised gains are taken directly to equity, net of any deferred tax liability. When realized, gains are transferred through to the income statement.

Dividends and distributions are brought to account on the date that the shares or units are traded “ex-dividend”. Interest income is brought to account on an accruals basis.

(c) Foreign currency

Both the functional and presentation currency of the Company is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial report are taken to the profit and loss with the exception of differences on investment assets. These are taken directly to equity until the disposal of the investment asset, at which time they are recognised in profit or loss.

These financial statements are to be read in conjunction with the accompanying notes.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2016

	Half-Year Ended	
	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities		
2. REVENUE		
Interest – other person/corporations	370	74
Other investment income	100,100	83,203
	<u>100,470</u>	<u>83,277</u>
3. OTHER EXPENSES		
ASX and share registry costs	10,705	6,712
Administration costs	131,134	118,499
	<u>141,839</u>	<u>125,211</u>

4. ISSUED CAPITAL

The number of shares remained unchanged during the six months – i.e. 8,578,596 shares in issue at 31 December 2016.

5. SEGMENT INFORMATION

The Company is domiciled and incorporated in Australia.

The Company's principle activity is investment in quoted equities, principally Berkshire Hathaway Inc listed on the New York Stock Exchange, Athelney Trust listed on the London Stock Exchange and Flagship Investments Limited listed on ASX.

The Company operates in only one business.

6. SUBSEQUENT EVENTS

No events have arisen, in the interval between 31 December 2016 and the date of this report, which in the opinion of the Directors of the Company would significantly affect the operations of the Company or the financial position.

These financial statements are to be read in conjunction with the accompanying notes.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 3 to 8:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2016 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In accordance with a resolution of the Directors.



Jonathan L Addison
Chairman

Sydney

24 February 2017

AUDITORS INDEPENDENCE REVIEW TO MEMBERS OF GLOBAL MASTERS FUND LIMITED

Report on the Half-year Financial Report

I have reviewed the accompanying half-year financial report of Global Masters Fund Limited, which comprises the condensed statement of financial position as at 31 December 2016, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration of the company at the end of the half-year or from time to time during the half-year period.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report which gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of a half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the company's year ended 31 December 2016 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Global Masters Fund Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting our review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Global Masters Fund Limited is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Dated 24th February 2017

Joe Pien Chartered Accountant
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