



GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2017**

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 2017 and the Auditor's Independent Review Report thereon.

DIRECTORS

The following persons were Directors of the Company since 30 June 2017 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
- Mr Jason Pohl (Alternate Director to Dr Pohl)

REVIEW OF OPERATIONS

During the quarter July to September 2017, Global Masters Fund Limited (ASX: GFL) posted a share price gain of 10.9%, trading at a premium to the underlying Net Tangible Asset Value (NTA). NTA increased by 5.1% at 30 September 2017, mainly due to an improvement in the major investment, Berkshire Hathaway. During the next quarter, October to December 2017, Berkshire Hathaway (NYSE: BRK) posted gains of 8.3% and Athelney Trust (LSE: ATY) grew 8.1%. In this quarter Flagship Investments (ASX: FSI) remained flat, while the Australian market grew by 7.4% over the quarter. NTA grew a further 4.9% between October and December 2017, closing at 216.4 cents per share (tax on realised gains only).

During the six months to 31 December 2017, the Company made a Rights Offer to Shareholders (one share for every four held) at \$2 per share. In November 2017, 2,144,563 shares were issued as a result of this successful placement. The Board decided that the major portion of the funds received, would be used by the Manager to invest in shares listed on the London Stock Exchange. At 31 December 2017, the value of these investments had increased by 4.6%. No dividends were paid during the half-year.

Total Comprehensive Income for the six months to 31 December 2017 amounted to \$1,605,517 which compares with \$1,488,306 for the six months of the prior year (to 31 December 2016).

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
23 February 2018

**GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS GLOBAL MASTERS FUND LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

WPIAS Pty Ltd

Authorised Audit Company No. 440306



LEE-ANN DIPPENAAR BCom CPA RCA
DIRECTOR

Dated this 23rd day of February 2018

HEAD OFFICE:

t: +61 (0)7 5580 4700
p: PO Box 1463, Oxenford, Queensland 4210 Australia
a: 4 Helensvale Road, Helensvale, Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au

WPIAS Pty Ltd ABN 99 163 915 482
WPIAS is an Authorised Audit Company and a Limited Partnership
Liability limited by a scheme approved under Professional Standards Legislation

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

| | Note | 31 Dec 2017 \$ | 31 Dec 2016 \$ |
|---|----------|----------------------|----------------------|
| Revenue | 2 | 52,757 | 100,470 |
| Other expenses | 3 | (247,549) | (141,839) |
| (Loss) before income tax | | (194,792) | (41,369) |
| Income tax expense benefit | | 69,602 | - |
| Net (loss) attributable to members of the Company | | (125,190) | (41,369) |
| Other Comprehensive Income | | | |
| Items that will be subsequently reclassified to Profit or Loss when specific conditions are met | | | |
| Changes in fair value of available-for-sale financial assets, net of tax | | 1,730,707 | 1,529,675 |
| Total Comprehensive Income for the period | | 1,605,517 | 1,488,306 |
| Earnings per share: | | | |
| | | Cents | Cents |
| Basic (Loss) per share (cents) | | (1.17) | (0.48) |
| Diluted (Loss) per share based on net (loss) | | (1.35) | (0.48) |
| Comprehensive income per share (cents) | | 14.97 | 17.35 |

In calculating the diluted earnings per share, the number of shares using the weighted average method was 9,289,565.

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Financial Position

As at 31 December 2017

| | Note | 31 Dec 2017 \$ | 30 June 2017 \$ |
|--|------|----------------------|-----------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | | 353,918 | 1,012,558 |
| Trade and Other Receivables | | 12,454 | 2,364 |
| Other assets | | 24,277 | 26,846 |
| TOTAL CURRENT ASSETS | | 390,649 | 1,041,768 |
| NON-CURRENT ASSETS | | | |
| Available -for-sale Financial Assets at fair value | 4 | 22,826,640 | 15,824,624 |
| TOTAL NON-CURRENT ASSETS | | 22,826,640 | 15,824,624 |
| TOTAL ASSETS | | 23,217,289 | 16,866,392 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 26,298 | 28,513 |
| TOTAL CURRENT LIABILITIES | | 26,298 | 28,513 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liability | | 2,397,608 | 1,912,801 |
| TOTAL NON-CURRENT LIABILITIES | | 2,397,608 | 1,912,801 |
| TOTAL LIABILITIES | | 2,423,906 | 1,941,314 |
| NET ASSETS | | 20,793,383 | 14,295,078 |
| EQUITY | | | |
| Contributed Equity | 5 | 12,871,873 | 8,609,085 |
| Reserves | | 8,319,545 | 6,814,525 |
| Accumulated losses | | (398,035) | (498,532) |
| TOTAL EQUITY | | 20,793,383 | 14,925,078 |

The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2017

| | Issued Share Capital \$ | Retained Profits/ (Accumulated Losses) \$ | Reserves \$ | Total Equity \$ |
|------------------------------------|----------------------------------|--|------------------|-----------------------|
| 2016 | | | | |
| Balance at 1 July 2016 | 8,609,085 | (566,799) | 5,463,876 | 13,506,162 |
| Total Comprehensive Income | | | | |
| Loss for the half-year | - | (41,369) | - | (41,369) |
| Other Comprehensive Income | - | - | 1,529,675 | 1,529,675 |
| Total Comprehensive Income | - | (41,369) | 1,529,675 | 1,488,306 |
| Balance at 31 December 2016 | 8,609,085 | (608,168) | 6,993,551 | 14,994,468 |

| | Issued Share Capital \$ | Retained Profits/ (Accumulated Losses) \$ | Reserves \$ | Total Equity \$ |
|---|----------------------------------|--|------------------|-----------------------|
| 2017 | | | | |
| Balance at 1 July 2017 | 8,609,085 | (498,532) | 6,814,525 | 14,925,078 |
| Total Comprehensive Income | | | | |
| Loss for the half-year | - | (125,190) | - | (125,190) |
| Other Comprehensive Income | - | - | 1,730,707 | 1,730,707 |
| Total Comprehensive Income | - | (125,190) | 1,730,707 | 1,605,517 |
| Transactions with Owners in their capacity as owners | | | | |
| Shares issued as a result of Rights Issue | 4,289,126 | - | - | 4,289,126 |
| Less: Capital Raising costs | (26,338) | - | - | (26,338) |
| Total Transactions with Owners | 4,262,788 | - | - | 4,262,788 |
| Other | | | | |
| Transfer from reserves to accumulated losses | - | 225,687 | (225,687) | - |
| Balance at 31 December 2017 | 12,871,873 | (398,035) | 8,319,545 | 20,793,383 |

The above Condensed Statement of Change in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2017

| | Half-Year Ended | |
|--|----------------------|----------------------|
| | 31 Dec 2017 \$ | 31 Dec 2016 \$ |
| Cash flows from operating activities | | |
| Interest received | 2,604 | 370 |
| Dividends received | 50,153 | 78,082 |
| Payments to suppliers | (268,294) | (206,563) |
| Net cash outflows used in operating activities | <u>(215,537)</u> | <u>(128,111)</u> |
| Cash flows from investing activities | | |
| Acquisition of investments on London Stock Exchange | (4,716,900) | - |
| Proceeds from sale of Flagship Investments | - | 291,068 |
| Proceeds from CFS Wholesale Income Fund units | - | 1,513 |
| Net cash flows (used in) / provided by investing activities | <u>(4,716,900)</u> | <u>292,581</u> |
| Cash flows from financing activities | | |
| Proceeds from Rights Issue – issue of new shares | 4,289,126 | - |
| Capital raising costs | (15,329) | - |
| Net cash provided by / (used in) financing activities | <u>4,273,797</u> | <u>-</u> |
| Net (decrease) / increase in cash and cash equivalents | (658,640) | 164,470 |
| Cash and cash equivalents at beginning of the financial period | <u>1,012,558</u> | <u>56,302</u> |
| Cash and cash equivalents at the end of the financial period | <u>353,918</u> | <u>220,772</u> |

The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Global Masters Fund Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Global Masters Fund Limited. As such it does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2017, together with any public announcements made by Global Masters Fund Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

These interim financial statements were authorised for issue on 23 February 2018.

b) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

c) Changes in Accounting Policy

There are no changes in accounting policy that apply for the half-year ended 31 December 2017.

d) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

e) 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.

f) 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.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2017

| | Half-Year Ended | |
|--------------------------------------|-----------------|----------------|
| | 31 Dec 2017 | 31 Dec 2016 |
| | \$ | \$ |
| NOTE 2 REVENUE | | |
| Gain on sale of investments | - | 22,018 |
| Interest – other person/corporations | 2,604 | 370 |
| Dividends received | 50,153 | 78,082 |
| | <u>52,757</u> | <u>100,470</u> |
| NOTE 3 OTHER EXPENSES | | |
| ASX and share registry costs | 51,152 | 10,705 |
| Administration costs | 196,397 | 131,134 |
| | <u>247,549</u> | <u>141,839</u> |

NOTE 4 FAIR VALUE MEASUREMENTS

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial Assets at fair value through Other Comprehensive Income.
- Financial Assets at fair value through Profit or Loss.
- Available-for-sale Financial Assets.

Assets classified as held for sale are measured at fair value on a non-recurring basis. Assets and liabilities are measured and disclosed using the three-level hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value in the financial statements.

| Company – at 30 June 2017 | Level 1 | Level 2 | Level 3 | TOTAL |
|--|-------------------|----------|----------|-------------------|
| Assets | \$'000 | \$'000 | \$'000 | \$'000 |
| Recurring fair value measurements. | | | | |
| <i>Financial Assets</i> | | | | |
| Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities | 15,824,624 | - | - | 15,824,624 |
| Total Financial Assets | 15,824,624 | - | - | 15,824,624 |

| Company – at 31 December 2017 | Level 1 | Level 2 | Level 3 | TOTAL |
|--|-------------------|----------|----------|-------------------|
| Assets | \$'000 | \$'000 | \$'000 | \$'000 |
| Recurring fair value measurements. | | | | |
| <i>Financial Assets</i> | | | | |
| Financial Assets at fair value through Other Comprehensive Income – Listed Equity Securities | 22,826,640 | - | - | 22,826,640 |
| Total Financial Assets | 22,826,640 | - | - | 22,826,640 |

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2017

NOTE 4 FAIR VALUE MEASUREMENTS *(Continued)*

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of current trade and other payables are assumed to approximate their fair values because the impact of discounting is not significant.

NOTE 5 MOVEMENTS IN CONTRIBUTED EQUITY

| Date | Details | Number of shares | Price | \$ |
|------------------|-----------------------|------------------|-------|------------|
| 30 June 2016 | Balance | 8,578,596 | | 8,609,085 |
| 30 June 2017 | Balance | 8,578,596 | | 8,609,085 |
| October 2017 | Rights Issue | 2,144,563 | | 4,289,126 |
| | Capital Raising costs | | | (26,338) |
| 31 December 2017 | Balance | 10,723,159 | | 12,871,873 |

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 6 SEGMENT INFORMATION

Operating Segment

The Company is domiciled and incorporated in Australia. The entity operates solely in the investment industry.

The Company invests in quoted equities, including investing in listed companies on the New York Stock Exchange, the London Stock Exchange and on the ASX.

NOTE 7 EVENTS OCCURRING AFTER REPORTING DATE

The Directors are not aware of any matter or circumstance which has arisen since balance date that has significantly affected or may significantly affect the operations of the Company other than the volatility in the stock markets.

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 3 to 9:
 - (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 2017 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

23 February 2018

**GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618**

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED**

Report on the Half-Year Financial Report

We 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 2017, the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and 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 we 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 review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

HEAD OFFICE:

t: +61 (0)7 5580 4700
p: PO Box 1463, Oxenford, Queensland 4210 Australia
a: 4 Helensvale Road, Helensvale, Queensland 4212 Australia
e: info@wpias.com.au
w: www.wpias.com.au

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GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

Conclusion

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

- (a) giving a true and fair view of Global Masters Fund Limited's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Other Matter

The financial report of Global Masters Fund Limited for the half-year ended 31 December 2016 was reviewed by another auditor who expressed an unmodified opinion on that financial report on 24 February 2017. The financial report of Global Masters Fund Limited for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report on 22 August 2017.

WPIAS Pty Ltd

Authorised Audit Company No. 440306



LEE-ANN DIPPENAAR BCom CA RCA
DIRECTOR

Dated this 23rd day of February 2018

4 Helensvale Road
HELENSVALE QLD 4212