



GLOBAL MASTERS FUND LIMITED

Annual Report
30 June 2012

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Global Masters Fund Limited

ABN 84 109 047 618

Thank you for the support in 2012 and for your ongoing support for the company. Both your board and myself as Chairman look forward to continue to progress the company even during these somewhat trying times.

This past year has been one where your company at 30 June 2012 improved its NTA by approx. 2 % over the previous year. This has been a good result for shareholders given the backdrop of uncertainty in the markets. Whilst the price of Berkshire Hathaway shares on the New York Stock Exchange increased over the previous year, the strength of the Australian dollar offset this increase. The Company has never undertaken currency hedging of its Berkshire Hathaway investment, largely because investors have sought international diversification by this investment. Berkshire Hathaway itself is diversified into global stocks. The Board has always acknowledged that, despite Berkshire's global reach, there is currency exposure which may increase the volatility of the Company's NTA and thus the share price.

At the previous AGM held on 28 October 2011, the shareholders approved a resolution to enable the company to invest in small to medium size unlisted companies which are profitable and growing and have good potential outcomes for shareholders. This decision is not a reflection of a lack of confidence in Berkshire Hathaway but rather the need to review the Company's investment strategy in the light of the strength of the Australian dollar and the huge headwinds facing the US and UK equity markets. With the high probability of this continuing for the foreseeable future it is unlikely that shareholders will see any meaningful increase in the value of their investment while world markets continue to be under pressure. Furthermore, recent initiatives by the ASX which enable the direct purchase of overseas listed shares through the ASX, influenced the board's decision. Furthermore it is consistent with the original aim of the company to invest in a variety of global master investments, which would have Berkshire Hathaway as its core but would include other funds. The Company is not and does not intend to be stock-picker in its own right.

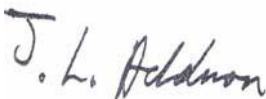
As you will recall the company has taken a position in the UK based Athelney Trust, (a listed investment company) and also in the Hyperion Flagship Fund that is a listed investment company in Australia.

The board is currently undertaking due diligence on a Private Equity Fund which it believes over the long-term (5 years) will offer the shareholders excellent value, as well as diversification from the listed markets. Whilst the major investment of Global Masters Fund will continue to be Berkshire Hathaway, the board believes that there are exciting opportunities on offer to acquire an equity stake in quality growing companies at favourable price multiples by joining with institutional investors in this Private Equity Fund. It is anticipated that \$2 million will be invested and will be derived by selling some Berkshire Hathaway shares.

The Board has been focused on increasing revenue and reducing costs to achieve an objective of becoming cash flow positive. In January 2012 the Company sold some Berkshire Hathaway shares to increase its exposure to dividend paying investments. This has proved worthwhile, resulting in an improvement of cash inflow into the company.

I look forward to your continued support and all shareholders will be kept advised of any developments as they occur.

Yours sincerely,



Jonathan L Addison
Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of Global Masters Fund Limited for the year ended 30 June 2012 and Independent Audit Report thereon. The financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards (A-IFRS).

Directors

The Directors of the Company during or since the end of the financial year to the date of this report are:

Name	Date of Appointment
Jonathan Lancelot Addison	19 April 2005
Emmanuel Clive Pohl	19 April 2005
Patrick Corrigan	29 November 2006

Details of the Directors in office during the year:

Name And Qualification

Jonathan Lancelot Addison
B Ec, ASIS, CFTP (Snr), MAICD

Experience and Special Responsibilities

Non-executive Chairman

Over 30 years experience in the investment management industry. Investment Manager and former CEO of the Meat Industry Employees Superannuation Fund. Previous experience includes Director and Asset Consultant with the Corporate Finance Section of PricewaterhouseCoopers and Manager at Sedgwick Noble Lowndes.

Member of Audit Committee

Other current directorships

Director of Phosphagenics Limited (Chairman)

African Enterprise Australia Ltd

African Enterprise International Ltd (Chairman)

Hawkesbridge Private Equity Ltd

TPCG Ltd

Athelney Trust PLC (appointed 28 June 2010)

Emmanuel Clive Pohl
Pr Eng, BSc (Eng), MBA, DBA, FAICD,
MSDIA, SAFin

Non-executive Director

Emmanuel (Manny) Pohl has over 26 years experience in the investment industry initially as a director and head of research with leading South African broking firm Davis Borkum Hare. He was a member of the 1991 South African delegation to the Annual Meeting of the Board of Governors of the World Bank and the International Monetary Fund in Bangkok. He was a member of the South African Accounting Practices Board until he left South Africa in 1994. After arriving in Australia he joined Westpac Investment Management prior to founding Hyperion Asset Management in 1996. He was CEO and Managing Director of this company for 16 years but in April 2012 he decided to hand over the reins and resign from the company to establish and grow a new Private Equity business as well as focus on Hyperion Flagship Investments Limited and the individually managed accounts service. He has served on the Board of a number of major corporations in South Africa and Australia.

Member of Audit Committee

Other current directorships

Chairman of Hyperion Fund Company B.S.C. (c)

Chairman and CEO of Hyperion Principal Investments Pty Ltd

Managing Director of Hyperion Flagship Investments Limited (appointed 1997)

Director of Mike's Kitchen (Aust) Pty Ltd

Director of EC Pohl & Co Holdings Pty Ltd

Director of EC Pohl & Co Private Equity Pty Ltd

Director of Astuce Pty Ltd

Director of Astuce Group Limited

Director of Huysamer International Holdings (Pty) Ltd

Director of Pohl Pty Ltd

Alternate Director of Athelney Trust PLC (appointed 28 June 2010)

Member of Bond University Institute of Sustainable Development & Architecture Academic Advisory Panel

DIRECTORS' REPORT

Former directorships

Chairman of Hyperion GLOBAL SICAV
Managing Director of Hyperion Asset Management Limited from 1997 to 2012
Managing Director of Hyperion Holdings Limited from 2004 to 2012
Alternate Director of The Great Barrier Reef Research Foundation from 2003 to 2004
Director of The Great Barrier Reef Research Foundation from 2004 to 2004
Non-executive director of Growth Equities Corporation Limited from 2003 to 2004
Board Member of La Boite Theatre Inc from 2002 to 2004
Non-executive director of Queensland Gas Company Ltd from 2004 to 2005
Managing Director of WHTM Capital Management Limited from 2002 to 2004

Patrick Corrigan
AM

Non-executive Director

Chairman of an international freight forwarding company for numerous years. Experience in accounting, financial management and other commercial acumen including investments. One of Australia's leading contemporary art collectors. Member of the "Order of Australia". Recently awarded an honorary doctorate at Bond University.

Chairman of Audit Committee

Other current directorships

Chairman UBI Logistics (Australia) Pty Ltd
Chairman Gold Coast Regional Art Gallery
Chairman of Qantas Art Scholarship Committee
Deputy Chair of Air Freight Export Council of NSW Inc
Director Gold Coast Art Centre
Director Hyperion Flagship Investments Limited
Director of Better Read Pty Ltd
Director of Aboriginal Benefits Foundation Limited
Director of Community Radio Station Jazz Radio Limited

Directors' interests in securities of the Company are set out in Note 17 of the Notes to the Financial Statements.

Company Secretary

Mr Brian Jones (B.COM CA) was appointed company secretary on 1 March 2007. He has had many years of commercial and financial experience and has served as the company secretary and director of listed public companies.

Directors' Meetings

The number of Board meetings and the number of meetings attended by each of the directors of the Company held during the time the directors held office during the year are:

Director	Meetings Held	Meetings Attended
Mr JL Addison	4	4
Dr EC Pohl	4	4
Mr P Corrigan	4	3

Note that in addition to the abovementioned board meetings, a circular resolution of directors was passed on 22 December 2011, approving the sale of some Berkshire Hathaway shares to buy income earning investments.

Audit Committee Meetings

Audit Committee meetings take place before each directors meeting. The following are the number of Audit Committee meetings and the number of meetings attended by each member:

Director	Meetings Held	Meetings Attended
Mr JL Addison	4	4
Dr EC Pohl	4	4
Mr P Corrigan	4	3

DIRECTORS' REPORT

The Audit Committee on 7 September 2012 resolved to recommend to the Board of Directors that the 2012 Financial Statements be adopted.

External Auditor

The Company's policy is to appoint an external auditor who clearly demonstrates quality and independence. Les Pines was appointed 5 years ago and has given the board notice that after 2012 Annual General Meeting to be held in October 2012 he will be ceasing to act as auditor of the company. It is a requirement of the Corporations Act 2001 and professional practice of the Institute of Chartered Accountants in Australia that rotation of the duties of an external auditor take place after 5 years.

Corporate Information

Corporate Structure

Global Masters Fund Limited is a company listed by shares that is incorporated and domiciled in Australia.

Principal Activity

The Company is an investment company seeking long term capital growth through principally investing in shares in Berkshire Hathaway Inc. but a review the Company's investment strategy was undertaken in the light of the strength of the Australian dollar and the headwinds facing the US and UK equity markets in order to deliver the best outcomes for shareholders.

Review and Results of Operations

The Company made a loss after tax of \$209,251 (2011: Loss of \$96,589).

Dividends

No dividends have been declared or paid during or since the end of the financial period.

Financial Position

The net assets of the Company in dollar terms increased during the year and the net asset value per share of the Company increased to 90 cents at 30 June 2012. The price of Berkshire Hathaway shares on the New York Stock Exchange increased by approximately 7.5 % during the 12 months ended 30 June 2012.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs.

Future Developments, Prospects and Business Strategies

Whilst the company will maintain its exposure to global equity markets principally through investing in Berkshire Hathaway shares, which remain unhedged, a review the Company's investment strategy was undertaken in the light of the strength of the Australian dollar. At the previous AGM the shareholders approved a resolution to enable the company, whilst still maintaining the principle interest in Berkshire Hathaway shares, to invest in small to medium size unlisted companies which are profitable and growing and have good potential outcomes for shareholders. The board is seeking to expand this mandate allowing the company to join with institutional investors in a Private Equity Fund.

Environmental Legislation

The Company's operations are not subject to any environmental legislation under either Commonwealth or State Legislation.

Event Subsequent to the Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Indemnification of Officers and Auditors

During the year, a Directors and Officers insurance policy was put in place indemnifying against any liability any person who is or has been an officer of the Company.

DIRECTORS' REPORT

Proceedings of Behalf of the Company

The Company was not a party to any such proceedings during the year.

Remuneration Report

Remuneration Policy

The full Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board.

Details of the nature and amount of each element of the emoluments of each director of the Company for the year ended 30 June 2012 are as follows:

Director	Base Fee \$	Total \$
Jon Addison	25,625	25,625
Emmanuel Pohl	15,000	15,000
Patrick Corrigan	15,375	15,375

Brian Jones, the Company Secretary, is paid fees through CalverJones, a Chartered Accountancy firm of which he is Principal.

Directors' Interest in Contracts

There are no Directors' interests in contracts other than as disclosed in this report.

Non-audit Services

No non-audit services were performed by the auditors during the year ended 30 June 2012.

Auditor's Independence Declaration

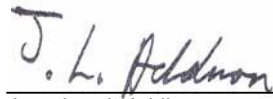
The Auditor's Independence Declaration as required by Section 307 of the Corporations Act 2001 is set out on page 7 and forms part of this Report for the year ended 30 June 2012.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support the principles of corporate governance and have applied these principles where appropriate.

The Company's corporate governance statement is contained in the following section of this annual financial report.

Signed in accordance with a resolution of directors:



Jonathan L Addison
Chairman

Dated this 10th September 2012.

**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 year ended 30TH June 2012 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



Leslie Pines
Chartered Accountant

Date: 11th September 2012

Leslie Pines
Chartered Accountant
Suite 1
102 Spofforth Street
Cremorne NSW 2090

CORPORATE GOVERNANCE STATEMENT

Core Business and Investment Strategy

The core business and investment strategy of the Company is to provide a vehicle for Australian investors seeking long term capital growth through principally investing in shares in Berkshire Hathaway Inc. The Company's policy is not to hedge the underlying currencies of its portfolio of investments.

Corporate Governance

The Directors support and are committed to the principles of best practice in corporate governance, applied in a manner that is suitable to the Company's particular circumstances.

The ultimate objective of the Company's core business and investment strategy is the achievement of long-term growth and profitability. The Company's corporate governance practices and procedures are directed to providing an appropriate framework for pursuit of that objective, while protecting the rights and interests of shareholders and ensuring that the Company is lawfully and ethically governed.

The Company has adopted the revised ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, second edition.

Set out below are the eight principles of good corporate governance and how the Board has sought to comply with the best practice recommendations for each. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX, due to the nature and scope of its activities, the reasons for any departures will be explained.

Principle 1: Lay solid foundations for Management and Oversight.

The first principle requires the Company to establish and disclose the respective roles and responsibilities of board and management.

Roles of the Board and Management

The Board is accountable to shareholders for the activities and performance of the Company and has overall responsibility for furtherance of the Company's core business and investment strategy together with its corporate governance. There is no split of functions between individual board members. All decisions are made collectively. There are no senior executives in the company as the company is not of a size to justify having senior executives. The key investment decisions and instructions of the company are made by the Board and advised to the company secretary for implementation.

Due to the nature and size of the business it has been deemed unnecessary to directly employ management personnel. The responsibility for the administrative and accounting functions of the company has been outsourced to the chartered accountancy firm of the company secretary. The performance and efficiency of these functions is reviewed by the Board on an annual basis. A formal engagement notice is in place setting out the terms and conditions of the appointment.

Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

Education and induction

New directors undergo an induction process in which they are given a full briefing on the Company. In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

Independent professional advice

The Board collectively and each director has the right to seek independent professional advice at the Company's expense, up to predetermined limits, to assist them to carry out their responsibilities.

A copy of the Board Charter of the Company, is contained on the Company's website.

Principle 2: Structure the Board to add value.

The principle requires the Company to have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The current Board has three directors, all of whom are non-executive and two of whom are independent (Mr Jon Addison and Mr Pat Corrigan). The Chairman of the Board is Mr Jon Addison and is an

CORPORATE GOVERNANCE STATEMENT

independent director. The names of the directors and their qualifications and experience are stated on page 2 along with the term of office held by each of them. Directors are appointed based on their industry experience and commercial acumen as well as the specific governance skills required by the Company and the independence of their decision-making and judgment. The CEO function of the company is undertaken by the board and key investment decisions and instructions of the company are made by the Board and advised to the company secretary for implementation.

The Board's criterion for determining the independence of a Director is whether the Director is independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of unfettered and independent judgement.

In considering independence, the Board distinguishes between a relationship that may occasionally give rise to a particular discrete conflict of interest that can be addressed by appropriate conflict of interest procedures, and a relationship that may more generally impair the Director's objectivity and conflict of mind.

The composition of the Board is reviewed on an ongoing basis to ensure that the Board has an appropriate balance of expertise and experience. When a vacancy arises or where the Board considers that it would benefit from the services and skills of a new director, the Board considers potential candidates with appropriate expertise and experience.

Nomination committee

The Company has not established a formal nomination committee as the principle recommends, as the Board considers that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility.

Criteria for selection of directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the Company's industry, appropriate to the Company's market. In addition, directors should have the relevant blend of personal experience in accounting and financial management and other commercial acumen.

Responsibilities of the Board

The principal function and responsibilities of the Board include the following:

- **Leadership of the Organisation:** overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- **Strategy Formulation:** setting and reviewing the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- **Overseeing Planning Activities:** overseeing the development of the Company's strategic plan and approving that plan as well as budgets.
- **Shareholder Liaison:** ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- **Monitoring, Compliance and Risk Management:** overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- **Company Finances:** approving expenses in excess of those approved in the annual budget and approving and monitoring investment performance and financial and other reporting.
- **Delegation of Authority:** delegating appropriate powers to ensure the effective day-to-day management of the Company and establishing and determining the power and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is contained on the Company's website.

Performance Review and Evaluation

Each year, the Board reviews and evaluates its performance and the individual performance of each director, including the Chairman.

The general management and oversight of the evaluation process, including identification and formulation of appropriate performance assessment issues and criteria is the responsibility of the Chairman. Primarily, the review is carried out through consultation by the Chairman with each of the other directors.

Having regard to the nature of the Company's business and the Board's composition, the Board believes this approach to performance evaluation is more useful than seeking to apply predetermined measurable performance indicators or engaging an external facilitator.

Principle 3: Promote ethical and responsible decision-making.

The principle requires the Company to actively promote ethical and responsible decision-making.

CORPORATE GOVERNANCE STATEMENT

Company Code of Conduct

The Board has adopted a Corporate Code of Conduct to establish and encourage observance by the Company's Directors and officers of standards of ethical and responsible decision making and behaviour that are necessary to maintain confidence in the Company's integrity and to recognise and guide compliance with legal and other obligations to the Company's shareholders and other legitimate stakeholders.

The Corporate Code of Conduct is posted on the Company's website.

Trading in company shares

The Board has adopted a Share Trading Policy that sets out principles to be observed by the Company's directors and officers in relation to buying, selling and dealing in the Company's shares.

The overriding principle is that directors and officers cannot deal in the Company's shares at any time when they possess price sensitive information.

The Share Trading Policy also precludes directors and officers from dealing in securities included in the Company's investment portfolio at any time when they possess information that is price sensitive in relation to such securities or to the detriment of the Company's investment portfolio.

The Share Trading Policy is posted on the Company's website.

Principle 4: Safeguard integrity in financial reporting.

The principle requires that the Company should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit and Risk Committee

The Board has established an Audit and Risk Committee which provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control systems, risk management systems, regulatory compliance and external audit.

The committee must have at least three members, therefore all of the directors currently serve on the committee. The committee is chaired by an independent director (Mr Pat Corrigan) who is not the chairman of the Board. At least one member must have financial expertise and some members shall have an understanding of the industry in which the Company operates.

The principal roles of the committee are to:

- Assess whether the accounting methods and statutory reporting applied by management are consistent and comply with accounting standards and applicable laws and regulations;
- Make recommendations on the appointment of the external auditors, assess their performance and independence and ensure that management responds to audit findings and recommendations;
- Discuss the adequacy and effectiveness of the Company's internal control systems and policies to assess and manage business risks and its legal and regulatory compliance programmes; and
- Ensure effective monitoring of the Company's compliance with its code of conduct and Board policy statements.

The external auditor attends the audit committee meetings which are held before each board meeting. The committee is authorised to seek information from any external party and obtain legal or other professional advice.

The composition of the audit committee is reviewed on an ongoing basis to ensure that the committee has an appropriate balance of expertise and experience. When a vacancy arises or where the committee considers that it would benefit from the services and skills of a new committee member the committee considers potential candidates with appropriate expertise and experience.

The committee has established a formal Charter, a copy of which is contained on the Company's website.

External Auditor

The Company's policy is to appoint an external auditor who clearly demonstrates quality and independence. Les Pines was appointed 5 years ago and has given the board notice that after 2012 Annual General Meeting to be held in October 2012 he will be ceasing to act as auditor for the company.

Principle 5: Make timely and balanced disclosure.

The principle requires the promotion of timely and balanced disclosure of all material matters concerning the company.

Board Policies

Continuous disclosure

The Board has put in place mechanisms designed to ensure compliance with the ASX Listing Rules Disclosure Requirements and the company has timetables in place to ensure accountability at a senior level for that compliance.

CORPORATE GOVERNANCE STATEMENT

Confidentiality

In accordance with legal requirements and agreed ethical standards, directors have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Conflicts of interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other party in carrying out the activities of the Company. If a Director cannot or is unwilling to remove a conflict of interest then the director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

Related party transactions

Related party transactions include any financial transaction between a director and the Company and are reported in writing to each Board meeting. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

A copy of the continuous disclosure policy is contained on the Company's website

Principle 6: Respect the rights of shareholders.

The principle requires the Company to respect the rights of shareholders and facilitate the effective exercise of those rights.

Shareholder communication

The Company is committed to effective shareholder communication:

- Through releases to the market via ASX, the Company's website, information mailed to shareholders and general meetings of the Company;
- Providing balanced and understandable information about the Company and its investment strategy;
- Encouraging shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

Principle 7: Recognise and Manage Risk.

The principle requires the Company to establish a sound system of risk oversight and management and internal control.

Identification of material business risks are discussed at the audit and risk committee meetings and a formal policy on risk oversight and management of material business risks is being formulated and a copy will soon be available on the Company's website.

Investment Risk

The Board is responsible for dealing with issues arising from investment risk. By its nature the Company will always carry risk because it must invest its capital in securities which are not risk free. The Company's charter is to invest in Berkshire Hathaway Inc., accepting the risks associated with that investment, and companies operating in various sectors of the market through the medium of Berkshire Hathaway.

Attestations by Chairman and CFO

In accordance with the Board's policy and in terms of the declaration required under section 295 A of the *Corporations Act 2001*, the Chairman and CFO have prior to the Board signing the Annual Report, made the attestation that:

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies determined by the Board, and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

The Board is also not aware of any departures from best practice recommendations.

Principle 8: Remunerate fairly and responsibly.

The principle requires the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

CORPORATE GOVERNANCE STATEMENT

Remuneration committee

The company has not established a remuneration committee as the principle recommends. The Board consider that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility. The remuneration of the directors is reviewed annually by the Board as detailed in the Board Charter, a copy of which is posted on the Company's website.

Remuneration policy

The Company does not deem it necessary to have a Senior Executive Remuneration Policy as no personnel are employed directly. All executive and administrative services are provided to the Company by the company secretary and his chartered accountancy firm.

Non-executive director remuneration policy

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company. No additional schemes for retirement benefits exist for the directors.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

		2012	2011
	Note	\$	\$
Revenue	3	508,976	95,426
Other expenses	4	(718,227)	(192,015)
(Loss) before income tax		(209,251)	(96,589)
Income tax (expense)/income	5	-	-
(Loss) after income tax		(209,251)	(96,589)
Loss attributable to members of the company		(209,251)	(96,589)
Other Comprehensive Income			
Changes in fair value of available-for-sale financial assets		414,070	(1,517,614)
Total Comprehensive Income/(Loss) for the Year		204,819	(1,614,203)
Basic earnings per share (cents)	15	(2.44)	(1.12)
Diluted earnings per share (cents)		(2.44)	(1.12)

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Note	30 June 2012 \$	30 June 2011 \$
Assets			
Current assets			
Cash and cash equivalents	6	177,486	118,387
Trade and other receivables	7	1,945	5,704
Other current assets	8	8,356	7,348
Total current assets		<u>187,787</u>	<u>131,439</u>
Non-current assets			
Available-for-sale financial assets	9	7,562,170	7,413,748
Total non-current assets		<u>7,562,170</u>	<u>7,413,748</u>
Total assets		<u>7,749,957</u>	<u>7,545,187</u>
Liabilities			
Current liabilities			
Trade and other payables	10	17,009	17,058
Total current liabilities		<u>17,009</u>	<u>17,058</u>
Total liabilities		<u>17,009</u>	<u>17,058</u>
Net assets		<u>7,732,948</u>	<u>7,528,129</u>
Equity			
Issued securities	12	8,598,595	8,598,595
Reserves	13	(258,508)	(672,578)
Accumulated losses		(607,139)	(397,888)
Total equity		<u>7,732,948</u>	<u>7,528,129</u>

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Issued Securities \$	(Accumulated Losses) \$	Reserves \$	Total Equity \$
Balance at 1 July 2010	8,598,595	(301,299)	845,036	9,142,322
Loss for the Year		(96,589)		(96,589)
Change in Value of Investments			(1,517,614)	(1,517,614)
Balance at 30 June 2011	8,598,595	(397,888)	(672,578)	7,528,129
Balance at 1 July 2011	8,598,595	(397,888)	(672,578)	7,528,129
Loss for the Year		(209,251)		(209,251)
Change in Value of Investments			414,070	414,070
Balance at 30 June 2012	8,598,595	(607,139)	(258,508)	7,732,948

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

		2012 \$ Inflows (Outflows)	2011 \$ Inflows (Outflows)
	Note		
Cash flows from operating activities			
Interest, distributions and dividends received		125,242	70,332
Payments to suppliers		(163,941)	(187,305)
Net cash flows (used in) / from operating activities	14	<u>(38,699)</u>	<u>(116,973)</u>
Cash flows from investing activities			
Proceeds from sale of Berkshire Hathaway shares		1,379,561	712,274
Proceeds from sale of Colonial First State units		187,982	224,150
Purchase of shares in listed company		(1,469,745)	(824,655)
Net cash inflows / (outflows) in investing activities		<u>97,798</u>	<u>111,769</u>
Net increase (decrease) in cash held		59,099	(5,204)
Cash and cash equivalents at beginning of financial year		<u>118,387</u>	<u>123,591</u>
Cash and cash equivalents at end of financial year	6	<u>177,486</u>	<u>118,387</u>

These Financial Statements should be read in conjunction with the accompanying notes

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Notes to the Financial statements

1. CORPORATE INFORMATION

The Company is limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange ("ASX").

The nature of the operations and principal activities of the Company are described in Note 20.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

3. (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Board and the Corporations Act 2001.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Global Masters Fund Limited complies with International Financial Reporting Standards (IFRS).

These financial statements have been prepared on an accruals basis and based on historical costs except for Available-For-Sale Financial Assets which are measured at fair value.

(b) 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 statements are taken to the statement of comprehensive income with the exception of differences on Available-For-Sale Financial Assets. These are taken directly to equity until the disposal of the Available-For-Sale Financial Assets at which time they are recognised in the statement of comprehensive income.

(c) Trade receivables

Trade receivables generally have a 30 day term and are recognised at the original transaction amount and where applicable converted to the equivalent Australian dollar value based on the ruling exchange rate on the day of transaction.

(d) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash flow equivalents consist of cash as disclosed above.

(e) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value.

See note (p) and (q) for further information on investment assets and the accounting treatment of the impairment of those investment assets.

(f) Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(g) Provisions

Provisions are recognised where the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

(h) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense (income) in the income statement is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the income statement when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that further taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legal enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Earnings per share

Basic earnings (or loss) per share is calculated as net profit (loss) attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(k) Comparatives

Where necessary comparatives have been reclassified for consistency with current year disclosures.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends and distributions

Dividend revenue is recognised when the right to receive the dividend has been established.

(m) Finance costs

Finance costs are recognised as an expense when incurred.

(n) Available-For-Sale Financial Assets (“Investments”)

The company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Available-For-Sale Financial Assets. After initial recognition investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments in unlisted unit trusts, fair value is determined by reference to redemption value.

Derecognition of investments

On disposal of an investment the gain or loss on the net proceeds received less the original purchase cost of the investment is recorded through the statement of comprehensive income.

(o) Impairment of investments

If there is objective evidence that an investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit.

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgement incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates – Impairment

The Company assesses impairment at each year end by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
3. REVENUE		
Dividends Received – other persons	103,474	
Distributions Received – other persons	18,073	
Interest Received – other persons	<u>3,695</u>	125,242
Gain on Sale of Berkshire Hathaway		<u>70,332</u>
	<u>508,976</u>	<u>95,426</u>
4. OTHER EXPENSES		
ASX and share registry costs	(21,641)	(27,427)
Loss on realisation of Colonial Units	(8,144)	(7,628)
Realised Foreign Exchange Loss	(542,611)	(9,214)
Administration Costs	<u>(145,831)</u>	<u>(147,746)</u>
	<u>(718,227)</u>	<u>(192,015)</u>
5. INCOME TAX EXPENSE/(INCOME)		
The major components of income tax are:		
(a) Income statement		
<i>Current income tax</i>		
Current income tax charge	-	-
	<u>-</u>	<u>-</u>
Income tax expense reported in the income statement	<u>-</u>	<u>-</u>
A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting (loss) before tax	<u>(209,251)</u>	<u>(96,589)</u>
Prima facie (tax benefit) from ordinary activities before income tax at 30% (2012: 30%)	(62,775)	(28,976)
Add Tax losses not recognized	<u>62,775</u>	<u>28,976</u>
Tax (income)/expense shown in income statement	<u>-</u>	<u>-</u>
The applicable weighted average effective tax rates are:	<u>-</u>	<u>-</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

6. CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash at bank and in hand	9,371	102,072
Short-term deposits	168,115	16,315
	<u>177,486</u>	<u>118,387</u>
The effective interest rate on short term deposits	1.97 %	1.47 %

7. TRADE AND OTHER RECEIVABLES (CURRENT)

GST receivable	<u>1,945</u>	<u>5,704</u>
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8. OTHER CURRENT ASSETS

Prepayments	<u>8,356</u>	<u>7,348</u>
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9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Investments are classified as available-for-sale financial assets

Securities listed on a prescribed stock exchange at fair value:

-Shares	7,245,086	6,906,467
Unlisted investments at fair value	<u>317,084</u>	<u>507,281</u>
	<u>7,562,170</u>	<u>7,413,748</u>

10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables and accruals	<u>17,009</u>	<u>17,058</u>
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Trade payables are non-interest bearing and are normally settled on 30 day terms.

11. TAX

(a) Liabilities

Current

Income Tax	<u>-</u>	<u>-</u>
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Non-current

Deferred tax liability comprises:

-Tangible assets revaluation charged directly to equity	<u>-</u>	<u>-</u>
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(b) Reconciliations

(i) *Gross movements*

The overall movement in the deferred tax account is as follows:

Opening balance	-	(362,158)
Charge to income statement	-	-
Credit to equity	<u>-</u>	<u>362,158</u>
Closing balance (deferred tax liability)	<u>-</u>	<u>-</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

12. ISSUED SECURITIES

	2012	2011
	\$	\$
Issued and paid-up capital		
Ordinary shares, fully paid	8,598,595	8,598,595
	No	No
	8,578,596	8,578,596

13. RESERVES

Investment revaluation reserve

Nature of reserve

The investment revaluation reserve is used to accumulate unrealised capital profits and losses. The reserve can only be used in limited circumstances for payment of dividends.

14. CASH FLOW INFORMATION

	2012	2011
	\$	\$
Reconciliation of the net (loss) after tax to the net cash flows from operations		
(Loss) after income tax	(209,251)	(96,589)
Adjust for non cash items: - income tax		
- loss on sale of investments	(383,734)	(25,094)
- loss on withdrawal of funds from Colonial First State	8,144	7,628
- loss on foreign exchange	542,611	9,214
Adjusted Loss for the year	(42,230)	(104,841)
Changes in assets and liabilities		
-Decrease / (Increase) in receivables	3,761	161
-Decrease / (Increase) in other current assets	(1,008)	140
-(Decrease) / Increase in payables	778	(12,433)
Net cash flow (used in) / from operating activities	(38,699)	(116,973)

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2012 \$	2011 \$
Net (loss) used in calculating basic and diluted earnings per share	(209,251)	(96,589)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	8,578,596	8,578,596
Total ordinary shares on issue at 30 June 2012	8,578,596	8,578,596
Basic earnings per share (cents per share)	(2.44)	(1.12)
Diluted earnings per share (cents per share)	(2.44)	(1.12)

16. CONTINGENT LIABILITIES

The Directors of the Company are of the view that no contingent liabilities exist as at the date of this report.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of Key Management Personnel for all of the financial year unless otherwise shown were:

Directors

JL Addison	Chairman (non-executive), appointed 19 April 2005
EC Pohl	Director (non-executive), appointed 19 April 2005
P Corrigan	Director (non-executive), appointed 29 November 2006

(b) Compensation of Key Management Personnel

Compensation policy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

Executive personnel

There are no executive personnel. Accordingly all of the Company's directors are non-executives.

Non-executive director compensation

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate amount of remuneration payable to the non-executive Directors in any year is determined from time to time by shareholders in General Meetings. The last determination was at a General Meeting on 10 May 2006 when shareholders fixed an aggregate amount not exceeding \$150,000.

Within the limit of the aggregate amount determined by the shareholders, the Board determines the remuneration for non-executive Directors. The remuneration arrangements for the non-executive Directors is reviewed annually by the Board.

The Board assesses the appropriateness of the remuneration for non-executive Directors having regard to market practice, the duties and accountability of the non-executive Directors and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

17. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT)

The compensation of non-executive Directors for the year ending 30 June 2012 is shown in the table below:

		Base Fee \$	Total \$
Jon Addison	2012	25,625	25,625
	2011	25,625	25,625
Emmanuel Pohl	2012	15,000	15,000
	2011	15,000	15,000
Patrick Corrigan	2012	15,375	15,375
	2011	15,375	15,375
Total	2012	56,000	56,000
Total	2011	56,000	56,000

Number of shares held by key management personnel or related parties

	Balance 1 July 2011	Net Change	Balance 31 August 2012
Jon Addison	-	-	-
Emmanuel Pohl ^(*)	5,000	-	5,000
Patrick Corrigan	-	-	-

^(*) In addition to the securities owned directly by Dr Pohl, there are 4,980,000 shares registered in entities associated with Hyperion Principal Investments Pty Limited, of which he is a director and shareholder.

18. RELATED PARTY TRANSACTIONS

On 22 December 2011 the board of directors passed a resolution approving the sale of 18,500 Berkshire Hathaway shares for the purpose of buying income earning shares in Hyperion Flagship Investments Limited. A total of 1,219,500 shares were bought for \$1,469,743. Directors who are associated with Hyperion Flagship Investments Limited, having disclosed their interests, abstained from voting.

Key management personnel

Rothsay Chartered Accountants, provides accounting, taxation and secretarial services to the company at normal commercial rates. Brian Jones, Company Secretary of Global Masters Fund Limited, is a partner.

	2012 \$	2011 \$
Fees Charged	47,952	46,221

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
19. AUDITOR'S REMUNERATION		
The auditor of the Company is Leslie Pines		
Amounts received or due and receivable by Leslie Pines for:		
- audit of the half year and annual financial report of the Company	10,550	10,000
	10,550	10,000
No other services were provided by the auditor		

20. SEGMENT INFORMATION

The Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in quoted equities, principally Berkshire Hathaway Inc listed on the New York Stock Exchange, and other securities on a worldwide basis. Details of these investments are disclosed in the List of Investments.

The Company operates in only one business and geographic sector.

21. FINANCIAL INSTRUMENTS

Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and listed and unlisted securities. The main risks the Company is exposed to through the financial instruments are interest rate risk and currency risk.

(a) Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at balance date, both recognised and unrecognised at the reporting date, are as follows:

	Effective interest rate %	6 months or less \$	Total \$
2012			
Financial assets			
Cash and cash equivalent	1.97	177,486	177,486

All other financial assets and liabilities are non - interest bearing – apart from investment in Colonial Wholesale Funds which on average earned 4.5 %

Cash funds with Investec Bank at the date of this report are earning 5.5 % on call

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

21. FINANCIAL INSTRUMENTS (CONT)

(b) Currency risk

The Company's investment portfolio includes investment, cash on deposit and interest receivable denominated in US dollars and as such, the Company's balance sheet can be affected significantly by movements in exchange rates. The Company's current policy is not to hedge its investment portfolio. The carrying value of these foreign currency denominated assets at balance date was as follows:

	2012	2011
	Carrying amount	Carrying amount
	\$	\$
Cash and cash equivalents	15,502	12,856
Investments	5,099,654	5,927,072
	<u>5,115,156</u>	<u>5,939,928</u>

(c) Credit risk

The Company is not a trading entity. The maximum exposure to credit risk at balance date in relation to each class of financial assets (excluding investments) is the carrying amount of those assets as indicated in the balance sheet. The Company has no commercial debtors and receivables are due from reputable companies listed on the world's stock exchange or major financial banking institutions.

With respect to credit risk on cash and investments, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those investments. The Company's business activities do not necessitate the requirement for collateral.

(d) Net fair value

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables: The carrying amount approximates fair value as the time to receipt or payment is usually less than 30 days.

Listed shares: The current quoted market bid price approximates fair value and the carrying amount.

The carrying value of all the financial assets and liabilities of the Company as disclosed in the balance sheet and notes to the financial statements is the same as the net fair value.

(e) Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity process. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year Ended 30 June 2012		
+/- 2% in interest rates	+/-74	
+/- 5% in \$A/US\$		+/-254,982
+/- 10% in listed investments		+/-509,965

22. SUBSEQUENT EVENTS

No matters or occurrences have arisen subsequent to balance date that materially effects the operations of the Company.

23. ECONOMIC DEPENDENCY

All revenues consisting of interest, dividends and distributions are dependent on the profitability of those entities in which investments are held.

DIRECTORS' DECLARATION

The directors of the Company declare that:

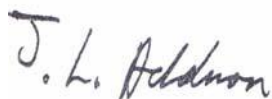
1. the financial statements and notes, as set out on pages 13 - 26 , are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Company;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Jonathan L Addison
Chairman

Sydney

10th September 2012

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Global Masters Fund Limited., which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that 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 the financial report that is free from material misstatement, whether due to fraud or error. In Note 2 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*. (IFRS)

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, 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 report.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

Auditors Opinion

In my opinion:

- (a) the financial report of Global Masters Fund Limited. is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a)

Report on the Remuneration Report

I have audited the Remuneration Report included on page 6 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the Remuneration Report of Global Masters Fund Limited. for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.



Leslie Pines CA
Chartered Accountant

Dated
11th September 2012

Leslie Pines
Chartered Accountant
Suite 1
102 Spofforth Street
Cremorne NSW 2090

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows:

(a) Distribution of shares (as at 5 September 2012)

The number of holders, by size of holding:	Number of holders	Number of Shares
1 - 1,000	185	60,449
1,001 - 5,000	124	488,049
5,001 - 10,000	72	611,830
10,001 - 100,000	52	1,348,120
100,001 and over	7	6,070,148
	<u>440</u>	<u>8,578,596</u>

Included above are 84 shareholders holding less than a marketable parcel of shares (44,736 shares)

(b) Twenty largest shareholders (as at 5 September 2012)

The names of the twenty largest holders of quoted Ordinary Shares are:

	Ordinary shares	%
1 CITICORP NOMINEES PTY LIMITED	4,980,000	58.05%
2 MARA SUPER PTY LTD	390,000	4.55%
3 TRADLAW PTY LTD	180,000	2.10%
4 ADMAN LANES PTY LTD	146,328	1.71%
5 SECURITIES & ESTATES PTY LTD	140,519	1.64%
6 MR ROBERT PERKS	122,397	1.43%
7 MR PETER LEECE	110,904	1.29%
8 J BARLOW CONSULTANTS PTY LTD	96,198	1.12%
9 STILETTO INVESTMENTS PTY LTD	86,503	1.01%
10 PETER I H WONG PTY LTD	82,496	0.96%
11 MRS SYLVIA MARIA VALMADRE	60,000	0.70%
12 MR KENNETH MURRAY BARTLEY	59,220	0.69%
13 MR WILLIAM PAUL CHUNTIE & MS ORLEENA MOO	48,623	0.57%
14 MR GRAHAM GITTINS & MRS LYNDA GITTINS	40,000	0.47%
14 MRS MARGARET BEARD	40,000	0.47%
15 RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	37,947	0.44%
16 SMURPH HOLDINGS PTY LTD	32,866	0.38%
17 MR ROBERT VERNON LAWSON	31,569	0.37%
18 MS HELEN-LOUISE BROWN	30,000	0.35%
18 DR ROBERT JOHN LUGTON	30,000	0.35%
18 MR CHARLES RONALD SMITH	30,000	0.35%
18 MR BRIAN JOHN AUBIN	30,000	0.35%
19 MR MICHAEL JOHN CLARKE & MRS LISA ANN CLARKE	25,000	0.29%
20 MR JASON DAMIEN DE VOS & MRS LOUISE BERNADETTE DE VOS	24,312	0.28%
TOTAL	6,854,882	79.91%
TOTAL SHARES ON ISSUE AT 5 SEPTEMBER 2012	8,578,596	100.00%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Ordinary Shares	% of Ordinary Shares
Hyperion Principal Investments Pty Limited & associated entities	4,980,000	58.05

(d) Voting rights

On a show of hands every Shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

INVESTMENTS

(a) List of investments as at 30 June 2012

	Shares held	A\$ value	% of total
United States			
Berkshire Hathaway Inc "A" Stock	27	3,310,288	43.8
Berkshire Hathaway Inc "B" Stock	18,000	1,471,828	19.5
United Kingdom			
Athelney Trust PLC	180,279	317,538	4.2
Australia			
Hyperion Flagships Limited	1,950,392	2,145,431	28.4
Total of listed investments		7,245,085	
Non-listed Australia			
Colonial First State Wholesale Income Fund	317,370	317,084	4.2
Total portfolio		7,562,169	100.0

(b) Portfolio transactions and brokerage

There were 10 (2011: 5) transactions in securities during the year on which brokerage of \$ 4,488 (2011: \$2,458) was paid.

(c) Buy-backs

During the year ended 30 June 2012 there were no buy – backs undertaken by the company.

CORPORATE INFORMATION

Directors

Jonathan Addison (Chairman)
Emmanuel Pohl
Patrick Corrigan

Company Secretary

Brian Jones

Registered Office

Level 1
12 O'Connell Street
Sydney NSW 2000
Tel: 02 8815 5400
Fax: 02 8815 5401

Share Register

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Auditor

Leslie Pines – Chartered Accountant
Suite 1
102 Spofforth Street
CREMORNE NSW 2090

Internet Address

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