

GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

Appendix 4 E

PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2015

- Results for announcement to the Market
- Commentary on results for the period
- Appendix 4E Accounts

Appendix 4E

Preliminary Final Report

12 months ended 30 June 2015

Herewith please find information for **Global Masters Fund Limited** in respect of the financial year ended 30 June 2015:

- | | | | |
|----|------------------------------|--------------|--------------|
| 1. | The current reporting period | - year ended | 30 June 2015 |
| | Previous reporting period | - year ended | 30 June 2014 |

Result for announcement to the market

The preliminary results are based on audited financial statements

- | | | | |
|------|---|--------------------|--------------------|
| 2.1 | Revenue from ordinary activities for the year was \$ 200,274 (prior year \$ 348,511) a decrease of 42 % over the prior year. However the prior year revenue included gains on the sale of Berkshire Hathaway shares of \$ 176,484. In the current year, the income from dividends and interest has increased by 15.4 %. | | |
| 2.2 | The profit before tax for 2015 year was \$ 15,193 compared to a \$ 71,201 before tax in the prior year. | | |
| 2.3. | N/A | | |
| 2.4 | N/A | | |
| 2.5 | N/A | | |
| 2.6 | Improved results from equity investments resulted in the Company receiving increased dividend income. Expenses were well contained within the budget for the year. | | |
| 3. | Statement of comprehensive income for the year ended 30 June 2015 | | |
| 4. | Statement of financial position together with notes for the year ended 30 June 2015 | | |
| 5. | Statement of cash flows together with notes for the year ended 30 June 2015 | | |
| 6. | Statement of changes in equity for the year ended 30 June 2015 | | |
| 7. | No dividends have been paid | | |
| 8. | N/A | | |
| 9. | Net tangible assets per share (cents)
after estimated tax on unrealised gains | 2015

149.96 | 2014

132.58 |

10. N/A
11. N/A
12. None
13. N/A
14. The report is based on audited accounts

Commentary on the results for the 12 month period ended 30 June 2015:

The earnings per security and nature of any dilution aspects:

Earnings (loss) per share was 0.18 cents (2014: (0.83) cents)

Net Tangible Assets per security:

The Company's net tangible assets per security are as follows:

	2015	2014
9. Net tangible assets per share (cents)		
after estimated tax on unrealised gains	149.96	132.58

Return to shareholders including distribution buy backs:

No dividends were declared or paid by the Company and the Company did not undertake any share buy backs during the year ended 30 June 2015.

Final dividend distributions:

None

Significant features of operating performance:

The Company reported a profit for the year of \$ 15,193 as compared to \$ 71,201 in the prior year. In the current year the dividend and interest income was higher by 15% than in the prior year. The prior year's revenue was distorted by the gains made on the disposal of Berkshire Hathaway shares to acquire more shares in Athelney Trust. Comprehensive income increased for the year due to unrealised gains on available-for-sale financial assets after allowing for tax. Cash flows improved due to an increase in dividend and interest income.

The result of segmental analysis that is significant to an understanding of the business as a whole:

The Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in listed investment companies (LICs), principally Berkshire Hathaway Inc, listed on the New York Stock Exchange (62%), Athelney Trust plc listed on the London Stock Exchange (8.6%) and other securities in Australia (28.2%).

A discussion of trends in performance:

The directors believe that the strategy put in place to reduce the exposure to Berkshire Hathaway as well as fixed interest securities and invest in dividend paying investments has proved correct.

Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

Factors that may influence or affect future results either favourably or unfavourably include:

- Movements in foreign currency exchange rates – the company does not take forward cover
- Movements in share prices on the Stock Exchanges in New York, London and Australia

The Net Asset Value per share at 30 June 2015 increased due to the increase in the value of its investments.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

		2015	2014
	Note	\$	\$
Revenue	3	200,274	348,511
Other expenses	4	(185,081)	(277,310)
Profit (Loss) before income tax		15,193	71,201
Income tax expense	5	-	-
Net Profit (Loss) for the year		<u>15,193</u>	<u>71,201</u>
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Write off of capital raising costs		-	(10,490)
Items that will be reclassified subsequently to Profit or Loss when specific conditions are met			
Changes in fair value of available-for-sale financial assets	11	1,493,997	1,143,380
Total Other Comprehensive Income for the year		<u>1,493,997</u>	<u>1,132,890</u>
Total Comprehensive Income for the year	15	<u>1,509,190</u>	<u>1,204,091</u>

STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015 \$	30 June 2014 \$
Assets	Note		
Current assets			
Cash and cash equivalents	6	53,766	138,469
Trade and other receivables	7	1,321	1,648
Other current assets	8	7,826	8,359
Total current assets		62,913	121,105
Non-current assets			
Available-for-sale financial assets	9	14,233,144	12,061,181
Total non-current assets		14,233,144	12,061,181
Total assets		14,296,057	12,209,657
Liabilities			
Current liabilities			
Trade and other payables	10	12,475	12,472
Deferred tax liabilities	11	1,420,542	843,335
Total current liabilities		1,433,017	855,807
Total liabilities		1,433,017	855,807
Net assets		12,863,040	11,353,850
Equity			
Issued securities	12	8,609,085	8,609,085
Reserves	13	4,821,797	3,327,800
Accumulated losses		(567,842)	(583,035)
Total equity		12,863,040	11,353,850

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Issued Securities \$	(Accumulated Losses) \$	Reserves \$	Total Equity \$
Balance at 1 July 2013	8,598,595	(643,746)	2,184,420	10,139,269
Profit for the Year		71,201		71,201
Change in fair value of available-for-sale of financial assets			1,143,380	1,143,380
Write off of capital raising costs	10,490	(10,490)		
Balance at 30 June 2014	8,609,085	(583,035)	3,327,800	11,353,850
Balance at 1 July 2014	8,609,085	(583,035)	3,327,800	11,353,850
Profit for the Year		15,193		15,193
Change in fair value of available-for-sale of financial assets			1,493,997	1,493,997
Write off of capital raising costs	-			
Balance at 30 June 2015	8,609,085	(567,842)	4,821,797	12,863,040

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

		2015 \$ Inflows (Outflows)	2014 \$ Inflows (Outflows)
Note			
Cash flows from operating activities			
	Interest, distributions and dividends received	3 197,770	171,061
	Payments to suppliers	(185,080)	(206,839)
	Net cash flows (used in) / from operating activities	14 12,690	(35,778)
Cash flows from investing activities			
Proceeds from sale of FSI			
	Proceeds from sale of Berkshire Hathaway shares	52,685	284,784
	Proceeds from sale of Colonial First State units		5,665
	Purchase of shares in Athelney Trust plc	(150,078)	(227,246)
	Net cash inflows / (outflows) in investing activities	(97,393)	63,203
	Net increase (decrease) in cash held	(84,703)	27,425
	Cash and cash equivalents at beginning of financial year	138,469	111,044
	Cash and cash equivalents at end of financial year	6 53,766	138,469

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.

(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 (n) and (o) 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.

(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:

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.

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2013.

New and amended standards dealing with Consolidated Financial Statements, Separate Financial Statements, Joint Arrangements, Disclosure of interests in Other Entities and Fair Value Measurement have been released. These standards are effective from 1 January 2013. The Company does not plan to adopt these standards early nor does it expect there to be any recognition of measurement impacts as a result of the application of these new standards.

		2015 \$	2014 \$
3. REVENUE			
Dividends Received	197,237		
Distributions Received	4		
Interest Received	<u>200</u>	197,441	171,061
Gain on Sale of Berkshire Hathaway		-	176,484
Gain on Sale of Colonial Units		-	966
Gain on Sale of Flagship Investments		<u>2,833</u>	-
		<u>200,274</u>	<u>348,511</u>
4. OTHER EXPENSES			
ASX and share registry costs		(18,380)	(26,144)
Loss on realisation of Colonial Units		-	-
Realised Foreign Exchange Loss		-	(71,359)
Administration Costs		<u>(166,701)</u>	<u>(179,807)</u>
		<u>(185,081)</u>	<u>(277,310)</u>

5. INCOME TAX EXPENSE/(INCOME)

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:

	2015 \$	2014 \$
Accounting profit / (loss) before tax	15,193	71,201
Prima facie (tax benefit) from ordinary activities before income tax at 30% (2015: 30%)	4,558	21,360
Add Tax losses not recognized	(4,558)	(21,360)
Tax (income)/expense shown in income statement	-	-
The applicable weighted average effective tax rates are:	-	-

6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	51,028	134,100
Short-term deposits	2,738	4,369
	53,766	138,469

7. TRADE AND OTHER RECEIVABLES (CURRENT)

GST receivable	1,321	1,648
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8. OTHER CURRENT ASSETS

Prepayments	7,826	8,359
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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	14,230,253	12,058,873
Unlisted investments at fair value	2,891	2,308
	14,233,144	12,061,181

10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables and accruals	12,475	12,472
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Trade payables are non-interest bearing and are normally settled on 30 day terms.

11. CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 \$	2014 \$
(a) Gross change in fair value of available-for-sale assets	2,071,204	1,986,715
(b) Deferred tax on changes in fair value of available-for-sale financial assets	577,207	843,335
	<u>1,493,997</u>	<u>1,143,380</u>

The calculation of deferred tax takes into account carried forward tax losses and is shown under current liabilities

12. ISSUED SECURITIES

	2015	2014
Ordinary shares fully paid	\$ 8,609,085	\$ 8,598,595
Write back of capital raising costs	-	10,490
Total share capital	<u>8,609,085</u>	<u>8,609,085</u>
Number of shares in issue	<u>8,578,596</u>	<u>8,578,596</u>

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

	2015 \$	2014 \$
Reconciliation of the net gain (loss) after tax to the net cash flows from operations		
Gain (Loss) after income tax	15,193	71,201
Adjust for non cash items: - income tax		
-gain on sale of investments	(2,833)	(176,484)
- loss on withdrawal of funds from Colonial First State		
- loss on foreign exchange	-	71,359
Adjusted Gain (Loss) for the year	<u>12,360</u>	<u>(33,924)</u>
Changes in assets and liabilities		
-Decrease / (Increase) in receivables		
-Decrease / (Increase) in other current assets	327	54
-(Decrease) / Increase in payables	3	(1,908)
Net cash flow (used in) / from operating activities	<u>12,690</u>	<u>(35,778)</u>

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:

	2015 \$	2014 \$
Net gain (loss) used in calculating basic and diluted earnings per share	15,193	71,201
Total comprehensive income used in calculating total comprehensive income per share	1,509,190	1,204,091
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 2015	8,578,596	8,578,596
Basic earnings per share (cents per share)	0.18	0.83
Diluted earnings per share (cents per share)	0.18	0.83
Total comprehensive income per share (cents per share)	17.59	14.04

16. CONTINGENT LIABILITIES

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