

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

Appendix 4 E

**PRELIMINARY FINAL REPORT
YEAR ENDED
30 JUNE 2011**

- Result for announcement to the Market
- Commentary on results for the period
- Extracts from Annual Financial Report

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Appendix 4E

Preliminary final report

12 months ended 30 June 2011

Herewith please find information for GLOBAL MASTERS FUND LIMITED in respect of the financial year ended 30 June 2011:

1. The current reporting period - year ended 30 June 2011
Previous reporting period - year ended 30 June 2010

Result for announcement to the market

- 2.1 Revenue from ordinary activities decreased by \$ 23,041 (approx 19.4%) from the previous year. This was mainly due to the gain on the sale of Berkshire Hathaway shares being less in 2011 than in the previous year. Income from investment funds increased due to the dividends and distributions from the investment in Hyperion Flagships Limited and Athelney Trust in the UK which investments were made by the company in the prior year.
- 2.2 The loss before tax for 2011 year was \$ 96,589 compared to a loss of \$ 78,411 before tax in the prior year.
- 2.3 N/A
- 2.4 N/A
- 2.5 N/A
- 2.6 The sale of some Berkshire Hathaway shares during the year allowed the company to invest further in Hyperion Flagships Limited. As a result the dividends received for the company increased over the prior year. Expenses were well contained and were similar to the previous year.
3. Statement of comprehensive income for the year ended 30 June 2011.
4. Statement of financial position together with notes for the year ended 30 June 2011.
5. Statement of cash flows together with notes for the year ended 30 June 2011.
6. Statement of changes in equity for the year ended 30 June 2011.
7. No dividends have been paid.
8. N/A
9. Net tangible assets per share
 - 2011: 87.75 c
 - 2010: 106.57 c

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

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

Commentary on the results for the 12 month period ended 30 June 2011:

The earnings per security and nature of any dilution aspects:

The loss per share was 1.12 cents (2010: 1.38 cents).

Net Tangible Assets per security:

	Cents
The Company's net tangible assets per security are as follows:	
• Net tangible assets per share at 30 June 2011	87.75
• Net tangible assets per share at 30 June 2010	106.57

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 2011.

Final dividend distributions:

None

Significant features of operating performance:

The Company reports a loss for the year of \$ 96,589. Despite the loss for the year, cash flows improved over the prior year due to an increase in dividend and distribution income.

When the Company commenced in 2006, it was envisaged that the expenses of the Company would be met from income received from the funds invested with Colonial First State Wholesale Income Fund. During the GFC, their funds were frozen. Obtaining these

funds from Colonial has proved to be difficult and the withdrawals have been in small amounts.

At the upcoming AGM of the Company in October 2011 the Board of Directors will offer some alternative strategies for the Company to adopt for the future years.

The result of segments that are 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 quoted equities, principally Berkshire Hathaway Inc listed on the New York Stock Exchange, and other securities in UK and in Australia. Details of these investments are disclosed in the Annual Report.

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

A discussion of trends in performance:

In the year ahead the Company expects to improve shareholder value by adopting new strategies which will be discussed at the AGM in October 2011.

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
- Movements in share prices on the Stock Exchanges in New York, London and Australia
- Ability to access the funds held in the Wholesale Income Fund with Colonial First State
- Change in investment strategy undertaken by the Company

The Net Asset Value per share was adversely affected by the fall in the value of Berkshire Hathaway shares on the New York stock Exchange at 30 June 2011 and the strength of the Australian dollar.

15. The Annual Report for 2011 is being audited at present.
16. The financial statements of Global Masters Fund Limited are being audited at present and there is no likelihood of them being qualified.
17. N/A

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

		2011	2010
	Note	\$	\$
Revenue	3	95,426	118,467
Other expenses	4	<u>(192,015)</u>	<u>(196,878)</u>
(Loss) before income tax		(96,589)	(78,411)
Income tax (expense)	5	<u>-</u>	<u>(90,635)</u>
(Loss) after income tax		<u>(96,589)</u>	<u>(169,046)</u>
Basic earnings per share (cents)	15	1.12	1.38
Diluted earnings per share (cents)		1.12	1.38

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	30 June 2011 \$	30 June 2010 \$
Current assets			
Cash and cash equivalents	6	118,387	123,591
Trade and other receivables	7	5,704	5,864
Other current assets	8	7,348	7,488
Total current assets		<u>131,439</u>	<u>136,943</u>
Non-current assets			
Available-for-sale financial assets	9	7,413,748	9,397,038
Total non-current assets		<u>7,413,748</u>	<u>9,397,038</u>
Total assets		<u>7,545,187</u>	<u>9,533,981</u>
Current liabilities			
Trade and other payables	10	17,058	29,491
Total current liabilities		<u>17,058</u>	<u>29,491</u>
Non-current liabilities			
Deferred tax liabilities	11	-	362,158
Total non-current liabilities		<u>-</u>	<u>362,158</u>
Total liabilities		<u>17,058</u>	<u>391,649</u>
Net assets		<u>7,528,129</u>	<u>9,142,332</u>
Equity			
Issued securities	12	8,598,595	8,598,595
Reserves		(672,578)	845,036
Accumulated loss		(397,888)	(301,299)
Total equity		<u>7,528,129</u>	<u>9,142,332</u>

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Issued Securities \$	(Accumulated Losses) \$	Reserves \$	Total Equity \$
Balance at 1 July 2010	8,598,595	(301,299)	845,036	9,142,332
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

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	2011 \$	2010 \$
Note	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities		
	70,331	35,032
Interest, distributions and dividends received		
Interest paid		
Payments to suppliers	(187,304)	(182,009)
Net cash flows (used in) / from operating activities	14 (116,973)	(146,977)
Cash flows from investing activities		
	712,274	3,712,510
Proceeds from sale of Berkshire Hathaway shares		
Proceeds from sale of Colonial First State units	224,150	147,902
Purchase of shares in listed company	(824,655)	(201,196)
Purchase of shares in Athelney Trust		(360,116)
Net cash inflows / (outflows) in investing activities	111,769	3,299,100
Cash flows from financing activities		
	-	(3,322,299)
Cash paid for shares bought back and cancelled – Off Market		
Cash paid for shares bought back and cancelled – On Market	-	(199,111)
Net cash flows from financing activities	-	(3,521,410)
	(5,204)	(369,287)
Net (decrease) increase in cash held		
Add opening cash brought forward	123,591	492,878
Closing cash carried forward	6 118,387	123,591



GLOBAL MASTERS FUND LIMITED

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:

Global Masters Fund Limited ("the Company") listed on the ASX on 16 May 2006 and was incorporated to invest in an internationally diversified portfolio to spread risk and to provide exposure to some of the higher growth global economies. It was considered that investing the majority of the Company's assets in Berkshire Hathaway stock was the best way to achieve this objective given its broadly based portfolio and investment track record, being led by Warren Buffet, who acquired control of Berkshire Hathaway in 1965. In the 40 years that followed, the average annual gain in book value after tax of Berkshire Hathaway stock was 21.5%. In the last couple of years the Company has made other investments in UK and in Australia which provide the company with cashflow from dividends and distributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has 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 set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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 report are taken to the income statement with the exception of differences on investment assets, these are taken directly to equity until the disposal of the investment asset, at which time they are recognised in the income statement.

(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.

(h) Contributed entity

Stapled securities are classified as equity and during the year these were converted to ordinary shares. Costs directly attributable to the issue of new shares or other equity instruments are shown in equity as a deduction, net of tax, from proceeds.

(i) 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 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 probably 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.

(j) 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.

(k) Earnings per share

Basic earnings per share is calculated as net profit 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.

(l) Comparatives

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

(m) 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

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.

(n) Finance costs

Finance costs are recognised as an expense when incurred.

(o) Available-for-sale investments (“Investments”)

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 profit and loss.

(p) 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.



(q) 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 from within the Company.

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.

	2011 \$	2010 \$
3. REVENUE		
Dividends Received	29,860	
Distributions Received	13,244	
Interest Received	1,821	
Colonial Distributions	<u>25,407</u>	35,032
Gain on Sale of Berkshire Hathaway	<u>25,094</u>	<u>83,435</u>
	<u>95,426</u>	<u>118,467</u>

4. OTHER EXPENSES		
ASX and share registry costs	(27,427)	(51,870)
Loss on realisation of Colonial Units	(7,628)	-
Realised Foreign Exchange Loss	(9,214)	
Administration Costs	<u>(147,746)</u>	<u>(145,008)</u>
	<u>(192,015)</u>	<u>(196,878)</u>

5. INCOME TAX EXPENSE/(INCOME)

The major components of income tax are:

(a) Income statement

Current income tax

Current income tax charge	-	-
---------------------------	---	---

Deferred income tax

Reversal of Deferred Tax Asset no longer recognized on available tax losses and timing differences	<u>-</u>	<u>90,635</u>
Income tax expense reported in the income statement	<u>-</u>	<u>90,635</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>(96,589)</u>	<u>(78,410)</u>
Prima facie (tax benefit) from ordinary activities before income tax at 30% (2011: 30%)	(28,976)	(23,523)
Add Tax losses not recognized	28,976	23,523



GLOBAL MASTERS FUND LIMITED

Reversal of deferred tax asset	-	90,635
Tax (income)/expense shown in income statement	-	90,635
	-	-

The applicable weighted average effective tax rates are:

(b) Statement of changes in equity

Deferred income tax related to items charged or credited directly to equity

Unrealised gain on investments	-	362,158
--------------------------------	---	---------

6. CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank and in hand	102,072	10,983
Short-term deposits	16,315	112,608
	118,387	123,591

7. TRADE AND OTHER RECEIVABLES (CURRENT)

GST receivable	5,704	5,864
----------------	-------	-------

8. OTHER CURRENT ASSETS

Prepayments	7,348	7,488
-------------	-------	-------

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	6,906,467	8,687,048
Unlisted investments at fair value	507,281	709,985
	7,413,748	9,397,308

10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables and accruals	17,058	29,491
-----------------------------	--------	--------

Trade payables are non-interest bearing and are normally settled on 30 day terms.



GLOBAL MASTERS FUND LIMITED

11. TAX

(a) Liabilities

Current

Income Tax	-	-
------------	---	---

Non-current

Deferred tax liability comprises:

-Tangible assets revaluation charged directly to equity	-	362,158
---	---	---------

(b) Reconciliations

(i) Gross movements

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

Opening balance	(362,158)	90,635
Charge to income statement	-	(90,635)
Credit to equity	362,158	(362,158)
Closing balance (deferred tax liability)	-	(362,158)

12. ISSUED SECURITIES

Issued and paid-up capital

	2011 No.	2010 No.
Ordinary shares, fully paid	8,578,596	8,578,596

	Shares		Shares	
	2011 No.	2011 \$	2010 No.	2010 \$
Movement in securities on issue				
Balance at beginning of Year	8,578,596	8,598,595	12,514,296	12,120,005
Shares issued			-	-
Shares bought back and cancelled			3,935,700	(3,521,410)
Issue costs			-	-
Balance at end of Year	8,578,596	8,598,595	8,578,596	8,598,595

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.



GLOBAL MASTERS FUND LIMITED

14. CASH FLOW INFORMATION

	2011 \$	2010 \$
Reconciliation of the net profit / (loss) after tax to the net cash flows from operations		
Profit / (Loss) after income tax	(96,589)	(169,046)
Adjust for non cash items: - income tax		90,635
- gain on sale of investments	(25,094)	(83,435)
- loss on withdrawal of funds from Colonial First State	7,628	
- loss on foreign exchange	9,214	
Adjusted Loss for the year	<u>(104,841)</u>	<u>(161,846)</u>
Changes in assets and liabilities		
-Decrease / (Increase) in receivables	161	7,066
-Decrease / (Increase) in other current assets	140	(1,045)
-(Decrease) / Increase in payables	<u>(12,433)</u>	<u>8,848</u>
Net cash flow (used in) / from operating activities	<u>116,973</u>	<u>146,977</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:

	2011 \$	2010 \$
Net profit/(loss) used in calculating basic and diluted earnings per share	<u>(96,589)</u>	<u>(169,046)</u>
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	8,578,596	12,210,656
Total ordinary shares on issue at 30 June 2011	<u>8,578,596</u>	<u>8,578,596</u>
Basic earnings per share (cents per share)	(1.12)	(1.38)
Diluted earnings per share (cents per share)	(1.12)	(1.38)

16. CONTINGENT LIABILITIES

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