

# GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

31 August 2010

Australian Stock Exchange  
Exchange Centre  
Level 6  
20 Bridge Street  
Sydney NSW 1215

## APPENDIX 4E – Preliminary final report – 30 June 2010

Herewith please find information (unaudited) for GLOBAL MASTERS FUND LIMITED in respect of the financial year ended 30 June 2010:

1. The current reporting period - year ended 30 June 2010  
Previous reporting period - year ended 30 June 2009

### Result for announcement to the market

- 2.1 Revenue from ordinary activities decreased by \$ 37,099 (approx 25%) from the previous year. This is in part due to the lower distributions from the wholesale income fund due to the global financial downturn and income from investment funds was also lower because some cash investments were used to buy back shares. Furthermore it has been difficult to release funds and re-invest with better returns due to restrictions placed on withdrawal of funds.
- 2.2 The loss before tax for 2010 year was \$ 78,650 compared to a loss before tax in the prior year of \$ 83,993.
- 2.3 N/A
- 2.4 N/A
- 2.5 N/A
- 2.6 The on – market and off-market buy backs during 2010 were partly paid for from the sale of some Berkshire Hathaway shares and partly from local funds. As a result the interest received for the year from local funds dropped. Expenses were less than the previous year.
3. Statement of financial performance (income statement) for the year ended 30 June 2010.
4. Statement of financial position (balance sheet) for the year ended 30 June 2010.
5. Statement of cash flows for the year ended 30 June 2010.
6. No dividends have been paid.
7. N/A
8. Statement of changes in equity showing the movements in retained earnings
9. Net tangible assets per share
  - 2010: 107.10 c
  - 2009: 97.39 c
10. N/A
11. N/A
12. None

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13. N/A
14. The Net Asset Value per share was adversely affected by the fall in the value of Berkshire Hathaway at 30 June 2010 but the overall result of Global Masters Fund Limited for the year has been satisfactory and the board has been successful in cutting expenditure compared with the prior year.
15. The unaudited annual report is in the process of being audited.
16. The accounts of Global Masters Fund Limited are in the process of being audited and there is no likelihood of them being qualified.
17. N/A

Yours faithfully,  
**Global Masters Fund Limited**

Brian Jones  
**Company Secretary**

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**GLOBAL MASTERS FUND LIMITED**

ACN 109 047 618

**PRELIMINARY FINAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2010**

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**

**INCOME STATEMENT**

For the year ended 30 June 2010

|                                    | Note | 2010<br>\$       | 2009<br>\$       |
|------------------------------------|------|------------------|------------------|
| <b>Revenue</b>                     | 3    | 122,487          | 159,586          |
| Other expenses                     | 4    | -                | (243,579)        |
| Finance costs                      |      | (201,137)        | -                |
| (Loss) before income tax           |      | (78,650)         | (83,993)         |
| Income tax (expense)/income        | 5    | (110,752)        | (31,255)         |
| <b>(Loss) after income tax</b>     |      | <b>(189,402)</b> | <b>(115,248)</b> |
| Basic earnings per share (cents)   | 15   | (2.22)           | (0.92)           |
| Diluted earnings per share (cents) |      | (2.22)           | (0.92)           |

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**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**

**BALANCE SHEET**

At 30 June 2010

|                                      | Note | 30 June<br>2010<br>\$ | 30 June<br>2009<br>\$ |
|--------------------------------------|------|-----------------------|-----------------------|
| <b>Current assets</b>                |      |                       |                       |
| Cash and cash equivalents            | 6    | 123,591               | 492,878               |
| Trade and other receivables          | 7    | 5,864                 | 12,930                |
| Other current assets                 | 8    | 7,488                 | 6,443                 |
| <b>Total current assets</b>          |      | <b>136,943</b>        | <b>512,251</b>        |
| <b>Non-current assets</b>            |      |                       |                       |
| Available-for-sale financial assets  | 9    | 9,397,038             | 10,160,343            |
| Deferred tax assets                  | 11   | -                     | 90,635                |
| <b>Total non-current assets</b>      |      | <b>9,397,038</b>      | <b>10,250,978</b>     |
| <b>Total assets</b>                  |      | <b>9,533,981</b>      | <b>10,763,229</b>     |
| <b>Current liabilities</b>           |      |                       |                       |
| Trade and other payables             | 10   | 29,491                | 20,643                |
| <b>Total current liabilities</b>     |      | <b>29,491</b>         | <b>20,643</b>         |
| <b>Non-current liabilities</b>       |      |                       |                       |
| Deferred tax liabilities             | 11   | -                     | -                     |
| <b>Total non-current liabilities</b> |      | <b>-</b>              | <b>-</b>              |
| <b>Total liabilities</b>             |      | <b>29,491</b>         | <b>20,643</b>         |
| <b>Net assets</b>                    |      | <b>9,504,490</b>      | <b>10,742,586</b>     |
| <b>Equity</b>                        |      |                       |                       |
| Issued securities                    | 12   | 8,598,595             | 12,120,005            |
| Reserves                             |      | 1,207,194             | (1,245,166)           |
| Accumulated loss                     |      | (301,299)             | (132,253)             |
| <b>Total equity</b>                  |      | <b>9,504,490</b>      | <b>10,742,586</b>     |

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**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2010

|  | Issued Securities<br>\$ | Retained Profits/<br>(Accumulated Losses)<br>\$ | Reserves<br>\$     | Total Equity<br>\$ |
|--|-------------------------|---|--------------------|--------------------|
| At 1 July 2006   | 16,900,556              | 122,342   | (69,341)           | 16,953,557         |
| Net gain on investments                                  | -                       | -   | 498,293            | 498,293            |
| Net income recognised directly in equity                 | -                       | -   | 498,293            | 498,293            |
| Profit attributable to members                           | -                       | 20,502  | -                  | 20,502             |
| Total recognised income and expense for the year         | -                       | 20,502  | 498,293            | 518,795            |
| Shares issued during the year                            | 17,000                  | -   | -                  | 17,000             |
| Share capital issue costs                                | (10,490)                | -   | -                  | (10,490)           |
| Shares cancelled after being bought back during the year | (1,786,629)             | -   | -                  | (1,786,629)        |
| Capital profit on sale of investments included in profit | -                       | -   | (126,835)          | (126,835)          |
| <b>Balance at 30 June 2009</b>                           | <b>15,120,437</b>       | <b>142,844</b>                                  | <b>302,117</b>     | <b>15,565,398</b>  |
| Net loss on investments                                  | -                       | -   | (200,296)          | (200,296)          |
| Net income recognised directly in equity                 | -                       | -   | -                  | -                  |
| Loss attributable to members                             | -                       | (159,849)                                       | -                  | (159,849)          |
| Total recognised income and expense for the year         | -                       | (159,849)                                       | -                  | (159,849)          |
| Shares issued during the year                            | 81,140                  | -   | -                  | 81,140             |
| Share capital issue costs                                | (5,994)                 | -   | -                  | (5,994)            |
| Shares cancelled after being bought back during the year | (1,559,937)             | -   | -                  | (1,559,937)        |
| <b>Balance at 30 June 2008</b>                           | <b>13,635,646</b>       | <b>(17,005)</b>                                 | <b>101,821</b>     | <b>13,720,462</b>  |
| Shares cancelled after being bought back                 | (1,511,146)             | (115,248)                                       | -                  | (1,511,146)        |
| Loss for the Year  | -                       | -   | (115,248)          | (115,248)          |
| Change in Value of Investments                           | -                       | -   | (1,346,987)        | (1,346,987)        |
| Share capital issue costs (write back)                   | (4,495)                 | -   | -                  | (4,495)            |
| <b>Balance at 30 June 2009</b>                           | <b>12,120,005</b>       | <b>(132,253)</b>                                | <b>(1,245,166)</b> | <b>10,742,586</b>  |
| Shares cancelled after being bought back                 | (3,521,410)             | (169,046)                                       | -                  | (3,521,410)        |
| Loss for the Year  | -                       | (169,046)                                       | -                  | (169,046)          |
| Change in Value of Investments                           | -                       | -   | 2,452,360          | 2,452,360          |
| Share capital issue costs (write back)                   | -                       | -   | -                  | -                  |
| <b>Balance at 30 June 2010</b>                           | <b>8,598,595</b>        | <b>(301,299)</b>                                | <b>1,207,194</b>   | <b>9,504,490</b>   |

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**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2010**

**CASH FLOW STATEMENT**

For the year ended 30 June 2010

|   | 2010<br>\$            | 2009<br>\$            |
|---|-----------------------|-----------------------|
| Note  | Inflows<br>(Outflows) | Inflows<br>(Outflows) |
| <b>Cash flows from operating activities</b>                 |                       |                       |
| Interest, distributions and dividends received              | 28,813                | 82,941                |
| Interest paid   |                       | -                     |
| Payments to suppliers                                       | (189,100)             | (219,748)             |
| Net cash flows (used in) / from operating activities        | 14 <u>(160,287)</u>   | <u>(136,807)</u>      |
| <b>Cash flows from investing activities</b>                 |                       |                       |
| Proceeds from sale of Berkshire Hathaway shares             | 3,726,000             | 1,444,427             |
| Proceeds from sale of Colonial First State units            | 147,902               | 613,265               |
| Purchase of shares in listed company                        | (201,196)             | -                     |
| Purchase of shares in Athelney Trust                        | (360,116)             | -                     |
| Net cash inflows / (outflows) in investing activities       | <u>3,312,590</u>      | <u>2,057,692</u>      |
| <b>Cash flows from financing activities</b>                 |                       |                       |
| Issue of shares / stapled securities                        | -                     | -                     |
| Cash paid for shares bought back and cancelled – Off Market | (3,322,479)           | -                     |
| Cash paid for shares bought back and cancelled – On Market  | (199,111)             |                       |
| Cash paid for shares bought back and cancelled              |                       | (1,511,146)           |
| Net cash flows from financing activities                    | <u>(3,521,590)</u>    | <u>(1,511,146)</u>    |
| Net (decrease) increase in cash held                        | (369,287)             | 409,740               |
| Add opening cash brought forward                            | <u>492,878</u>        | <u>83,138</u>         |
| <b>Closing cash carried forward</b>                         | 6 <u>123,591</u>      | <u>492,878</u>        |

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## 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 of the Company are described in Note 21.

#### 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.





## GLOBAL MASTERS FUND LIMITED

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.

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**(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 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 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**

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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 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.

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GLOBAL MASTERS FUND LIMITED

|  | 2010<br>\$      | 2009<br>\$      |
|--|-----------------|-----------------|
| <b>3. REVENUE</b>  |                 |                 |
| Interest – other persons/corporations  | 45,653          | 82,941          |
| Gain on Sale of Berkshire Hathaway - A   | 76,834          | 76,645          |
|  | <u>122,487</u>  | <u>159,586</u>  |
| <b>4. OTHER EXPENSES</b>   |                 |                 |
| ASX and share registry costs   | 51,870          | 54,850          |
| Administration costs   | 145,007         | 151,771         |
|  | <u>196,877</u>  | <u>206,621</u>  |
| <b>5. INCOME TAX EXPENSE/(INCOME)</b>  |                 |                 |
| The major components of income tax are:  |                 |                 |
| <b>(a) Income statement</b>  |                 |                 |
| <i>Current income tax</i>  |                 |                 |
| Current income tax charge  | -               | -               |
| <i>Deferred income tax</i>   |                 |                 |
| Relating to current year tax loss origination and reversal of temporary differences  | 110,752         | 18,639          |
| Income tax (income) expense reported in the income statement   | <u>110,752</u>  | <u>18,639</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   | (78,650)        | (83,993)        |
| Prima facie (tax benefit) from ordinary activities before income tax at 30% (2009: 30%)  | <u>(23,595)</u> | <u>(25,198)</u> |
| Tax (income) / expense   | <u>(23,595)</u> | <u>(25,198)</u> |
| Adjust for deferred tax in income statement  | <u>87,157</u>   | <u>56,453</u>   |
| Tax (income)/expense shown in income statement   | <u>110,752</u>  | <u>31,255</u>   |
| The applicable weighted average effective tax rates are:   | <u>30%</u>      | <u>30%</u>      |
| <b>(b) Statement of changes in equity</b>  |                 |                 |
| <i>Deferred income tax related to items charged or credited directly to equity</i>   |                 |                 |
| Unrealised loss on investments   | 31,114          | 85,840          |
| Income tax benefit reported in equity  | <u>31,114</u>   | <u>85,840</u>   |

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6. CASH AND CASH EQUIVALENTS

|                          | 2010           | 2009           |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| Cash at bank and in hand | 10,983         | 414,268        |
| Short-term deposits      | 112,608        | 78,610         |
|                          | <u>123,591</u> | <u>492,878</u> |

7. TRADE AND OTHER RECEIVABLES (CURRENT)

|                |       |        |
|----------------|-------|--------|
| GST receivable | 5,864 | 12,930 |
|----------------|-------|--------|

8. OTHER CURRENT ASSETS

|             |       |       |
|-------------|-------|-------|
| Prepayments | 7,488 | 6,443 |
|-------------|-------|-------|

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

|   | 2010             | 2009              |
|---|------------------|-------------------|
|   | \$               | \$                |
| Investments are classified as available-for-sale financial assets |                  |                   |
| Securities listed on a prescribed stock exchange at fair value:   |                  |                   |
| -Shares   | 8,687,048        | 9,317,404         |
| Unlisted investments at fair value                                | 709,985          | 842,939           |
|   | <u>9,397,308</u> | <u>10,160,343</u> |

10. TRADE AND OTHER PAYABLES (CURRENT)

|                             |        |        |
|-----------------------------|--------|--------|
| Trade payables and accruals | 29,491 | 20,643 |
|-----------------------------|--------|--------|

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

11. TAX

(a) Liabilities

Current

|            |   |   |
|------------|---|---|
| Income Tax | - | - |
|------------|---|---|

Non-current

Deferred tax liability comprises:

|                       |   |  |
|-----------------------|---|--|
| -Temporary difference | - |  |
|-----------------------|---|--|

(b) Assets

Deferred tax assets comprise:

|   |   |               |
|---|---|---------------|
| -Share capital issue costs                          | - | 33,655        |
| -Adjustment due to decrease in value of investments | - | (20,117)      |
| - Current year tax loss                             | - | 77,097        |
|   | - | <u>90,635</u> |

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11. TAX (CONT)

|   | 2010      | 2009          |
|---|-----------|---------------|
|   | \$        | \$            |
| <b>(c) Reconciliations</b>  |           |               |
| <i>(i) Gross movements</i>  |           |               |
| The overall movement in the deferred tax account is as follows:                                     |           |               |
| Opening balance   | 90,635    | 82,200        |
| Charge to income statement  | (110,752) | (31,255)      |
| Credit to equity  | 20,117    | 39,690        |
| Closing balance   | <u>-</u>  | <u>90,635</u> |
| <i>(ii) Deferred tax liability</i>  |           |               |
| The movement in deferred tax liability for each temporary difference during the year is as follows: |           |               |
| Timing differences  |           |               |
| -Opening balance  | -         | 40,599        |
| - Charged to equity   | -         | (64,301)      |
| -Charged to income statement  | -         | 23,702        |
| -Closing balance  | <u>-</u>  | <u>-</u>      |
| <i>(iii) Deferred tax assets</i>  |           |               |
| The movement in deferred tax assets for each temporary difference during the year is as follows:    |           |               |
| Available for sale financial assets revaluation adjustments taken directly to equity                |           |               |
| -Opening balance  | (20,117)  | -             |
| -Charged to equity  | 20,117    | (20,117)      |
| -Closing balance  | -         | (20,117)      |
| Timing differences  |           |               |
| -Opening balance  | 77,097    | 51,900        |
| -Charged to income statement – reversal of losses   | (77,097)  | 25,197        |
| -Closing balance  | <u>-</u>  | <u>77,097</u> |
| Share capital issue costs   |           |               |
| -Opening balance  | 33,655    | 70,900        |
| -Share capital issue costs  | -         | (4,495)       |
| -Charged to income statement  | (33,655)  | (32,750)      |
| -Closing balance  | <u>-</u>  | <u>33,655</u> |
| <b>Total</b>  | <u>-</u>  | <u>90,635</u> |



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**12. ISSUED SECURITIES**

| <b>Issued and paid-up capital</b> | 2010<br>No. | 2009<br>No. |
|-----------------------------------|-------------|-------------|
| Ordinary shares, fully paid       | 8,578,596   | 12,514,296  |

|  | Shares      |             | Shares      |             |
|--|-------------|-------------|-------------|-------------|
|  | 2010<br>No. | 2010<br>\$  | 2009<br>No. | 2009<br>\$  |
| <b>Movement in securities on issue</b> |             |             |             |             |
| Balance at beginning of Year           | 12,514,296  | 12,120,005  | 14,086,897  | 13,635,646  |
| Shares issued                          | -           | -           | -           | -           |
| Shares bought back and cancelled       | 3,935,700   | (3,521,410) | (1,572,601) | (1,511,145) |
| Issue costs                            | -           | -           | -           | (4,496)     |
| Balance at end of Year                 | 8,578,596   | 8,598,595   | 12,514,296  | 12,120,005  |

**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**

|   | 2010<br>\$ | 2009<br>\$ |
|---|------------|------------|
| Reconciliation of the net profit / (loss) after tax to the net cash flows from operations |            |            |
| Profit / (Loss) after income tax  | (189,402)  | (115,247)  |
| Adjust for non cash items: - income tax   | 110,752    | 31,255     |
| - gain on sale of investments   | (169,445)  | (76,645)   |
| - loss on withdrawal of funds from Colonial First State                                   |            | 30,107     |
| Adjusted Loss for the year  | (248,095)  | (130,530)  |
| Changes in assets and liabilities   |            |            |
| -Decrease / (Increase) in receivables   | 7,066      | 354        |
| -Decrease / (Increase) in other current assets  | (1,045)    | (1,210)    |
| -(Decrease) / Increase in payables  | (8,848)    | 2,156      |
| -(Decrease) / Increase in provision for taxation  | -          | 857        |
| -Decrease / (Increase) in deferred tax asset  | 90,635     | 32,165     |
| -(Decrease) / Increase in deferred tax liability  | -          | (40,599)   |
| Net cash flow (used in) / from operating activities                                       | (160,287)  | (136,807)  |

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## GLOBAL MASTERS FUND LIMITED

### 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:

|   | 2010      | 2009       |
|---|-----------|------------|
|   | \$        | \$         |
| Net profit/(loss) used in calculating basic and diluted earnings per share                              | (189,402) | (115,247)  |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 8,578,596 | 12,514,296 |
| Total ordinary shares on issue at 30 June 2010  | 8,578,596 | 12,514,296 |
| Basic earnings per share (cents per share)  | (2.22)    | (0.92)     |
| Diluted earnings per share (cents per share)  | (2.22)    | (0.92)     |

### 16. CONTINGENT LIABILITIES

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

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