



GLOBAL MASTERS FUND LIMITED

Annual Report  
30 June 2013

**GLOBAL MASTERS FUND LIMITED**

ACN 109 047 618

**ANNUAL FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2013**

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# Global Masters Fund Limited

ABN 84 109 047 618

18 September 2013

Dear Shareholder

We are pleased to report that this year the net tangible assets (NTA) of Global Masters Fund increased by 31%. This is the best result since inception in 2006 and furthermore the gap between the NTA and share price narrowed compared with previous years. The value of the Company's investment in Berkshire Hathaway (biggest asset of the Company) in US dollar terms increased by 35% and the value of the Company's investment in Athelney Trust plc. listed on the London Stock Exchange increased by 38% over the previous year. Further gains were achieved as a result of the Australian dollar weakening by approximately 9% against the USD and 7% against the GBP. These unrealised capital and foreign exchange gains combined to increase shareholder value by \$ 2,442,928. As a matter of policy your Company has never undertaken currency hedging of its foreign investments largely because investors have sought international diversification and the investments in Berkshire Hathaway and Athelney achieve this. The Board has always acknowledged that, with the global reach of the portfolio there is currency exposure that may increase the volatility of the Company's NTA and share price.

The outlook for both Berkshire Hathaway and Athelney Trust continues looks positive for the next year, as global growth continues. Having said this we are always aware that there are risks, one of which is the rate of economic growth emanating from China which may falter. Another risk is continued difficulties in the Eurozone.

The cash rate is likely to be at 2 - 2.5 % later this year, based on the view that mining investment has peaked, and non mining activity remains subdued making it more likely that the Reserve Bank of Australia will further reduce rates and provide some encouragement to the non-mining sector of the economy. Current economic statistics and forecasts indicate there is little inflationary pressure in the Australian economy thus allowing further interest rates falls, although, no doubt the RBA will continue to monitor the property sector. The strategy put in place by the directors to reduce fixed interest securities and invest in dividend paying investments both in Australia and overseas has proved to be beneficial through increased dividend income. At the same time costs have been maintained at existing levels.

At the last AGM of the Company in November 2012 shareholders approved a strategy for acquiring equity stakes in quality growing companies at favourable price multiples by co-investing with institutional investors. No investments of this nature were made in the 2013 year.

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

Finally, I wish to thank my fellow board members and company secretary for the hard work and support in 2013 and we (including myself as Chairman) look forward to continue to progress the company.

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 2013 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 2013 he decided to hand over the reins and resign from the company to establish and grow a new Private Equity business, focus on directorships he holds and service the individually managed accounts business. He 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 of EC Pohl & Co Pty Ltd

Chairman of ECP Asset Management Pty Ltd

Chairman of EC Pohl & Co Private Equity Limited

Chairman of Tabu Vodka Co Pty Ltd

Chairman of Astuce Group Limited

Chairman of Pohl Pty Ltd

Director of Huysamer International Holdings (Pty) Ltd

Director of Mike's Kitchen (Aust) Pty Ltd

Alternate Director of Athelney Trust PLC

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

Trustee of Currumbin Wildlife Foundation

Director of Flagship Investments Limited

## DIRECTORS' REPORT

### Former directorships

Chairman of Hyperion GLOBAL SICAV  
Managing Director of Hyperion Asset Management Limited from 1997 to 2013  
Managing Director of Hyperion Holdings Limited from 2004 to 2013  
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 of 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 in the past.

### **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:

<b>Director</b>	<b>Meetings Held</b>	<b>Meetings Attended</b>
Mr JL Addison	4	3
Dr EC Pohl	4	4
Mr P Corrigan	4	4

### **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:

<b>Director</b>	<b>Meetings Held</b>	<b>Meetings Attended</b>
Mr JL Addison	4	3
Dr EC Pohl	4	4
Mr P Corrigan	4	4

The Audit Committee resolved to recommend to the Board of Directors that the 2013 Financial Statements be adopted.

## DIRECTORS' REPORT

### 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 \$ 36,607 (2012: Loss of \$ 209,251).

#### 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 at 30 June 2013. The price of Berkshire Hathaway shares on the New York Stock Exchange increased by approximately 34 % during the 12 months ended 30 June 2013.

#### 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. This mandate was expanded to allow the company to join with institutional investors in a Private Equity Fund when the opportunity arose.

#### 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.

#### Proceedings of Behalf of the Company

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

## DIRECTORS' REPORT

### 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 2013 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 Rothsay Chartered Accountants, a firm of which he is a partner.

### 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 2013.

### 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 2013.

### 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:



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Jonathan L Addison

Chairman

Dated this 18 September 2013.

**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 30<sup>TH</sup> June 2013 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.



Joseph Pien  
Chartered Accountant

Date: 19 September 2013

Joseph Pien Chartered Accountants  
Suite 503  
Level 5, 276 Pitt Street  
Sydney NSW 2000

## 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 independent director. The names of the directors and their qualifications and experience are stated on page 2 along with

## CORPORATE GOVERNANCE STATEMENT

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.

### 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.

#### *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.

## CORPORATE GOVERNANCE STATEMENT

### *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.

### **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.

### *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.

## CORPORATE GOVERNANCE STATEMENT

### *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 2013

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

		2013	2012
	Note	\$	\$
<b>Revenue</b>	3	144,635	508,976
Other expenses	4	(181,242)	(718,227)
(Loss) before income tax		(36,607)	(209,251)
Income tax (expense)/income	5	-	-
<b>(Loss) after income tax</b>		(36,607)	(209,251)
<b>Loss attributable to members of the company</b>		(36,607)	(209,251)
<b>Other Comprehensive Income</b>			
Changes in fair value of available-for-sale financial assets	11	2,442,928	414,070
Total Other Comprehensive Income, net of income tax		2,442,928	414,070
<b>Total Comprehensive Income/(Loss) for the Year</b>	15	2,406,321	204,819

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Note	30 June 2013 \$	30 June 2012 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	111,044	177,486
Trade and other receivables	7	1,702	1,945
Other current assets	8	8,359	8,356
<b>Total current assets</b>		<u>121,105</u>	<u>187,787</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	9	10,425,285	7,562,170
<b>Total non-current assets</b>		<u>10,425,285</u>	<u>7,562,170</u>
<b>Total assets</b>		<u>10,546,390</u>	<u>7,749,957</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	14,380	17,009
Deferred tax liabilities	11	392,741	-
<b>Total current liabilities</b>		<u>407,121</u>	<u>17,009</u>
<b>Total liabilities</b>		<u>407,121</u>	<u>17,009</u>
<b>Net assets</b>		<u>10,139,269</u>	<u>7,732,948</u>
<b>Equity</b>			
Issued securities	12	8,598,595	8,598,595
Reserves	13	2,184,420	(258,508)
Accumulated losses		(643,746)	(607,139)
<b>Total equity</b>		<u>10,139,269</u>	<u>7,732,948</u>

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Issued Securities \$	(Accumulated Losses) \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2011</b>	8,598,595	(397,888)	(672,578)	7,528,129
Loss for the Year		(209,251)		(209,251)
Change in Value of Investments, net of income tax			414,070	414,070
<b>Balance at 30 June 2012</b>	<b>8,598,595</b>	<b>(607,139)</b>	<b>(258,508)</b>	<b>7,732,948</b>
<b>Balance at 1 July 2012</b>	8,598,595	(607,139)	(258,508)	7,732,948
Loss for the Year		(36,607)		(36,607)
Change in fair value of available-for- sale of financial assets			2,442,928	2,442,928
<b>Balance at 30 June 2013</b>	<b>8,598,595</b>	<b>(643,746)</b>	<b>2,184,420</b>	<b>10,139,269</b>

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

		2013 \$	2012 \$
	Note	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Interest, distributions and dividends received		144,635	125,242
Payments to suppliers		(169,475)	(163,941)
Net cash flows (used in) / from operating activities	14	(24,840)	(38,699)
<b>Cash flows from investing activities</b>			
Proceeds from sale of Berkshire Hathaway shares		-	1,379,561
Proceeds from sale of Colonial First State units		313,680	187,982
Purchase of shares in listed company		(355,282)	(1,469,745)
Net cash inflows / (outflows) in investing activities		(41,602)	97,798
Net increase (decrease) in cash held		(66,442)	59,099
Cash and cash equivalents at beginning of financial year		177,486	118,387
Cash and cash equivalents at end of financial year	6	111,044	177,486

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 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 (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.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### (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 2013

### *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**

The Company has early adopted AASB 9 *Financial Instruments* (AASB 9) with initial application from 1 July 2011.

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.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	2012 \$
<b>3. REVENUE</b>		
Dividends Received	117,024	
Distributions Received	15,902	
Interest Received	<u>11,709</u>	125,242
Gain on Sale of Berkshire Hathaway	-	<u>383,734</u>
	<u>144,635</u>	<u>508,976</u>

### 4. OTHER EXPENSES

ASX and share registry costs	(23,441)	(21,641)
Loss on realisation of Colonial Units	(14,155)	(8,144)
Realised Foreign Exchange Loss	-	(542,611)
Administration Costs	<u>(143,646)</u>	<u>(145,831)</u>
	<u>(181,242)</u>	<u>(718,227)</u>

### 5. INCOME TAX EXPENSE/(INCOME)

The major components of income tax are:

#### (a) Income statement

##### *Current income tax*

Current income tax charge	-	-
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>(36,607)</u>	<u>(209,251)</u>
Prima facie (tax benefit) from ordinary activities before income tax at 30% (2013: 30%)	(10,982)	(62,775)
Add Tax losses not recognized	<u>10,982</u>	<u>62,775</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 2013

### 6. CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
Cash at bank and in hand	36,358	9,371
Short-term deposits	74,686	168,115
	111,044	177,486

### 7. TRADE AND OTHER RECEIVABLES (CURRENT)

GST receivable	1,702	1,945
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### 8. OTHER CURRENT ASSETS

Prepayments	8,359	8,356
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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	10,418,086	7,245,086
Unlisted investments at fair value	7,199	317,084
	10,425,285	7,562,170

### 10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables and accruals	14,380	17,009
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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

(a) Gross change in fair value of available-for-sale assets	2,837,669	-
(b) Deferred tax on changes in fair value of available-for-sale financial assets	392,741	-
	2,442,928	-

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

### 12. ISSUED SECURITIES

	2013 \$	2012 \$
<b>Issued and paid-up capital</b>		
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.

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 14. CASH FLOW INFORMATION

	2013 \$	2012 \$
Reconciliation of the net (loss) after tax to the net cash flows from operations		
(Loss) after income tax	(36,607)	(209,251)
Adjust for non cash items: - income tax		
- loss on sale of investments	-	(383,734)
- loss on withdrawal of funds from Colonial First State	14,155	8,144
- loss on foreign exchange	-	542,611
Adjusted Loss for the year	<u>(22,452)</u>	<u>(42,230)</u>
Changes in assets and liabilities		
-Decrease / (Increase) in receivables	240	3,761
-Decrease / (Increase) in other current assets	-	(1,008)
-(Decrease) / Increase in payables	<u>(2,628)</u>	<u>778</u>
Net cash flow (used in) / from operating activities	<u><u>(24,840)</u></u>	<u><u>(38,699)</u></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:

	2013 \$	2012 \$
Net (loss) used in calculating basic and diluted earnings per share	<u>(36,607)</u>	<u>(209,251)</u>
Total comprehensive income used in calculating total comprehensive income per share	2,406,321	204,819
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 2013	<u>8,578,596</u>	<u>8,578,596</u>
Basic earnings per share (cents per share)	(0.43)	(2.44)
Diluted earnings per share (cents per share)	(0.43)	(2.44)
Total comprehensive income per share (cents per share)	0.28	0.02

### 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

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### (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.

The compensation of non-executive Directors for the year ending 30 June 2013 is shown in the table below:

		Base Fee \$	Total \$
Jon Addison	2013	25,625	25,625
	2012	25,625	25,625
Emmanuel Pohl	2013	15,000	15,000
	2012	15,000	15,000
Patrick Corrigan	2013	15,375	15,375
	2012	15,375	15,375
Total	2013	56,000	56,000
Total	2012	56,000	56,000

#### Number of shares held by key management personnel or related parties

	Balance 1 July 2012	Net Change	Balance 31 August 2013
Jon Addison	-	-	-
Emmanuel Pohl <sup>(*)</sup>	5,000	110,000	115,000
Patrick Corrigan	-	-	-

<sup>(\*)</sup> In addition to the securities owned directly by Dr Pohl, there are 4,715,000 shares registered in entities associated with E.C. Pohl & Co Pty Limited, of which he is a director and shareholder.

### 18. RELATED PARTY TRANSACTIONS

On 20 May 2013 the board of directors passed a resolution approving the purchase of additional shares in Flagship Investments Limited. A total of 255,000 shares were bought for \$ 355,282. Directors who are associated with 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.

	2013 \$	2012 \$
Fees Charged	50,120	47,952

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>19. AUDITOR'S REMUNERATION</b>		
The auditor of the Company is Joseph Pien		
Amounts received or due and receivable by Joseph Pien for:		
-audit of the half year and annual financial report of the Company	10,250	10,550
	10,250	10,550
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 on page 30. 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 \$
<b>2013</b>	4.45	110,044	110,044

#### **Financial assets**

Cash and cash equivalent

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 3.64 % on call

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 21. FINANCIAL INSTRUMENTS (CONT)

#### (b) Currency risk

The Company's investment portfolio includes investments in USA and UK, cash on deposit and interest receivable denominated in US dollars and Pounds sterling. 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:

	2013	2012
	Carrying amount	Carrying amount
	AUD \$	AUD \$
Cash and cash equivalents	31,551	15,502
Investments	7,517,994	5,099,654
	<u>7,549,545</u>	<u>5,115,156</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
	\$	\$
<b>Year Ended 30 June 2013</b>		
+/- 2% in interest rates	+/-2,000	
+/- 5% in \$A/US\$		+/-350,000
+/- 10% in listed investments		+/-1,041,800

### 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 - 25 , 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 2013 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

18 September 2013

## 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 2013, 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 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.



Joseph Pien CA  
Chartered Accountant

Dated  
19 September 2013

## 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 17 September 2013)

The number of holders, by size of holding:	Number of holders	Number of Shares
1 - 1,000	96	56,124
1,001 - 5,000	115	444,064
5,001 - 10,000	69	591,846
10,001 - 100,000	51	1,373,521
100,001 and over	8	6,113,041
	<b>339</b>	<b>8,578,596</b>

Included above are 4 shareholders holding less than a marketable parcel of shares (113 shares)

### (b) Twenty largest shareholders (as at 17 September 2013)

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

1	CITICORP NOMINEES PTY LIMITED	4,715,000	54.96%
2	MARA SUPER PTY LTD	390,000	4.55%
3	LIC INVESTMENTS PTY LTD	302,000	3.52%
4	TRADLAW PTY LTD	180,000	2.10%
5	ABBAWOOD NOMINEES PTY LTD	150,000	1.75%
6	SECURITIES & ESTATES PTY LTD	140,519	1.64%
7	MR PETER JOHN JACKSON	120,522	1.40%
8	ASTUCE GROUP LIMITED	115,000	1.34%
9	J BARLOW CONSULTANTS PTY LTD	96,198	1.12%
10	PETER I H WONG PTY LTD	82,496	0.96%
11	MR PETER LEECE	75,937	0.89%
12	MR FRANCO DI LORENZO & MRS ANGELA DI LORENZO	65,000	0.76%
13	MRS SYLVIA MARIA VALMADRE	60,000	0.70%
14	MR KENNETH MURRAY BARTLEY	49,961	0.58%
15	MR WILLIAM PAUL CHUN TIE & MS ORLEENA MOO	48,623	0.57%
16	MR BRUCE MICHAEL MANN	48,611	0.57%
17	EST MARGARET BEARD	40,000	0.47%
18	MR ROBERT PERKS	35,047	0.41%
19	SMURPH HOLDINGS PTY LTD	32,866	0.38%
20	MS PETA ADELE STEVENSON	31,000	0.36%
	TOTAL	6,778,780	79.02%
	<b>TOTAL SHARES ON ISSUE AT 17 SEPTEMBER 2013</b>	<b>8,578,596</b>	<b>100.00 %</b>

### (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
EC Pohl & Co Pty Ltd & associated entities	4,830,000	56.30

### (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 2013

	Shares held	A\$ value	% of total
<b>United States</b>			
Berkshire Hathaway Inc "A" Stock	27	4,908,032	47.1
Berkshire Hathaway Inc "B" Stock	18,000	2,172,032	20.8
<b>United Kingdom</b>			
Athelney Trust PLC	180,279	437,931	4.2
<b>Australia</b>			
Flagship Investments Limited	2,205,392	2,900,091	27.8
Total Listed Investments		10,418,085	
<b>Non-listed Australia</b>			
Colonial First State Wholesale Income Fund	6,644	7,199	0.1
Total portfolio		10,425,283	100.0

### ( b ) Portfolio transactions and brokerage

There were 6 (2012: 10) transactions in securities during the year on which brokerage of \$ 1,062 (2012: \$4,488) was paid.

## 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

Joseph Pien – Chartered Accountant  
Suite 503, Level 5  
276 Pitt Street  
SYDNEY NSW 2000

### Internet Address

[www.globalmastersfund.com.au](http://www.globalmastersfund.com.au)