

U.S. MASTERS HOLDINGS LIMITED
Incorporated in the British Virgin Islands
ARBN 052 123 930

Appendix 4D

Half Year End Report

Period Ending 31 December 2011

Results for announcement to the market		31 December 2011	31 December 2010
		\$'000s	\$'000s
Revenue	Down 92%	23	294
Profit /(Loss) after tax for the period attributable to members	Down N/A	(342)	15
Net Profit/ (Loss) for the period after tax attributable to members	Down N/A	(342)	15

No dividend has been paid or proposed for the six month period to 31 December 2011.

Control has not been gained or lost over any entities during the period under review.

The financial reports have been compiled using International Financial Reporting Standards.

	As at 31 December 2011	As at 31 December 2010
Net tangible assets per security excluding treasury stock (cents)	7.8	9.8

U.S. MASTERS HOLDINGS LIMITED

Financial Statements

for the 6 months ended 31 December 2011

**Australian Registered Body Number 052 123 930
Incorporated in the British Virgin Islands**

**U.S. MASTERS HOLDINGS LIMITED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2011**

**Directors' Report
for the 6 months ended 31 December 2011**

Expressed in Australian Dollars

The directors present their report together with the financial statements of U.S. Masters Holdings Limited ("the Company") for the 6 months ended 31 December 2011 and the auditors' review report thereon.

Board of Directors

The names of the Company's directors in office during, or since the end of the half-year and until the date of this report are as below:

Gordon Galt (Chairman)
Michael Davies
James Beecher
Geoffrey Pigott

REVIEW AND RESULTS OF OPERATIONS

During the period the Company continued to conduct its investment activities while continuing to explore other opportunities that Directors believe may result in an increase in shareholder value. Global equity markets experienced significant volatility over the 6 month period to 31 December 2011 and in general equity markets, including the Australian Securities Exchange, experienced material declines during this period.

In the 6 months to 31 December 2011 the Company's investments in equities generated \$21,000 in realized and unrealized gains (31 December 2010: \$293,000). At 31 December 2011 the Company's equity portfolio had a market value of \$52,000 (30 June 2011:\$293,000).

During the period the Company conducted a non –renounceable entitlement offer of 1 new share for every share held by shareholders. The offer was successful with the Company raising \$1.25 million through shareholders taking up their entitlements, the placement of the entire shortfall from shareholders not taking up their entitlements and the issue of further shares to parties who applied for shortfall shares.

In order to preserve cash the Company also issued 293,333 (30 June 2011: 100,000 pre Bonus issue shares) to each of the directors in lieu of paying directors fees for the financial year.

The net asset value of U. S. Masters Holdings Limited was \$1,400,000 as at 31 December 2011 compared with \$281,000 at 30 June 2011. The result for the 6 month period was a loss of \$342,000 compared with a profit of \$15,000 for the 6 month period to 31 December 2010.

The expenses associated with operating the Company's investment and opportunity seeking activities continued to be the most significant factor contributing to the operating performance.

The financial reports have been compiled in accordance with International Financial Reporting Standards.

U.S. MASTERS HOLDINGS LIMITED

Directors' Report (continued) for the 6 months ended 31 December 2011

Expressed in Australian Dollars

Result

The operating loss of the Company after income tax for the 6 month period was \$342,000. (31 December 2010: profit \$15,000).

Dividends

No dividends were paid during the period and no dividend is recommended.

Significant Changes in State of Affairs

Apart from disclosed in the Review of Operations there have been no significant change in the affairs of the Company.

Subsequent Events

The directors are not aware of any significant changes in the state of affairs of the consolidated entity occurring since the end of the half year.

Principal Activity

The principal activity of the Company during the financial period was investment, and no significant change in the nature of that activity has occurred during the period.

Currency and Rounding

The financial statements are expressed in Australian Dollars and have been rounded to the nearest thousand Dollars.

Dated this 29th day of February 2012

Signed in accordance with a resolution of the directors.



James Beecher
Director

U.S. MASTERS HOLDINGS LIMITED

Statement of comprehensive income For the half-year ended 31 December 2011 Expressed in thousands of Australian Dollars

	Note	6 months 31.12.2011 \$000	6 months 31.12.2010 \$000
INVESTMENT INCOME			
Net realised gain/(loss) on sale of investments		(15)	90
Net change in unrealised profit on investments	3	36	203
Interest and dividend income		2	1
Total Investment Income		<u>23</u>	<u>294</u>
Expenses			
Consulting fees		148	51
Directors' fees – share based payments		111	95
Legal and professional fees		7	20
Rent		10	11
Share registry and listing fees		23	24
Travel & accommodation		26	47
Other Expenses		40	31
Total Expenses		<u>365</u>	<u>279</u>
Profit/(Loss) for the period		(342)	15
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the Period		<u>(342)</u>	<u>15</u>
Basic and diluted gain/(loss) cents per share		<u>(0.04)</u>	<u>0.01</u>

U.S. MASTERS HOLDINGS LIMITED

Statement of changes in equity For the half-year ended 31 December 2011

Expressed in thousands of Australian Dollars

	Share Capital	Share Premium Reserve	Foreign Currency Translation Reserve	Retained losses	Total
Equity					
Balance at 1 July 2010	1,603	15,378	(111)	(16,131)	739
Total comprehensive income for the period	-	-	-	15	15
Bonus Issue	2,490	(2,490)	-	-	-
Issue of directors shares	264	(88)	-	-	176
Issue costs	-	(10)	-	-	(10)
Balance at 31 December 2010	4,357	12,790	(111)	(16,116)	920
Balance at 1 July 2011	4,357	12,790	(111)	(16,755)	281
Total comprehensive income for the period	-	-	-	(342)	(342)
Issue of 7,970,427 Entitlement Offer and Shortfall Shares	5,258	(4,062)	-	-	1,196
Reissue of 395,684 Treasury Stock	261	(202)	-	-	59
Issue of 1,173,332 Director Shares	774	(551)	-	-	223
Issue Costs	-	(17)	-	-	(17)
Balance at 31 December 2011	10,650	7,958	(111)	(17,097)	1,400

U.S. MASTERS HOLDINGS LIMITED

**Interim Statement of Financial Position
As at 31 December 2011**

Expressed in thousands of Australian Dollars

	Notes	31 Dec 2011 \$000	30 June 2011 \$000	30 June 2010 \$000
Assets				
Cash at bank		1,277	-	770
Cash held in trust		-	27	-
Investments		52	293	-
Prepayments		116	10	-
Debtors		1	-	-
Total Assets		<u>1,446</u>	<u>330</u>	<u>770</u>
Liabilities				
Accrued expenses		<u>46</u>	<u>49</u>	<u>31</u>
Total Liabilities		<u>46</u>	<u>49</u>	<u>31</u>
Net Assets		<u>1,400</u>	<u>281</u>	<u>739</u>
Total shareholders' interests				
18,028,921 (30 June 2011: 8,489,478) ordinary shares with a par value of US\$0.50 per share				
	4	10,650	4,357	1,603
Share premium reserve	5	7,958	12,790	15,378
Foreign currency translation reserve		(111)	(111)	(111)
Accumulated deficit		(17,097)	(16,755)	(16,131)
Total shareholders' interests		<u>1,400</u>	<u>281</u>	<u>739</u>
Net asset value cents per share (excluding treasury stock)		<u>7.8</u>	<u>3.3</u>	<u>30.4</u>

U.S. MASTERS HOLDINGS LIMITED

Statement of Cash Flows for the 6 months ended 31 December 2011 Expressed in thousands of Australian Dollars

	2011	2010
	\$000	\$000
Operating Activities		
Purchase of investments	-	(593)
Proceeds from sale of investments	263	382
Interest and dividends received	-	1
Expenses paid	(269)	(161)
Net cash (used)/provided in operating activities	<u>(6)</u>	<u>(371)</u>
Investing Activities		
Net cash provided in investing activities	<u>-</u>	<u>-</u>
Financing Activities		
Share issues	1,255	-
Cash held in trust	28	-
Net cash provided in financing activities	<u>1,283</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,277</u>	<u>(371)</u>
Cash and cash equivalents at beginning of period	-	681
Cash and cash equivalents at end of period	<u>1,277</u>	<u>310</u>
Cash and cash equivalents comprise:		
Cash at bank	1,277	246
Deposit	<u>-</u>	<u>64</u>
Cash and cash equivalents	<u>1,277</u>	<u>310</u>

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2011

1. GENERAL INFORMATION

U.S. Masters Holdings Limited (the “Company”) was incorporated under the laws of the British Virgin Islands on 14 May 1990 under the International Business Companies Act (Cap. 291). The liability of the members is limited by shares. The Fund maintains its Registered Office in the British Virgin Islands.

The financial statements are presented in thousands of Australian Dollars. At 31 December 2010 and 30 June 2011 the financial statements were presented in United States Dollars. The comparative numbers have been restated into Australian dollars using prevailing exchange rates. This change in presentation currency under IFRS necessitates the restating of previous Statements of Financial Position in Australian Dollars. These Financial Statements include Statements of Financial Position as at 30 June 2010 and 30 June 2011 restated at the exchange rates then prevailing in Australian Dollars.

The Company has determined that its functional currency is Australian dollars (June 2011: Australian Dollars).

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Fund’s financial statements are set out below:

(a) Basis of preparation

The financial statements of U.S. Masters Holdings Limited have been prepared in accordance with IAS34 “Interim Financial Reporting”. They comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”). They have been prepared under the historical cost accounting convention.

The accounting policies have been consistently applied by the Company and are consistent with those of the previous period.

The interim financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the consolidated entity as at and for the year ended 30 June 2011.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2011

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and brokers with maturities of three months or less.

(c) Cash held in trust

At 30 June 2011 cash in trust was held by a director on trust for the Company while the Company opened a new Australian based bank account. This cash was transferred into a Company Australian based bank account during the period.

(d) Investments

Investments are carried at market value. Any increases or decreases in carrying values are recognised in the financial statements as an unrealized gain or loss.

Investments in securities traded on a securities exchange are valued at the last reported bid price on the day of valuation or, if there has been no sale on such exchange on the date on which valuation is being made, then at the mean between the closing bid and asked prices on such exchange on such date.

Securities traded in the over-the-counter market are valued at the last sales price if the security is reported or, if not reported, at the mean between the last bid and asked prices. Restricted securities and other securities for which quotations are not readily available are valued at fair value.

(e) Investment transactions and income recognition

Investment transactions are accounted for on the trade date (the date on which the order to buy or sell is executed). Gains or losses arising from the sale of investments are determined using the cost. Income from investments is recorded on the accrual basis. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

(f) Foreign currency

The Company has assessed that its functional currency is Australian dollars resulting from the appointment of Australian based Directors, effective 1 July 2010¹. The financial statements are presented in Australian dollars from 31 December 2011.

Transactions in currencies other than the Company's functional currency are converted at the rate of exchange ruling at the transaction date. Foreign currency monetary assets and liabilities are translated at the spot rate at the reporting date. Resulting exchange differences are recognised in the result for the period.

Foreign exchange differences arising from translation of transactions in the functional currency into the reporting currency are reported in the foreign currency translation reserve.

¹ In the financial statements for the period ended 31 December 2010, the functional currency was stated as US dollar, which was subsequently reassessed to have been Australian dollar effective 1 July 2010 which was disclosed in the financial statements for the period ended 30 June 2011.

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2011

3. NET CHANGE IN UNREALISED GAIN ON INVESTMENTS

	6 months 31.12.2011	6 months 31.12.2010
Market value of investments	52	506
Investments at average cost	83	303
Closing unrealised (loss)/gain on investments	<u>(31)</u>	<u>203</u>
Opening unrealised (loss) on investments	<u>(67)</u>	<u>-</u>
Net change in unrealised loss on investments	<u><u>36</u></u>	<u><u>203</u></u>

4. SHARE CAPITAL

	31 Dec 2011 \$000	30 June 2011 \$000
Authorised		
1,000,000,000 ordinary shares of US\$0.50 par value each	<u>659,718</u>	<u>659,718</u>
Issued and fully paid		
61,406,937 (30 June 2011: 53,436,510) ordinary shares of \$US0.50	40,511	35,253
Treasury Stock:		
Opening balance 44,947,032 shares (30 June 2011: 50,606,684)	30,896	33,386
Reissued during the period as issued shares 395,684 shares and as director shares 1,173,332 shares (30 June 2011: bonus shares 5,659,652 shares)	(1,035)	(2,490)
Closing balance 43,378,016 shares (30 June 2011: 44,947,032)	<u>29,861</u>	<u>30,896</u>
Net share capital 18,028,921 shares (30 June 2011: 8,489,478 shares)	<u><u>10,650</u></u>	<u><u>4,357</u></u>

During the period the Company issued:

- 3,864,063 shares under a 1 for 1 Non-Renounceable Entitlement Offer at \$0.15 per share
- 4,106,364 shares as shares placed as the shortfall of the Entitlement Offer at \$0.15 per share
- 395,684 as shares placed at \$0.15 per share from Treasury Stock
- 1,173,332 shares to the directors in lieu of fees at \$0.19 from Treasury Stock

U.S. MASTERS HOLDINGS LIMITED

Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2011

5. SHARE PREMIUM RESERVE

	31 Dec 2011 \$000	30 June 2011 \$000
Opening balance	12,790	15,378
Issue of 7,970,427 Entitlement Offer and Shortfall Shares at par	(4,062)	-
Reissue of 395,684 Treasury Stock	(202)	(2,490)
Issue of 1,173,332 Director Shares at par	(551)	(88)
Issue Costs	(17)	(10)
Closing balance	<u>7,958</u>	<u>12,790</u>

6. TREASURY STOCK

The Fund holds treasury stock in itself which was purchased pursuant to an on-market buy-back scheme on the Australian Securities Exchange. During the period 1,173,332 shares were issued by reissuing Treasury Shares (30 June 2011: 5,659,652 Bonus Shares were issued to shareholders by reissuing Treasury Shares.)

	31 Dec 2011 \$000	30 June 2011 \$000
43,378,016 (30 June 2011: 44,947,032) ordinary shares at cost net of premium on purchase of treasury stock	28,133	29,168
	<u>=====</u>	<u>=====</u>

7. SEGMENT REPORTING

The Company operates entirely as an investing company and therefore has only 1 operating segment and all revenues and expenses are attributable to that segment.

U.S. MASTERS HOLDINGS LIMITED
Notes to and forming part of the Financial Statements
for the 6 months ended 31 December 2011

8. RELATED PARTY TRANSACTIONS

The Company had the following commercial dealings with its directors and their associates during the period:

- (a) Each director was issued 293,333 ordinary fully paid shares (2010: 100,000) in the Company in lieu of directors fees for the full financial year as approved by shareholders in general meeting on 21 December 2011.
- (b) Three Directors took up some or all of their entitlements in the non-renounceable entitlement offer of 1 new share for every share held and 1 director took up shares in the shortfall issue from the entitlement issue.
- (c) During the period the Company paid rent of \$10,345 (2010: \$10,038) and administration fees of \$13,200 (2010: \$13,750) to Taurus SM Holdings Pty Ltd, a company that Michael Davies and Gordon Galt are directors of.
- (d) As at 30 June 2011 \$27,000 in cash was held in trust by a Director as a result of a timing issue with opening a new bank account. This cash was transferred into a Company Australian based bank account during the period.

9. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities of the Company at the period end.

10. SUBSEQUENT EVENTS

The directors are not aware of any significant changes in the state of affairs of the Company occurring between 31 December 2011 and the date of this report.

U.S. MASTERS HOLDINGS LIMITED
Directors' Statement
for the 6 months ended 31 December 2011

The Board of Directors of U.S. Masters Holdings Limited state that the accompanying financial statements have been prepared in accordance with International Financial Reporting Standards and that in their opinion:

- a) the statement of comprehensive income is drawn up so as to give a true and fair view of the Company for the 6 months ended 31 December 2011.
- b) the accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Fund at 31 December 2011.
- c) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

Dated this 29th day of February 2012

Signed in accordance with a resolution of directors.



James Beecher
Director



Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

To the members of US Masters Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of US Masters Holdings Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the accompanying financial report is not presented fairly, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*. As the auditor of US Masters Holdings Limited, ISRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of US Masters Holdings Limited does not present fairly, in all material respects, the company's financial position as at 31 December 2011 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 134 *Interim Financial Reporting*.

A stylized signature of the Ernst & Young logo.

Ernst & Young

A handwritten signature of Ryah Fisk.

Ryah Fisk
Partner
Sydney
29 February 2012