

**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 2010**

<b>Results for announcement to the market</b>		<b>31 December 2010</b>	<b>31 December 2009</b>
		<b>\$'000s</b>	<b>\$'000s</b>
Revenue	Up 595%	271	39
Profit (Loss) after tax for the period attributable to members	Up N/A	14	(5)
Net Profit/ Loss for the period after tax attributable to members	Up N/A	14	(5)

No dividend has been paid or proposed for the six month period to 31 December 2010.

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 2010	As at 31 December 2009
Net tangible assets per security excluding treasury stock (cents)	9.6	30.6

**U.S. MASTERS HOLDINGS LIMITED**

**Financial Statements**

**for the 6 months ended 31 December 2010**

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

**U.S. MASTERS HOLDINGS LIMITED  
HALF-YEAR FINANCIAL REPORT  
31 DECEMBER 2010**

**Directors' Report  
for the 6 months ended 31 December 2010  
Expressed in U.S. Dollars**

The directors present their report together with the financial statements of U.S. Masters Holdings Limited ("the Company" or "the Fund") for the 6 months ended 31 December 2010 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) (appointed 1 July 2010)  
Michael Davies (appointed 1 July 2010)  
James Beecher (appointed 1 July 2010)  
Geoffrey Pigott (appointed 1 July 2010)

**REVIEW AND RESULTS OF OPERATIONS**

The control of the Company changed on 1 July 2010 with the resignation of the then directors, Mr H.R. Marleau, Mr J.R. Updyke III, Mrs Carol Updyke and of the then Investment Manager, Mr J.R. Updyke III and the appointment of incoming directors Messrs G. Galt, Chairman, G. Pigott, J. Beecher and M. Davies. The incoming Directors continued the current business of the Company including the investment in equities. The Investment Advisory Agreement with Mr Updyke was terminated and the directors took control of the investment function.

The previous Investment Manager converted the Fund from equities into cash during the year to 30 June 2010 so that at 30 June 2010 the Fund was fully invested in cash. In the 6 months to 31 December 2010 the company again invested in equities generating \$83,484 in realized gains and \$186,596 in unrealized gains over the 6 month period. At 31 December 2010 the Company's equity portfolio had a market value of \$464,641.

The Company undertook a 2 for 1 Bonus Issue during the year in recognition of the loyalty that shareholders had shown over the last number of years but more specifically the free entitlement was intended to encourage greater liquidity in the Company's shares.

In order to preserve cash the Company also issued 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 \$816,549 as at 31 December 2010 compared with \$629,545 at 30 June 2010. The profit for the period was \$13,827 compared with a loss of \$4,733 for the 6 month period to 31 December 2009.

The expenses associated with operating the Fund continued to be the most significant feature 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 2010**  
Expressed in U.S. Dollars

**Result**

The operating profit of the Company after income tax for the 6 month period was \$13,827.  
(2009: loss \$4,733).

**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 U.S. Dollars and have been rounded to the nearest thousand dollars.

Date: 28<sup>th</sup> February 2011

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 2010**  
Expressed in thousands of U.S. Dollars

	Note	6 months 31.12.2010 \$000	6 months 31.12.2009 \$000
<b>INVESTMENT INCOME</b>			
Net realised gain on sale of investments		83	58
Net change in unrealised profit/(loss) on investments	3	187	(20)
Interest and dividend income (net of withholding taxes)		1	1
<b>Total Investment Income</b>		<u>271</u>	<u>39</u>
<b>Expenses</b>			
Consulting fees		47	-
Directors' fees		87	1
Legal and professional fees		19	41
Rent		10	-
Share registry and listing fees		22	-
Travel & accommodation		43	-
Other Expenses		29	2
<b>Total Expenses</b>		<u>257</u>	<u>44</u>
<b>Profit/(Loss) for the period</b>		14	(5)
Other Comprehensive Income		-	-
<b>Total Comprehensive Income/(Loss) for the Period</b>		<u>14</u>	<u>(5)</u>
<b>Basic and diluted gain/(loss) cents per share</b>		<u>0.05</u>	<u>(0.02)</u>

## U.S. MASTERS HOLDINGS LIMITED

### Statement of changes in equity For the half-year ended 31 December 2010

Expressed in thousands of U.S. Dollars

	Share Capital	Share Premium Reserve	Retained losses	Total
<b>Equity</b>				
Balance at 1 July 2009	1,215	11,655	(12,122)	748
Total comprehensive income for the period	-	-	(5)	(5)
<b>Balance at 31 December 2009</b>	<b>1,215</b>	<b>11,655</b>	<b>(12,127)</b>	<b>743</b>
Balance at 1 July 2010	1,215	11,655	(12,240)	630
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>14</b>
Bonus Issue	2,830	(2,830)	-	-
Issue of directors shares	200	(27)	-	173
<b>Balance at 31 December 2010</b>	<b>4,245</b>	<b>8,798</b>	<b>(12,226)</b>	<b>817</b>

**U.S. MASTERS HOLDINGS LIMITED**

**Interim Statement of Financial Position**

**As at 31 December 2010**

Expressed in thousands of U.S. Dollars

	Notes	31 Dec 2010 \$000	30 June 2010 \$000
<b>Assets</b>			
Cash at bank		250	656
Deposit		65	-
Investments		465	-
Prepayments		86	-
<b>Total Assets</b>		<u>866</u>	<u>656</u>
<b>Liabilities</b>			
Accrued expenses		<u>49</u>	<u>26</u>
<b>Total Liabilities</b>		<u>49</u>	<u>26</u>
<b>Net Assets</b>		<u>817</u>	<u>630</u>
<b>Total shareholders' interests</b>			
8,489,478 (2009: 2,429,826) ordinary shares with a par value of \$0.50 per share	4	4,245	1,215
Share premium reserve	5	8,798	11,655
Accumulated deficit		(12,226)	(12,240)
<b>Total shareholders' interests</b>		<u>817</u>	<u>630</u>
<b>Net asset value cents per share (excluding treasury stock)</b>		<u>9.6</u>	<u>25.9</u>

**U.S. MASTERS HOLDINGS LIMITED**

**Statement of Cash Flows  
for the 6 months ended 31 December 2010**  
Expressed in thousands of U.S. Dollars

	<b>2010</b>	<b>2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>Operating Activities</b>		
Purchase of investments	(545)	(409)
Proceeds from sale of investments	351	604
Interest and dividends received	1	1
Expenses paid	(148)	(54)
<b>Net cash (used)/provided in operating activities</b>	<u>(341)</u>	<u>142</u>
Net (decrease)/increase in cash and cash equivalents	(341)	142
Cash and cash equivalents at beginning of period	656	436
Cash and cash equivalents at end of period	<u>315</u>	<u>578</u>
Cash and cash equivalents comprise:		
Cash at bank	250	578
Deposit	<u>65</u>	<u>-</u>
Cash and cash equivalents	<u>315</u>	<u>578</u>



## **U.S. MASTERS HOLDINGS LIMITED**

**Notes to and forming part of the Financial Statements  
for the 6 months ended 31 December 2010**

### **1. THE FUND**

#### **(a) General information**

U.S. Masters Holdings Limited (the "Company" or "the Fund") 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 United States Dollars.

The Fund was formed as an investment company to permit shareholders to participate in the accumulation of capital on a pooled basis.

### **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 have been prepared under the historical cost accounting convention and, except where stated, do not take into account changes in either the general purchasing power of the US Dollar or in the prices of specific assets.

The accounting policies have been consistently applied by the Fund 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 2010.

#### **(b) Cash and cash equivalents**

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

#### **(c) Investments**

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

Investments in securities traded on a securities exchange are valued at the last reported sales 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.

## U.S. MASTERS HOLDINGS LIMITED

### Notes to and forming part of the Financial Statements for the 6 months ended 31 December 2010

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.

#### (d) 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 average cost basis. Income from investments is recorded on an accrual basis. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

#### (e) Foreign currency

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.

### 3. NET CHANGE IN UNREALISED GAIN ON INVESTMENTS

	<b>6 months</b> <b>31.12.2010</b>	<b>6 months</b> <b>31.12.2009</b>
Market value of investments	465	176
Investments at cost	278	152
	<hr/>	<hr/>
Closing unrealised gain on investments	187	24
Opening unrealised gain on investments	-	44
	<hr/>	<hr/>
Net change in unrealised loss on investments	<u>187</u>	<u>(20)</u>

